

**Highland Joint School District No. 305  
Audited Financial Statements  
For the Year Ended  
June 30, 2013**

**Highland Joint School District No. 305**  
**For the Year Ended June 30, 2013**  
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*Steve R. Clack*

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## **Independent Auditor's Report**

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

### ***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, State of Idaho, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District'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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility.***

Our responsibility 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 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.

### ***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, 2013, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require budgetary comparison information presented on pages 21-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*


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. The combining and 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 financial statements. Such 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 individual nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2013, on our consideration of Highland Joint School District No. 305, State of Idaho'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 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 Highland Joint School District No. 305, State of Idaho's internal control over financial reporting and compliance.

October 7, 2013

  
Goffinet and Clack, Chartered  
Certified Public Accountants

**Highland Joint School District No. 305**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash	8,828
Investments	245,404
Receivables:	
Accounts	11,540
Property Taxes	163,303
Intergovernmental	34,072
Capital Assets, Not Being Depreciated	
Land	75,000
Uncompleted Improvements	9,933
Capital Assets, Net of Accumulated Depreciation	
Depreciable Capital Assets	484,434
Total Assets	1,032,514
<b>Liabilities:</b>	
Accounts Payable	26,174
Accrued Salaries and Benefits	197,552
Intergovernmental Payable	45
Total Liabilities	223,771
<b>Net Position:</b>	
Net Investment in Capital Assets	569,367
Restricted For:	
Food Services	6,922
Capital Projects	114,212
Unrestricted	118,242
Total Net Position	808,743

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, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	1,329,091	2,722	20,258		(1,306,111)
Non-Instruction					
Support Services	130,305		15,000		(115,305)
Administration	211,482				(211,482)
Maintenance and Operations	294,871		10,447		(284,424)
Transportation	308,612		182,891		(125,721)
Food Service	76,399	20,255	54,140		(2,004)
Total Governmental Activities	<u>2,350,760</u>	<u>22,977</u>	<u>282,736</u>		<u>(2,045,047)</u>
General Revenues:					
Property Taxes					478,575
State and Federal Revenues					1,529,070
Unrestricted Investment Earnings					926
Miscellaneous					26,911
Total General Revenues					<u>2,035,482</u>
Change in Net Assets					(9,565)
Net Position, Beginning of Year					818,308
Net Position, End of Year					<u><u>808,743</u></u>

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, 2013**

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash	2,977		5,851	8,828
Investments	142,412	102,992		245,404
Property Taxes Receivable	149,325	13,978		163,303
Intergovernmental Receivable	16,875		17,197	34,072
Accounts and Other Receivables	11,540			11,540
Due From Other Funds			49,581	49,581
Total Assets	<u>323,129</u>	<u>116,970</u>	<u>72,629</u>	<u>512,728</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	24,670		1,503	26,173
Accrued Salaries and Benefits	177,031		20,523	197,554
Intergovernmental Payable	45			45
Due to Other Funds	40,028		9,553	49,581
Total Liabilities	<u>241,774</u>		<u>31,579</u>	<u>273,353</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Property Taxes	27,374	2,758		30,132
Total Deferred Inflows	<u>27,374</u>	<u>2,758</u>		<u>30,132</u>
<b>Fund Balances</b>				
Restricted			6,922	6,922
Food Services				
Capital Projects		114,212		114,212
Unassigned	53,981		34,128	88,109
Total Fund Balances	<u>53,981</u>	<u>114,212</u>	<u>41,050</u>	<u>209,243</u>
Total Liabilities and Fund Balances	<u>323,129</u>	<u>116,970</u>	<u>72,629</u>	<u>512,728</u>

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



**Highland Joint School District No. 305**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2013**

Amounts reported for governmental activities in the Statement of Net Position (page 3) are different because:

<b>Total Fund Balances - Governmental Funds (page 5)</b>	209,243
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	569,367
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	
Property Taxes	<u>30,132</u>
<b>Net Position of Governmental Activities (page 3)</b>	<u><u>808,742</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, 2013**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property Taxes	437,429	40,953		478,382
Intergovernmental, State	1,504,711			1,504,711
Intergovernmental, Federal	2,447		296,648	299,095
Investment Earnings	673	253		926
Miscellaneous	29,632	8,000	20,256	57,888
<b>Total Revenues</b>	<u>1,974,892</u>	<u>49,206</u>	<u>316,904</u>	<u>2,341,002</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	1,067,301		241,663	1,308,964
<b>Non Instruction</b>				
Pupil Support	47,771			47,771
Staff Support	59,331			59,331
Food Service			76,399	76,399
Administrative	211,482			211,482
Business Operations	71,399			71,399
Plant Operations	138,361	5,519		143,880
Maintenance	79,592			79,592
Pupil Transportation	306,820			306,820
Capital Outlays		45,636		45,636
<b>Total Expenditures</b>	<u>1,982,057</u>	<u>51,155</u>	<u>318,062</u>	<u>2,351,274</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,165)</u>	<u>(1,949)</u>	<u>(1,158)</u>	<u>(10,272)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	<u>(1,676)</u>		1,676	
<b>Total Other Financing Sources (Uses)</b>	<u>(1,676)</u>		<u>1,676</u>	
<b>Net Change in Fund Balances</b>	<u>(8,841)</u>	<u>(1,949)</u>	<u>518</u>	<u>(10,272)</u>
Fund Balances, Beginning of Year	<u>62,822</u>	<u>116,161</u>	<u>40,532</u>	<u>219,515</u>
Fund Balances, End of Year	<u>53,981</u>	<u>114,212</u>	<u>41,050</u>	<u>209,243</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, 2013**

Amounts reported for governmental activities in the Statement of Activities (page 4) are different because:

**Net Changes in Fund Balances - Total Governmental Funds (Page 7)** (10,271)

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. 513

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

Property Taxes 193

**Change in Net Position of Governmental Activities (Page 4)** (9,565)

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

**Highland Joint School District No. 305**  
**Statement of Net Position**  
**Fiduciary Funds**  
**6/30/2013**

	<b>Private Purpose Trust Funds</b>	<b>Agency</b>
<b>Assets:</b>		
Cash	3,091	14,410
Investments	9,967	34,200
Total Assets	13,058	48,610
<b>Liabilities:</b>		
Due to Student Groups		48,610
Total Liabilities		48,610
<b>Net Position:</b>		
Held in Trust for Scholarships	13,058	
Total Net Position	13,058	

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

**Highland Joint School District No. 305**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

	<b>Private Purpose Trust Funds</b>	
	<b>Wilfong Athletic Fund</b>	<b>Highland Foundation</b>
<b>Additions</b>		
Contributions		1,014
Total Contributions		1,014
Investments Earnings		
Interest	3	16
Total Investment Earnings	3	16
Total Additions	3	1,030
<b>Deductions</b>		
Change in Net Position	3	1,030
Net Position, Beginning of Year	1,999	10,026
Net Position, End of Year	2,002	11,056

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, 2013**

**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 position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 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 recognized when earned (including property taxes in the period for which levied), and expenses are recognized when a liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of capital lease obligations are recorded as a reduction in liabilities. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means 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.

*Financial Statement Presentation-Fund Accounting.* A fund is defined as a fiscal and accounting entity with self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses funds to report results of operations and financial position as well as demonstrate compliance with legal, contractual and regulatory requirements.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It is used for all activities and financial resources of the District not required to be accounted for in another fund.
- The *capital projects fund* accounts for the accumulation of resources from property taxes and use these resources 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.

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

Additionally the District has the following fiduciary funds:

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

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

## **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 and deposits in savings accounts. 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**

Activities 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**

Certified and non-certified personnel do not earn or accrue vacation time. Classified 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.

#### **E. Restricted Assets**

*Capital Projects Fund.* Restricted assets in the amount of \$114,212 are reported in the Capital Projects Fund (Plant Facilities Fund). The voter approved property tax levy mandates the taxes be accounted for in a separate fund.

*Nonmajor Governmental Funds.* Included in the nonmajor governmental funds are restricted assets of \$6,922 for the use in the District's Food Service. The restricted fund balance is generated from meal revenues and federal assistance.

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

## **II. DETAILED NOTES ON ALL FUNDS**

### **Deposits and Investments**

For the year ended June 30, 2013, the carrying value of the District's deposits with financial institutions was \$315,899 and the financial institution's balances were \$313,321. The financial institution's balances are categorized as follows:

Cash

Amounts insured by the FDIC held by banks in the District's name 25,760

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

	287,561
	<u>313,321</u>

The carrying value of the District's deposits and cash on hand and investments at June 30, 2013 that appear in the financial statements are summarized below:

Governmental Funds:

Cash on Hand

Petty Cash			100
Deposits	11,824		
Investments	<u>245,399</u>	257,223	

Fiduciary Funds:

Deposits - Student Activities Fund	14,415		
Investments - Trusts	9,967		
Investments - Student Activities Fund	<u>34,194</u>	<u>58,576</u>	
Total Deposits and Investments			<u>315,799</u>
Total Cash on Hand, Deposits, and Investments			<u>315,899</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 for 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

State law limits the amount of credit risk by restricting governments to specific investment types as listed in Idaho Statutes Section 67-1210 and 67-1210A. The District's practice is to place funds in the Local Government Investment Pool (LGIP). The LGIP is permitted to invest in fully collateralized certificates of deposit, certain obligations of the United States, certain repurchase/reverse repurchase agreements, and other types of investments. The fair value of the investments in the pool is the same as the value of the pool shares. Credit risk is defined as the risk that an issuer or other counterparty to an investment in debt securities will not fulfill its obligations. The District does not have a written investment policy on credit risk.

### Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has placed 99.996% of its investments within the Local Government Investment Pool. The District does not have a written policy concentration of credit risk.

### Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the depository financial institution, 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 custodial credit risk. Idaho Statutes 67-1210 and 67-1210A requires that the District's foremost objective be safety of principal.

### **Property Taxes**

Real and personal property taxes attach as an enforceable lien on property as of January 1. Real and personal property taxes are levied on the third Monday in September and are due in two equal installments on December 20th and June 20th of the following year and are considered delinquent the day following the due date. Interest and penalty charges begin on the day following the installment due date. Nez Perce, Idaho and Lewis Counties bill and collect taxes and remit them to the District in the month following collection by the counties. District property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end. Taxes collected after 30 days are reported as deferred revenue. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. A lien may be filed on the property three years from the date of delinquency.

### **Receivables**

Receivables at June 30, 2013 consist of the following:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:				
Property Taxes	149,325	13,978		163,303
Intergovernmental Receivable	16,875		17,197	34,072
Accounts and Other Receivables	11,540			11,540
Due from Other Funds			49,581	49,581
	<u>177,740</u>	<u>13,978</u>	<u>66,778</u>	<u>258,496</u>

Amounts of intergovernmental receivables are categorized as follows:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	16,875		16,875
Nonmajor Governmental Funds			
Federal Forest Fund		355	355
Title VI - B Fund		7,289	7,289
Title II - D, Technology		9,553	9,553
	<u>16,875</u>	<u>17,197</u>	<u>34,072</u>

## Capital Assets

Capital asset activity for the year ended June 30, 2013 is as follows:

	Balance 7/1/2012	Increases	Decreases	Balance 6/30/2013
Capital Assets, Not Being Depreciated				
Land	75,000			75,000
Building Improvements		9,933		9,933
Total Capital Assets, Not Being Depreciated	<u>75,000</u>	<u>9,933</u>		<u>84,933</u>
Capital Assets, Being Depreciated:				
Site Improvements	164,781			164,781
Buildings	1,176,158	29,021		1,205,179
Elementary Equipment	84,509	2,445		86,954
High School Equipment	239,933	2,445		242,378
Total Capital Assets, Being Depreciated	<u>1,665,381</u>	<u>33,911</u>		<u>1,699,292</u>
Less Accumulated Depreciation For:				
Site Improvements	(24,247)	(5,846)		(30,093)
Buildings	(880,649)	(16,877)		(897,526)
Elementary Equipment	(64,171)	(3,228)		(67,399)
High School Equipment	(202,460)	(17,380)		(219,840)
Total Accumulated Depreciation	<u>(1,171,527)</u>	<u>(43,331)</u>		<u>(1,214,858)</u>
Total Capital Assets Being Depreciated, Net	<u>493,854</u>	<u>(9,420)</u>		<u>484,434</u>
Capital Assets, Net	<u>568,854</u>	<u>513</u>		<u>569,367</u>

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

Instruction	23,204
Non-Instruction:	
Maintenance and Operations	20,127
	<u>43,331</u>

### Interfund Receivables and Payables

The composition of interfund receivables and payables due to deficit balances in the shared cash accounts as of June 30, 2013 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		40,028
Nonmajor Governmental Funds:		
Federal Forest Fund	33,773	
Title I - A, ESEA	6,552	
Title II - D, Technology		9,553
Food Service Fund	9,526	
	<u>49,851</u>	<u>49,581</u>

### 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, 2013 was \$1,676.

### 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>
Ricoh Aficio MP7001 Copier June 28, 2011	60 Months	\$375.28 per month plus .0045 per copy
Cannon MP2550B Copier April 21, 2010	60 Months	\$80.75 per month plus .00720 per copy

Current lease operating costs are as follows:

	<u>MP7001</u>	<u>MP2550B</u>	<u>Total</u>
Lease Payments	4,503	969	5,472
Copy Costs	2,245	183	2,428
Total	<u>6,748</u>	<u>1,152</u>	<u>7,900</u>

Remaining future lease payments for the lease agreements excluding copy costs are:

	<u>MP7001</u>	<u>MP2550B</u>	<u>Total</u>
2014	4,503	969	5,472
2015	4,503	646	5,149
2016	4,504		4,504
Total	<u>13,510</u>	<u>1,615</u>	<u>15,125</u>

## Fund Equity

The District has adopted GASB 54 as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances. 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 does not have nonspendable resources. The hierarchy for spendable fund balances is as follows:

- **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.

When restricted and unrestricted (committed, assigned, or unassigned) resources are available, restricted resources are generally considered to be used first, followed by committed, assigned, and unassigned resources as they are needed.

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

- **Restricted for Programs and Capital Projects:**

Federal laws and local ordinances require that certain revenues be specifically designed for the purposes of state and federal categorical programs and capital projects. The restricted fund balance in the Capital Projects Fund is \$114,212. The Nonmajor Governmental Funds (special revenue funds) include restricted assets of \$6,922 to provide students attending the school with nutritious meals meeting the regulations of the United States Department of Agriculture as reported in the Food Services special revenue fund.

- **Unassigned Items:**

Unassigned items represent the remainder of the District's equity in governmental type fund balances. Unassigned balances include the General Fund fund balance of \$53,989 and the Federal Forest fund balance of \$34,128 reported in the Nonmajor Governmental Funds.

### III. OTHER INFORMATION

#### **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.

#### **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, 2013 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.

#### **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 service, 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 financial reports that include audited financial statements and required supplementary information. These reports 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, 2013 the required contribution rate as a percentage of covered payrolls for members 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 employer contributions required and paid were \$116,313, \$107,752, and \$108,842 for the three years ended June 30, 2013, 2012, and 2011 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, 2013**

	General				Capital Projects Fund				
	Budgeted Amounts		Actual		Budgeted Amounts		Actual		Variance With Final Budget Positive (Negative)
	Original	Final	Final	Actual	Original	Final	Final	Actual	
<b>Revenues</b>									
Property Taxes	439,605	439,605	437,429	(2,176)	40,000	40,000	40,953	953	
Intergovernmental, State	1,501,513	1,501,513	1,504,711	3,198					
Intergovernmental, Federal			2,447	2,447					
Interest	1,000	1,000	673	(327)			253	253	
Other	26,600	26,600	29,632	3,032			8,000	8,000	
<b>Total Revenues</b>	<b>1,968,718</b>	<b>1,968,718</b>	<b>1,974,892</b>	<b>6,174</b>	<b>40,000</b>	<b>40,000</b>	<b>49,206</b>	<b>9,206</b>	
<b>Expenditures</b>									
Current									
Instruction	1,041,153	1,041,153	1,067,301	(26,148)					
Non-Instruction									
Pupil Support	41,619	41,619	47,771	(6,152)					
Staff Support	48,397	48,397	59,331	(10,934)					
Food Service									
Administrative	215,569	215,569	211,482	4,087					
Business Operations	69,960	69,960	71,399	(1,439)					
Plant Operations	139,094	139,094	138,361	733	15,000	15,000	5,519	9,481	
Maintenance	81,876	81,876	79,592	2,284					
Pupil Transportation	295,500	295,500	306,820	(11,320)					
Capital Outlays	6,100	6,100		6,100	132,000	132,000	45,636	86,364	
Contingency	75,000	75,000		75,000					
<b>Total Expenditures</b>	<b>2,014,268</b>	<b>2,014,268</b>	<b>1,982,057</b>	<b>32,211</b>	<b>147,000</b>	<b>147,000</b>	<b>51,155</b>	<b>95,845</b>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,550)	(45,550)	(7,165)	38,385	(107,000)	(107,000)	(1,949)	105,051	
<b>Other Financing Sources (Uses)</b>									
Transfers In (Out)	19,824	19,824	(1,676)	(21,500)					
<b>Total Other Financing Sources (Uses)</b>	<b>19,824</b>	<b>19,824</b>	<b>(1,676)</b>	<b>(21,500)</b>					
<b>Net Change in Fund Balances</b>	<b>(25,726)</b>	<b>(25,726)</b>	<b>(8,841)</b>	<b>16,885</b>	<b>(107,000)</b>	<b>(107,000)</b>	<b>(1,949)</b>	<b>105,051</b>	
<b>Fund Balance, Beginning of Year</b>	<b>25,726</b>	<b>25,726</b>	<b>62,822</b>	<b>37,096</b>	<b>107,000</b>	<b>107,000</b>	<b>116,161</b>	<b>9,161</b>	
<b>Fund Balance, End of Year</b>			<b>53,981</b>	<b>53,981</b>			<b>114,212</b>	<b>114,212</b>	

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

(Continued)

**Highland Joint School District No. 305**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**  
 (continued)

	<b>Nonmajor Governmental Funds</b>		<b>Variance With Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>	<b>Actual</b>	
<b>Revenues</b>	<b>Original</b>	<b>Final</b>	<b>Actual</b>
Intergovernmental, State	21,389	21,389	(21,389)
Intergovernmental, Federal	186,240	291,458	5,190
Other	22,700	22,700	(2,444)
<b>Total Revenues</b>	<b>230,329</b>	<b>335,547</b>	<b>(18,643)</b>
<b>Expenditures</b>			
Current			
Instruction	137,700	242,918	1,255
Non-Instruction			
Pupil Support			
Staff Support			
Food Service	86,465	86,465	10,066
Administrative	14,000	14,000	14,000
Business Operations			
Plant Operations			
Maintenance			
Pupil Transportation			
Capital Outlays	17,859	17,859	17,859
<b>Total Expenditures</b>	<b>256,024</b>	<b>361,242</b>	<b>43,180</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(25,695)</b>	<b>(25,695)</b>	<b>24,537</b>
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(21,389)	(21,389)	21,389
Transfers In	1,565	1,565	111
<b>Total Other Financing Sources (Uses)</b>	<b>(19,824)</b>	<b>(19,824)</b>	<b>21,500</b>
<b>Net Change in Fund Balances</b>	<b>(45,519)</b>	<b>(45,519)</b>	<b>46,037</b>
<b>Fund Balance, Beginning of Year</b>	<b>45,519</b>	<b>45,519</b>	<b>(4,987)</b>
<b>Fund Balance, End of Year</b>	<b>41,050</b>	<b>41,050</b>	<b>41,050</b>

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, 2013**

**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 superintendent submits to the Board a proposed budget for the year commencing the following July 1 and publish the proposed budget for public review at least 28 days prior to the annual budget meeting.
2. A public budget hearing is set to obtain taxpayers' comments.
3. The final budget is adopted by resolution of the Board at the regular meeting of the Board of Trustees and published within 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, 2013 the no funds had excess of expenditures over appropriations.

Highland Joint School District No. 305  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013  
 With Comparative Totals for June 30, 2012

	Federal Forest Funds	School Building Maintenance Fund	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool
<b>Assets</b>					
Cash				427	
Intergovernmental Receivable Due From Other Funds	355 33,773		6,552	7,289	
Total Assets	34,128		6,552	7,716	
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable					
Accrued Salaries and Benefits Due to Other Funds			6,552	7,716	
Total Liabilities			6,552	7,716	
<b>Fund Balances</b>					
Restricted					
Food Services					
Unassigned	34,128				
Total Fund Balances	34,128				
Total Liabilities and Fund Balances	34,128		6,552	7,716	

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  
 Nonmajor Governmental Funds  
 June 30, 2013  
 With Comparative Totals for June 30, 2012  
 (continued)

	Title VI-B, ESEA, REAP	Federal Title II-A, ESEA	Federal Title II-D, Technology	Food Service	Totals	
					2013	2012
<b>Assets</b>						
Cash	1,503			3,921	5,851	1,488
Intergovernmental Receivable Due From Other Funds			9,553	9,256	17,197	40,811
Total Assets	<u>1,503</u>		<u>9,553</u>	<u>13,177</u>	<u>72,629</u>	<u>89,615</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	1,503				1,503	3,339
Accrued Salaries and Benefits Due to Other Funds			9,553	6,255	20,523	21,209
Total Liabilities	<u>1,503</u>		<u>9,553</u>	<u>6,255</u>	<u>31,579</u>	<u>49,083</u>
<b>Fund Balances</b>						
Restricted						8,925
Food Services				6,922	6,922	
Unassigned					34,128	31,607
Total Fund Balances				<u>6,922</u>	<u>41,050</u>	<u>40,532</u>
Total Liabilities and Fund Balances	<u>1,503</u>		<u>9,553</u>	<u>13,177</u>	<u>72,629</u>	<u>89,615</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  
 Nonmajor Governmental Funds  
 For The Year Ended June 30, 2013  
 With Comparative Totals for the Year Ended June 30, 2012

	Federal Forest Funds	School Building Maintenance Fund	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool
<b>Revenues</b>					
Lunch and Breakfast Sales					
Intergovernmental, State Grant Funds					
Intergovernmental, Federal Grant Funds	2,521		44,199	65,072	2,336
Unrestricted Revenues					
<b>Total Revenues</b>	<u>2,521</u>		<u>44,199</u>	<u>65,072</u>	<u>2,336</u>
<b>Expenditures</b>					
Instruction					
Salaries			27,471	43,736	2,161
Benefits			16,288	21,011	175
Purchased Services			440	325	
Supplies and Materials					
Total Instruction			<u>44,199</u>	<u>65,072</u>	<u>2,336</u>
Non-Instruction.					
Food Service					
Salaries					
Benefits					
Purchased Services					
Supplies and Materials					
Capital Outlay					
Total Food Service					
<b>Total Expenditures</b>			<u>44,199</u>	<u>65,072</u>	<u>2,336</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>2,521</u>				

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**  
**Nonmajor Governmental Funds**  
**For The Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**  
 (continued)

	Federal Forest Funds	School Building Maintenance Fund	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool
<b>Other Financing Sources (Uses)</b>					
Transfers In					
Transfers Out					
<b>Total Other Financing Sources and (Uses)</b>					
Net Change in Fund Balances	2,521				
Fund Balances, Beginning of Year	31,607				
Fund Balances, End of Year	<u>34,128</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 Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For The Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**  
(continued)

	Title VI-B, ESEA, REAP	Title II-A, ESEA	Title II-D Technology	Food Service	Totals	
					2013	2012
<b>Revenues</b>						
Lunch and Breakfast Sales				20,256	20,256	19,596
Intergovernmental, State Grant Funds						21,389
Intergovernmental, Federal Grant Funds	12,504	27,426	90,126	52,464	296,648	186,574
Unrestricted Revenues						1,623
<b>Total Revenues</b>	<u>12,504</u>	<u>27,426</u>	<u>90,126</u>	<u>72,720</u>	<u>316,904</u>	<u>229,182</u>
<b>Expenditures</b>						
Instruction						
Salaries	8,833	2,560	7,379		92,140	80,111
Benefits	3,671	807	2,412		44,364	40,398
Purchased Services		24,059	80,335		105,159	13,344
Supplies and Materials						315
<b>Total Instruction</b>	<u>12,504</u>	<u>27,426</u>	<u>90,126</u>		<u>241,663</u>	<u>134,168</u>
Non-Instruction						
Food Service						
Salaries				21,909	21,909	22,443
Benefits				19,012	19,012	18,057
Purchased Services				1,234	1,234	3,192
Supplies and Materials				34,244	34,244	39,144
Capital Outlay						3,259
<b>Total Food Service</b>				<u>76,399</u>	<u>76,399</u>	<u>86,095</u>
<b>Total Expenditures</b>	<u>12,504</u>	<u>27,426</u>	<u>90,126</u>	<u>76,399</u>	<u>318,062</u>	<u>220,263</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				<u>(3,679)</u>	<u>(1,158)</u>	<u>8,919</u>

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**  
**Nonmajor Governmental Funds**  
**For The Year Ended June 30, 2013**  
**With Comparative Totals for the Year Ended June 30, 2012**  
 (continued)

	Title VI-B, ESEA, REAP	Title II-A, ESEA	Title II-D Technology	Food Service	Totals	
					2013	2012
<b>Other Financing Sources (Uses)</b>						
Transfers In				1,676	1,676	1,715
Transfers Out						(25,303)
Total Other Financing Sources and (Uses)				1,676	1,676	(23,588)
Net Change in Fund Balances				(2,003)	518	(14,669)
Fund Balances, Beginning of Year				8,925	40,532	55,201
Fund Balances, End of Year				6,922	41,050	40,532

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other Revenues				
Property Taxes	435,605	435,605	435,160	(445)
Penalty and Interest on Taxes	4,000	4,000	2,269	(1,731)
Interest	1,000	1,000	673	(327)
Other	26,600	26,600	29,632	3,032
Total Other Revenues	<u>467,205</u>	<u>467,205</u>	<u>467,734</u>	<u>529</u>
Intergovernmental Revenues				
State Support	1,412,771	1,412,771	1,405,075	(7,696)
Other State Support	88,742	88,742	99,636	10,894
Federal Support			2,447	2,447
Total Intergovernmental Revenues	<u>1,501,513</u>	<u>1,501,513</u>	<u>1,507,158</u>	<u>5,645</u>
Total Revenues	<u>1,968,718</u>	<u>1,968,718</u>	<u>1,974,892</u>	<u>6,174</u>
<b>Expenditures</b>				
Current				
Instruction				
Salaries	751,607	751,607	769,616	(18,009)
Benefits	241,718	241,718	234,520	7,198
Purchased Services	19,390	19,390	20,157	(767)
Supplies and Materials	27,938	27,938	42,546	(14,608)
Insurance	500	500	462	38
Capital Outlays	6,100	6,100		6,100
Total Instruction	<u>1,047,253</u>	<u>1,047,253</u>	<u>1,067,301</u>	<u>(20,048)</u>
Non-Instruction				
Pupil Support				
Salaries	7,800	7,800	7,800	
Benefits	2,319	2,319	1,876	443
Purchased Services	28,700	28,700	38,095	(9,395)
Supplies and Materials	2,800	2,800		2,800
Total Pupil Support	<u>41,619</u>	<u>41,619</u>	<u>47,771</u>	<u>(6,152)</u>
Staff Support				
Salaries	13,792	13,792	25,936	(12,144)
Benefits	8,105	8,105	11,824	(3,719)
Purchased Services	16,000	16,000	10,731	5,269
Supplies and Materials	10,500	10,500	10,840	(340)
Total Staff Support	<u>48,397</u>	<u>48,397</u>	<u>59,331</u>	<u>(10,934)</u>
Administrative				
Salaries	144,326	144,326	141,394	2,932
Benefits	46,343	46,343	43,310	3,033
Purchased Services	21,000	21,000	25,226	(4,226)
Supplies and Materials	3,900	3,900	1,552	2,348
Total Administrative	<u>215,569</u>	<u>215,569</u>	<u>211,482</u>	<u>4,087</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, 2013  
(continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (continued)</b>				
Current				
Non-Instruction				
Business Operations				
Salaries	48,450	48,450	48,456	(6)
Benefits	16,010	16,010	15,925	85
Purchased Services	4,500	4,500	6,265	(1,765)
Supplies and Materials	1,000	1,000	753	247
Total Business Operations	<u>69,960</u>	<u>69,960</u>	<u>71,399</u>	<u>(1,439)</u>
Plant Operations				
Salaries	35,150	35,150	35,088	62
Benefits	14,637	14,637	14,596	41
Purchased Services	66,500	66,500	67,410	(910)
Supplies and Materials	8,000	8,000	6,460	1,540
Insurance	14,807	14,807	14,807	
Total Plant Operations	<u>139,094</u>	<u>139,094</u>	<u>138,361</u>	<u>733</u>
Maintenance				
Salaries	47,103	47,103	44,374	2,729
Benefits	17,273	17,273	16,899	374
Purchased Services	11,000	11,000	14,255	(3,255)
Supplies and Materials	6,500	6,500	4,064	2,436
Total Maintenance	<u>81,876</u>	<u>81,876</u>	<u>79,592</u>	<u>2,284</u>
Pupil Transportation				
Salaries			194	(194)
Benefits			200	(200)
Purchased Services	294,500	294,500	305,556	(11,056)
Supplies and Materials	1,000	1,000	870	130
Total Pupil Transportation	<u>295,500</u>	<u>295,500</u>	<u>306,820</u>	<u>(11,320)</u>
Contingency	75,000	75,000		(75,000)
Total Expenditures	<u>2,014,268</u>	<u>2,014,268</u>	<u>1,982,057</u>	<u>32,211</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,550)</u>	<u>(45,550)</u>	<u>(7,165)</u>	<u>38,385</u>
<b>Other Financing Sources and Uses</b>				
Transfers In	21,389	21,389		(21,389)
Transfers Out	(1,565)	(1,565)	(1,676)	(111)
Total Other Financing Sources and Uses	<u>19,824</u>	<u>19,824</u>	<u>(1,676)</u>	<u>(21,500)</u>
Net Change in Fund Balances	(25,726)	(25,726)	(8,841)	16,885
Fund Balances, Beginning of Year	<u>25,726</u>	<u>25,726</u>	<u>62,822</u>	<u>37,096</u>
Fund Balances, End of Year	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>53,981</u></u>	<u><u>53,981</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 - Budget and Actual**  
**Nonmajor Governmental Funds - Federal Forest Funds and School Building Maintenance Fund**  
**For the Year Ended June 30, 2013**

	Federal Forest Funds			School Building Maintenance Fund		
	Budgeted Amounts		Variance With	Budgeted Amounts		Variance With
	Original	Final	Final Budget Positive (Negative)	Original	Final	Final Budget Positive (Negative)
<b>Revenues</b>						
Intergovernmental, State						
Intergovernmental, Federal	1,340	1,340	1,181	21,389	21,389	(21,389)
Total Revenues	1,340	1,340	1,181	21,389	21,389	(21,389)
<b>Expenditures</b>						
Current						
Non-Instruction						
Administration						
Purchased Services	8,000	8,000	8,000			
Supplies and Materials	6,000	6,000	6,000			
Capital Outlays	17,859	17,859	17,859			
Total Administration	31,859	31,859	31,859			
Total Expenditures	31,859	31,859	31,859			
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,519)	(30,519)	33,040	21,389	21,389	(21,389)
<b>Other Financing Sources and Uses</b>						
Transfers Out - General Fund				(21,389)	(21,389)	21,389
Total Other Financing Sources and Uses				(21,389)	(21,389)	21,389
Net Change in Fund Balances	(30,519)	(30,519)	33,040			
Fund Balances, Beginning of Year	30,519	30,519	1,088			
Fund Balances, End of Year			34,128			

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  
 Nonmajor Governmental Funds - Title I-A, ESEA and Title VI-B, IDEA - Special Education  
 For The Year Ended June 30, 2013

	Title I-A, ESEA			Title VI-B, IDEA - Special Education		
	Budgeted Amounts		Variance With Final Budget Positive (Negative)	Budgeted Amounts		Variance With Final Budget Positive (Negative)
	Original	Final		Original	Final	
<b>Revenues</b>						
Intergovernmental, Federal	42,993	44,199	44,199	66,325	65,072	(1,253)
Total Revenues	42,993	44,199	44,199	66,325	65,072	(1,253)
<b>Expenditures</b>						
Current						
Instruction						
Salaries	24,710	27,471	27,471	44,197	43,736	461
Benefits	18,283	16,288	16,288	22,128	21,011	1,117
Purchased Services		440	440		325	(325)
Total Instruction	42,993	44,199	44,199	66,325	65,072	1,253
Total Expenditures	42,993	44,199	44,199	66,325	65,072	1,253
Net Change in Fund Balances						
Fund Balances, Beginning of Year						
Fund Balances, End of Year						

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**  
**Nonmajor Governmental Funds - Title VI-B, IDEA - Preschool and Title VI-B, ESEA, REAP**  
**For The Year Ended June 30, 2013**

	Title VI-B, IDEA - Preschool			Title VI-B, ESEA, REAP		
	Budgeted Amounts		Variance With Final Budget Positive (Negative)	Budgeted Amounts		Variance With Final Budget Positive (Negative)
	Original	Final		Original	Final	
<b>Revenues</b>						
Intergovernmental, Federal	2,331	2,336	2,336	9,032	12,504	(2)
Total Revenues	2,331	2,336	2,336	9,032	12,504	(2)
<b>Expenditures</b>						
Current						
Instruction						
Salaries	2,165	2,160	2,161	5,700	8,833	0
Benefits	166	176	175	3,332	3,671	2
Purchased Services						
Supplies						
Total Instruction	2,331	2,336	2,336	9,032	12,504	2
Total Expenditures	2,331	2,336	2,336	9,032	12,504	2
Net Change in Fund Balances						
Fund Balances, Beginning of Year						
Fund Balances, End of Year						

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  
 Nonmajor Governmental Funds - Title II-A, ESEA  
 For The Year Ended June 30, 2013

	Title II-A, ESEA			Title II-D, Technology			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	
	Original	Final		Original	Final		
<b>Revenues</b>							
Intergovernmental, Federal	17,019	27,426	27,426		90,126	90,126	
Total Revenues	17,019	27,426	27,426		90,126	90,126	
<b>Expenditures</b>							
Current							
Instruction							
Salaries	5,000	2,560	2,560		7,379	7,379	
Benefits	988	806	807	(1)	2,412	2,412	
Purchased Services	5,000	24,060	24,059	1	849	849	
Supplies and Materials	6,031				79,486	79,486	
Total Instruction	17,019	27,426	27,426		90,126	90,126	
Total Expenditures	17,019	27,426	27,426		90,126	90,126	
Net Change in Fund Balance							
Fund Balances, Beginning of Year							
Fund Balances, End of Year							

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**  
**Nonmajor Governmental Funds - Food Service**  
**For the Year Ended June 30, 2013**

	<b>Food Service</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Lunch and Breakfast Sales	22,700	22,700	20,256	(2,444)
Intergovernmental, Federal	47,200	47,200	52,464	5,264
<b>Total Revenues</b>	<u>69,900</u>	<u>69,900</u>	<u>72,720</u>	<u>2,820</u>
<b>Expenditures</b>				
Non-Instruction				
Current				
Food Service				
Salaries	20,473	20,473	21,909	(1,436)
Benefits	17,446	17,446	19,012	(1,566)
Purchased Services	1,750	1,750	1,234	516
Supplies and Materials	46,796	46,796	34,244	12,552
Capital Outlays				
<b>Total Expenditures</b>	<u>86,465</u>	<u>86,465</u>	<u>76,399</u>	<u>10,066</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,565)	(16,565)	(3,679)	12,886
<b>Other Financing Sources and Uses</b>				
Transfers In - General Fund	1,565	1,565	1,676	111
<b>Total Other Financing Sources and Uses</b>	<u>1,565</u>	<u>1,565</u>	<u>1,676</u>	<u>111</u>
<b>Net Change in Fund Balances</b>	(15,000)	(15,000)	(2,003)	12,997
Fund Balances, Beginning of Year	<u>15,000</u>	<u>15,000</u>	<u>8,925</u>	<u>(6,075)</u>
Fund Balances, End of Year	<u><u>15,000</u></u>	<u><u>15,000</u></u>	<u><u>6,922</u></u>	<u><u>6,922</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 - Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	40,000	40,000	40,953	953
Interest			253	253
Other Revenue			8,000	8,000
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>49,206</u>	<u>9,206</u>
<b>Expenditures</b>				
Current				
Plant Operations				
Purchased Services	5,000	5,000	4,148	852
Supplies	10,000	10,000	1,371	8,629
Capital Outlays				
Maintenance Buildings	129,000	129,000	30,112	98,888
Buildings and Grounds	3,000	3,000	15,524	(12,524)
Total Maintenance	<u>147,000</u>	<u>147,000</u>	<u>51,155</u>	<u>95,845</u>
Total Expenditures	<u>147,000</u>	<u>147,000</u>	<u>51,155</u>	<u>95,845</u>
Net Change in Fund Balances	(107,000)	(107,000)	(1,949)	105,051
Fund Balance, Beginning of Year	<u>107,000</u>	<u>107,000</u>	<u>116,161</u>	<u>9,161</u>
Fund Balance, End of Year	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>114,212</u></u>	<u><u>114,212</u></u>

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

**Highland Joint School District No. 305**  
**Statement of Fiduciary Net Position**  
**All Trust and Agency Funds**  
**June 30, 2013**

	Private Purpose Trust Funds		Agency
	Wilfong Athletic Fund	Highland Foundation	Student Activity Funds
<b>Assets</b>			
Cash		3,091	14,410
Investments	2,002	7,965	34,200
Accounts Receivable			
Total Assets	2,002	11,056	48,610
<b>Liabilities</b>			
Due to Student Groups			48,610
Total Liabilities			48,610
<b>Net Position</b>			
Held in Trust	2,002	11,056	

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, 2013**

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2013</u>
<b>Assets</b>				
Cash in Bank				
Music	4,541	3,554	4,377	3,718
Student Council	971	4,265	2,650	2,586
Student Recognition	723		80	643
Band Instrument Fees	125	25		150
Hendren Scholarship	2,204	68	2,272	
Annual Staff	277	3,037	2,624	690
Cheerleaders		4,777	4,762	15
Boys Basketball	20	5,687	5,106	601
Girls Basketball	228	2,392	2,593	27
Business Prof. Assoc.	1,145	2,620	1,868	1,897
Honor Society	45	397	325	117
Uniforms	4,453	8,092	10,018	2,527
Football		197	197	
Volleyball		5,399	5,395	4
At-Risk Fund	876	419	684	611
Track	34	1,484	1,502	16
Baseball Fund		2,048	2,046	2
Spanish Club	1,056			1,056
Softball		1,537	535	1,002
Elementary	1,181	977	1,331	827
JH Girls Basketball	634	424	30	1,028
JH Boys Basketball	1,007	347	100	1,254
JH Football		53	53	
JH Volleyball	1,021	287	130	1,178
Pop Machines	473	254	30	697
F.C.C.L.A.	596	1,869	2,313	152
Embroidery Club	193			193
Fine Arts Club	581	100	28	653
Life Smarts	565			565
Dance Team	60			60
Fine Arts-Drama	919	555	806	668
Student Newspaper	95	42	42	95
Science Club		2,855	2,814	41
Concessions	578	15,581	12,177	3,982
FFA	522	12,428	11,542	1,408
Elementary Library	51			51
Elementary Field Trips	837	153	304	686
SOS Group	5,238	5,000	5,487	4,751
Cross Country		686	686	
Tennis	6			6
HOSA		140	140	
Season Pass		200	200	
Reader Board		1,484		1,484
Student Athlete Scholar		50		50

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, 2013**  
(continued)

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2013</u>
<b>Assets</b>				
Cash and Investments (continued)				
Senior Class	186	7,166	6,825	527
Junior Class	902	541	646	797
Sophomore Class	464	209	236	437
Freshman Class	223	95	120	198
8th Graders	136	245	10	371
7th Graders	300	75	297	78
6th Graders	80	55	75	60
4th Graders		3,357	3,295	62
Alumni 1998	9			9
Alumni 2002	380			380
Alumni 2003	644		644	
Alumni 2004	557			557
Alumni 2005	585			585
Alumni 2006	342			342
Alumni 2007	258			258
Alumni 2008	114			114
Alumni 2009	566			566
Alumni 2010	1,045			1,045
Alumni 2012	648			648
Alumni 2013		186		186
Reserve	670	1,477	1,743	404
Interest - Checking	66	3		69
Investment Pool Interest	5,560	80	4,552	1,088
Pepsi School Vendor Rebate	2,338			2,338
Total Cash and Investments	<u>47,328</u>	<u>102,972</u>	<u>103,690</u>	<u>46,610</u>
Investments (Stock Certificate)	<u>2,000</u>			<u>2,000</u>
Total Cash and Investments	<u>2,000</u>			<u>2,000</u>
Pepsi School Vendor Rebate	<u>1,525</u>	<u>398</u>		<u>1,923</u>
Total Accounts Receivable	<u>1,525</u>	<u>398</u>		<u>1,923</u>
<b>Total Agency Funds</b>	<u><u>50,853</u></u>	<u><u>103,370</u></u>	<u><u>103,690</u></u>	<u><u>50,533</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

**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  
Craigmont, Idaho

We have audited, in accordance with the auditing 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 Highland Joint School District No. 305, State of Idaho as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Highland Joint School District No. 305, State of Idaho's basic financial statements and have issued our report thereon dated October 7, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Highland Joint School District No. 305's internal control over financial reporting (internal control) to determine the 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 Highland Joint School District No. 305's internal control. Accordingly, we do not express an opinion on the effectiveness of Highland Joint School District No. 305'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, to detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 Highland Joint School District No. 305'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 intended 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. .

October 7, 2013

  
Goffinet and Clack, Chartered  
Certified Public Accountants