

Highland Joint School District No. 305

Year Ended June 30, 2022

Audited Financial Statements



HIGHLAND JOINT SCHOOL DISTRICT NO. 305

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Independent Auditor's Report

Board of Trustees
Highland Joint School District No. 305

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Matter Giving Rise to the Qualified Opinion on the Governmental Activities section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2022, 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 on All Other Opinion Units Described Below

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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion on the 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 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.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and schedule of employer's share of net pension asset and liability and schedule of employer contributions listed in the table of contents 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. 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.

Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 July 28, 2022, 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
July 28, 2022

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	\$949,135
Receivables:	
Local Sources	187,143
State Sources	42,238
Federal Sources	469,878
Prepaid Expenses	903
Total Current Assets	<u>1,649,297</u>
Noncurrent Assets	
Nondepreciable Capital Assets	119,987
Depreciable Net Capital Assets	783,381
Net Pension Asset	30,942
Total Noncurrent Assets	<u>934,310</u>
Total Assets	<u>2,583,607</u>
Deferred Outflows of Resources	
Pension Items	585,466
Total Deferred Outflows of Resources	<u>585,466</u>
Total Assets and Deferred Outflows of Resources	<u>\$3,169,073</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$29,020
Salaries & Benefits Payable	283,853
Unspent Grant Allocation	410,246
Total Current Liabilities	<u>723,119</u>
Total Liabilities	<u>723,119</u>
Deferred Inflows of Resources	
Pension Items	989,854
Total Deferred Inflows of Resources	<u>989,854</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,712,973</u>
Net Position	
Net Investment in Capital Assets	903,368
Restricted:	
Special Programs	141,573
	196,160
Unrestricted	214,999
Total Net Position	<u>1,456,100</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$3,169,073</u>

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Statement of Activities Year Ended June 30, 2022

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
Governmental Activities					
Instructional Programs					
Elementary School	\$653,700		\$116,676		(\$537,024)
Secondary School	523,043	\$1,700	27,973		(493,370)
Alternative School	0				0
Special Education	123,149		49,925		(73,224)
Special Education Preschool	2,951		2,951		0
Gifted & Talented	0				0
Interscholastic	63,584				(63,584)
School Activity	14,134				(14,134)
Support Service Programs					
Attendance - Guidance - Health	91,064				(91,064)
Special Education Support Services	75,600		43,662		(31,938)
Instruction Improvement	41,175		9,727		(31,448)
Educational Media	27,596				(27,596)
Instruction-Related Technology	68,621		45,987		(22,634)
Board of Education	24,313				(24,313)
District Administration	119,230				(119,230)
School Administration	173,139				(173,139)
Business Operation	126,252				(126,252)
Buildings - Care	197,134		46,080		(151,054)
Maintenance - Non-Student Occupied	0		838		838
Maintenance - Student Occupied	121,452				(121,452)
Maintenance - Grounds	22,245				(22,245)
Security	0				0
Pupil-To-School Transportation	307,650				(307,650)
Pupil-Activity Transportation	25,858				(25,858)
General Transportation	6,429				(6,429)
Non-Instructional Programs					
Child Nutrition	85,538	1,072	82,571		(1,895)
Community Services	0				0
Student Activity	134,685	139,431			4,746
Capital Assets - Student Occupied	44,198				(44,198)
Capital Assets - Non-Student Occupied	0				0
Total	\$3,072,740	\$142,203	\$426,390	\$0	(2,504,147)
General Revenues					
Local Taxes					565,772
Other Local Revenues					109,121
State Revenues					2,053,136
Federal Revenues					0
Pension Revenue (Expense)					14,519
Total					2,742,548
Change in Net Position					
					238,401
Net Position - Beginning					
					1,217,699
Net Position - Ending					
					\$1,456,100

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Balance Sheet - Governmental Funds

June 30, 2022

	General Fund	Child Nutrition Fund	Plant Facilities Fund	Nonmajor Governmental Funds
Assets				
Cash & Investments	\$614,921	\$6,081	\$184,054	\$144,079
Receivables:				
Local Sources	169,725		15,468	0
State Sources	44,188			0
Federal Sources		7,681		462,197
Prepaid Expenditures				903
Due From Other Funds	40,180			0
Total Assets	\$869,014	\$13,762	\$199,522	\$607,179
Liabilities				
Accounts Payable	\$22,628			\$6,392
Due To Other Funds				40,180
Salaries & Benefits Payable	261,303	\$6,081		16,469
Unspent Grant Allocation		7,681		402,565
Total Liabilities	283,931	13,762	\$0	465,606
Deferred Inflows of Resources				
Unavailable Tax Revenues	33,959		3,362	0
Total Deferred Inflows of Resources	33,959	0	3,362	0
Fund Balances				
Nonspendable				
Restricted:				
Special Programs				141,573
Capital Projects			196,160	0
Unassigned	551,124			0
Total Fund Balances	551,124	0	196,160	141,573
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$869,014	\$13,762	\$199,522	\$607,179

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

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Balance Sheet - Governmental Funds

June 30, 2022

	Total Governmental Funds
Assets	
Cash & Investments	\$949,135
Receivables:	
Local Sources	185,193
State Sources	44,188
Federal Sources	469,878
Prepaid Expenditures	903
Due From Other Funds	40,180
Total Assets	<u>\$1,689,477</u>
Liabilities	
Accounts Payable	\$29,020
Due To Other Funds	40,180
Salaries & Benefits Payable	283,853
Unspent Grant Allocation	410,246
Total Liabilities	<u>763,299</u>
Deferred Inflows of Resources	
Unavailable Tax Revenues	37,321
Total Deferred Inflows of Resources	<u>37,321</u>
Fund Balances	
Nonspendable	
Restricted:	
Special Programs	141,573
Capital Projects	196,160
Unassigned	551,124
Total Fund Balances	<u>888,857</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$1,689,477</u>

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

Total Governmental Fund Balances \$888,857

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. 903,368

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 37,321

Net pension asset/liability and related pension deferred outflows and deferred inflows are not due and payable in the current period and therefore are not reported in the funds. (373,446)

Net Position of Governmental Activities \$1,456,100

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022

	General Fund	Child Nutrition Fund	Plant Facilities Fund	Nonmajor Governmental Funds
Revenues				
Local Taxes	\$518,718		\$50,139	\$0
Other Local Revenue	111,501	\$1,072	213	139,538
State Revenue	2,053,136			0
Federal Revenue		82,571		342,819
Total Revenues	<u>2,683,355</u>	<u>83,643</u>	<u>50,352</u>	<u>482,357</u>
Expenditures				
Instructional Programs				
Elementary School	639,628			116,676
Secondary School	578,167			26,973
Alternative School				0
Special Education	73,224			49,925
Special Education Preschool				2,951
Gifted & Talented				0
Interscholastic	63,584			0
School Activity	14,134			0
Support Service Programs				
Attendance - Guidance - Health	91,064			0
Special Education Support Services	23,341			52,259
Instruction Improvement	31,448			9,727
Educational Media	27,596			0
Instruction-Related Technology	67,621			45,987
Board of Education	24,313			0
District Administration	119,230			0
School Administration	173,139			0
Business Operation	126,252			0
Buildings - Care	151,054			46,080
Maintenance - Non-Student Occupied				0
Maintenance - Student Occupied	91,952		36,776	0
Maintenance - Grounds	28,744			0
Security				0
Pupil-To-School Transportation	307,650			0
Pupil-Activity Transportation	25,858			0
General Transportation	6,429			0
Non-Instructional Programs				
Child Nutrition		85,538		0
Community Services				0
Student Activity				134,685
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Total Expenditures	<u>2,664,428</u>	<u>85,538</u>	<u>36,776</u>	<u>485,263</u>
Excess (Deficiency) of Revenues Over Expenditures				
	18,927	(1,895)	13,576	(2,906)
Other Financing Sources (Uses)				
Transfers In		1,895		8,597
Transfers Out	(10,492)			0
Total Other Financing Sources (Uses)	<u>(10,492)</u>	<u>1,895</u>	<u>0</u>	<u>8,597</u>
Net Change in Fund Balances	8,435	0	13,576	5,691
Fund Balances - Beginning	542,689	0	182,584	135,882
Fund Balances - Ending	<u>\$551,124</u>	<u>\$0</u>	<u>\$196,160</u>	<u>\$141,573</u>

HIGHLAND JOINT SCHOOL DISTRICT NO. 305
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022

	<u>Total Governmental Funds</u>
Revenues	
Local Taxes	\$568,857
Other Local Revenue	252,324
State Revenue	2,053,136
Federal Revenue	425,390
Total Revenues	3,299,707
Expenditures	
Instructional Programs	
Elementary School	756,304
Secondary School	605,140
Alternative School	0
Special Education	123,149
Special Education Preschool	2,951
Gifted & Talented	0
Interscholastic	63,584
School Activity	14,134
Support Service Programs	
Attendance - Guidance - Health	91,064
Special Education Support Services	75,600
Instruction Improvement	41,175
Educational Media	27,596
Instruction-Related Technology	113,608
Board of Education	24,313
District Administration	119,230
School Administration	173,139
Business Operation	126,252
Buildings - Care	197,134
Maintenance - Non-Student Occupied	0
Maintenance - Student Occupied	128,728
Maintenance - Grounds	28,744
Security	0
Pupil-To-School Transportation	307,650
Pupil-Activity Transportation	25,858
General Transportation	6,429
Non-Instructional Programs	
Child Nutrition	85,538
Community Services	0
Student Activity	134,685
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
Total Expenditures	3,272,005
Excess (Deficiency) of Revenues Over Expenditures	27,702
Other Financing Sources (Uses)	
Transfers In	10,492
Transfers Out	(10,492)
Total Other Financing Sources (Uses)	0
Net Change in Fund Balances	27,702
Fund Balances - Beginning	861,155
Fund Balances - Ending	\$888,857

HIGHLAND JOINT SCHOOL DISTRICT NO. 305
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022

**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 \$27,702

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. 14,564

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (3,085)

Changes in net pension asset/liability and related pension deferred outflows and deferred inflows do not provide or require current financial resources and therefore are not reflected in the funds. 199,220

Change in Net Position of Governmental Activities \$238,401

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Statement of Fiduciary Net Position

June 30, 2022

	Private Purpose Trust Funds
Assets	
Cash & Investments	\$18,558
Total Assets	<u>\$18,558</u>
Net Position	
Restricted:	
Held in Trust	\$18,558
Total Net Position	<u>\$18,558</u>

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	Private Purpose Trust Funds
Additions	
Contributions	\$2,075
Investment Income (Loss)	34
Total Additions	<u>2,109</u>
Deductions	
Trust Expenses	
Total Deductions	<u>0</u>
Change in Net Position	2,109
Net Position - Beginning	16,449
Net Position - Ending	<u><u>\$18,558</u></u>

HIGHLAND JOINT SCHOOL DISTRICT NO. 305
Notes to Financial Statements

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

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. Compensated absences will be paid by the fund in which the employee works.

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. Other post-employment benefits will be paid by the fund in which the employee works.

Pensions – For purposes of measuring the net pension asset/liability and pension revenue/expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from the 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. Pension obligations will be paid by the fund in which the employee works.

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

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Notes to Financial Statements

contractually required to be maintained intact. Committed portions represent amounts that can only be used 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 20th and June 20th. 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.

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Notes to Financial Statements

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

	Governmental Funds	Fiduciary Funds	Total
Cash - Deposits	\$57,410	\$2,120	\$59,530
Investments - Local Gov't Investment Pool	891,725	16,438	908,163
Total	\$949,135	\$18,558	\$967,693

Deposits – At year end, the carrying amounts of the School's deposits were \$59,530 and the bank balances were \$. 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>	Investment Maturity Schedule (In Years)	
	<u>Less Than 1</u>	<u>Total</u>
Local Gov't Invest Pool	\$908,163	\$908,163
Total	\$908,163	\$908,163

Credit rate risk:

<u>Investment Type</u>	Investment Rating Schedule	
	<u>Not Rated</u>	<u>Total</u>
Local Gov't Invest Pool	\$908,163	\$908,163
Total	\$908,163	\$908,163

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.

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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	\$169,725		\$15,468	\$185,193
Special Programs	1,950			1,950
Total	<u>\$171,675</u>		<u>\$15,468</u>	<u>\$187,143</u>
State Sources				
Foundation Program	\$42,238			\$42,238
Total	<u>\$42,238</u>			<u>\$42,238</u>
Federal Sources				
Special Programs		\$469,878		\$469,878
Total		<u>\$469,878</u>		<u>\$469,878</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		\$44,987		44,987
Total	<u>75,000</u>	<u>44,987</u>	<u>\$0</u>	<u>119,987</u>
Depreciable Capital Assets				
Buildings	1,850,410	7,276		1,857,686
Equipment	447,414	6,499		453,913
Subtotal	<u>2,297,824</u>	<u>13,775</u>	<u>0</u>	<u>2,311,599</u>
Accumulated Depreciation				
Buildings	1,150,092	21,043		1,171,135
Equipment	333,928	23,155		357,083
Subtotal	<u>1,484,020</u>	<u>44,198</u>	<u>0</u>	<u>1,528,218</u>
Total	<u>813,804</u>	<u>(30,423)</u>	<u>0</u>	<u>783,381</u>
Net Capital Assets	<u>\$888,804</u>	<u>\$14,564</u>	<u>\$0</u>	<u>\$903,368</u>

Depreciation expense of \$44,198 was charged to the capital assets – student occupied program.

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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.

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 74% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 9.13% 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 \$184,701 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School's proportion of the net pension asset 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, 2021, the School's proportion was 0.03917819 percent.

For the year ended June 30, 2022, the School recognized pension revenue (expense) of \$14,519. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$45,589	\$17,986
Changes in assumptions or other inputs	355,176	
Net difference between projected and actual earnings on pension plan investments		971,868
Employer contributions subsequent to the measurement date	184,701	
Total	<u>\$585,466</u>	<u>\$989,854</u>

\$184,701 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an adjustment to the pension expense 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, 2021 the beginning of the measurement period ended June 30, 2020 is 4.7 and 4.6 for the measurement period June 30, 2021.

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:

Year Ended	
6/30/23	(\$138,574)
6/30/24	(124,883)
6/30/25	(109,134)
6/30/26	<u>(216,499)</u>
Total	<u><u>(\$589,090)</u></u>

Actuarial Assumptions

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

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Notes to Financial Statements

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 asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 Teacher Tables, increased 12%
Teachers - Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The total pension asset as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

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 2021.

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Notes to Financial Statements

Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.15%	3.06%

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 2021

Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return*	4.05%
Assumed Inflation	2.30%
Long-Term Expected Geometric Rate of Return*	6.35%
*Net of Investment Expenses	

Discount Rate

The discount rate used to measure the total pension asset was 6.35%. 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 asset. 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 asset to changes in the discount rate.

The following presents the School's proportionate share of the net pension asset calculated using the discount rate of 6.35 percent, as well as what the School's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Notes to Financial Statements

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
School's proportionate share of the net pension liability (asset)	\$1,075,614	(\$30,942)	(\$938,009)

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.

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 asset or 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 asset or liability which is an estimated asset or 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 asset or 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 when deemed necessary), such deficits are not deemed to be of substantial concern.

F. INTERFUND BALANCES

Interfund balances at year end consist of the following:

	Due From Fund	
	Governmental	Total
Due To Fund		
General	\$40,180	\$40,180
Total	\$40,180	\$40,180

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.

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Notes to Financial Statements

Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General		\$10,492	Support
Child Nutrition	\$1,895		Support
Nonmajor Governmental	8,597		Support
Total	<u>\$10,492</u>	<u>\$10,492</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.

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Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2022

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$506,944	\$506,944	\$518,718	\$11,774
Other Local Revenue	106,996	106,996	111,501	4,505
State Revenue	2,001,811	2,001,811	2,053,136	51,325
Federal Revenue	0	0	0	0
Total Revenues	<u>2,615,751</u>	<u>2,615,751</u>	<u>2,683,355</u>	<u>67,604</u>
Expenditures				
Instructional Programs				
Elementary School	589,203	589,203	639,628	(50,425)
Secondary School	582,491	582,491	578,167	4,324
Alternative School	0	0	0	0
Special Education	84,789	84,789	73,224	11,565
Special Education Preschool	1,000	1,000	0	1,000
Gifted & Talented	0	0	0	0
Interscholastic	76,656	76,656	63,584	13,072
School Activity	11,127	11,127	14,134	(3,007)
Support Service Programs				
Attendance - Guidance - Health	96,850	96,850	91,064	5,786
Special Education Support Services	11,650	8,500	23,341	(14,841)
Instruction Improvement	31,918	31,918	31,448	470
Educational Media	36,498	36,498	27,596	8,902
Instruction-Related Technology	90,335	90,335	67,621	22,714
Board of Education	28,531	28,531	24,313	4,218
District Administration	125,768	125,768	119,230	6,538
School Administration	165,951	165,951	173,139	(7,188)
Business Operation	126,864	126,864	126,252	612
Buildings - Care	170,707	170,707	151,054	19,653
Maintenance - Non-Student Occupied	0	0	0	0
Maintenance - Student Occupied	74,277	74,277	91,952	(17,675)
Maintenance - Grounds	28,951	28,951	28,744	207
Security	3,800	3,800	0	3,800
Pupil-To-School Transportation	277,000	277,000	307,650	(30,650)
Pupil-Activity Transportation	25,000	25,000	25,858	(858)
General Transportation	6,500	6,500	6,429	71
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	239,202	239,202	0	239,202
Capital Assets - Non-Student Occupied	0	0	0	0
Total Expenditures	<u>2,885,068</u>	<u>2,881,918</u>	<u>2,664,428</u>	<u>217,490 *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(269,317)	(266,167)	18,927	285,094
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(30,683)	(33,833)	(10,492)	23,341 *
Total Other Financing Sources (Uses)	<u>(30,683)</u>	<u>(33,833)</u>	<u>(10,492)</u>	<u>23,341</u>
Net Change in Fund Balances	<u>(300,000)</u>	<u>(300,000)</u>	<u>8,435</u>	<u>308,435</u>
Fund Balances - Beginning	<u>300,000</u>	<u>300,000</u>	<u>542,689</u>	<u>242,689</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$551,124</u>	<u>\$551,124</u>

*Total expenditures (over) under appropriations are: \$240,831

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Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended June 30, 2022

Child Nutrition Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Other Local Revenue	\$1,000	\$1,000	\$1,072	\$72
Federal Revenue	57,000	57,000	82,571	25,571
Total Revenues	<u>58,000</u>	<u>58,000</u>	<u>83,643</u>	<u>25,643</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	84,333	84,333	85,538	(1,205)
Total Expenditures	<u>84,333</u>	<u>84,333</u>	<u>85,538</u>	<u>(1,205) *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(26,333)	(26,333)	(1,895)	24,438
Other Financing Sources (Uses)				
Transfers In	26,333	26,333	1,895	(24,438)
Transfers Out	0	0	0	0 *
Total Other Financing Sources (Uses)	<u>26,333</u>	<u>26,333</u>	<u>1,895</u>	<u>(24,438)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
				<u>*(Total expenditures (over) under appropriations are: (\$1,205))</u>

HIGHLAND JOINT SCHOOL DISTRICT NO. 305
Schedule of Employer's Share of Net Pension Asset and Liability
and Schedule of Employer Contributions
PERSI - Base Plan

Schedule of Employer's Share of Net Pension Asset and Liability*

Fiscal Year Ended June 30	Employer's Portion of the Net Pension (Asset) Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability
2015	0.0435447%	\$320,557	\$1,191,590	26.90%	94.95%
2016	0.0425420%	\$560,209	\$1,222,739	45.82%	91.38%
2017	0.0418074%	\$847,500	\$1,282,312	66.09%	87.26%
2018	0.0412860%	\$648,945	\$1,365,466	47.53%	90.68%
2019	0.0423211%	\$624,244	\$1,376,296	45.36%	91.69%
2020	0.0404600%	\$461,840	\$1,376,296	33.56%	93.79%
2021	0.0391000%	\$907,954	\$1,392,303	65.21%	88.22%
2022	0.0391782%	(\$30,942)	\$1,462,077	-2.12%	100.36%

*As of the measurement date of the net pension (asset) liability.

Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$134,888	\$134,888	\$0	\$1,191,590	11.32%
2016	\$139,149	\$139,149	\$0	\$1,191,590	11.68%
2017	\$138,414	\$138,414	\$0	\$1,282,312	10.79%
2018	\$154,571	\$154,571	\$0	\$1,365,466	11.32%
2019	\$157,738	\$157,738	\$0	\$1,376,296	11.46%
2020	\$166,241	\$166,241	\$0	\$1,392,303	11.94%
2021	\$174,572	\$174,572	\$0	\$1,462,077	11.94%
2022	\$184,701	\$184,701	\$0	\$1,546,910	11.94%

Schedules above intended to show information for 10 years. Information for additional years will be presented as it becomes available.

HIGHLAND JOINT SCHOOL DISTRICT NO. 305
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds			
	Forest Reserve	Student Activity	ESSER III	Title I-A ESSA IBP
Assets				
Cash & Investments	\$52,742	\$88,831		
Receivables:				
Local Sources				
State Sources				
Federal Sources			\$350,062	\$5,513
Prepaid Expenditures				
Due From Other Funds				
Total Assets	\$52,742	\$88,831	\$350,062	\$5,513
Liabilities				
Accounts Payable				
Due To Other Funds				\$20
Salaries & Benefits Payable				5,493
Unspent Grant Allocation			\$350,062	
Total Liabilities	\$0	\$0	350,062	5,513
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Nonspendable				
Restricted:				
Special Programs	52,742	88,831		
Capital Projects				
Unassigned				
Total Fund Balances	52,742	88,831	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$52,742	\$88,831	\$350,062	\$5,513

HIGHLAND JOINT SCHOOL DISTRICT NO. 305
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds			
	ESSER I	ESSER II	IDEA Part B 611 School Age 3-21	IDEA Part B 619 Pre-School Age 3-5
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$1,616	\$62,712	\$12,562	\$824
Prepaid Expenditures				
Due From Other Funds				
Total Assets	\$1,616	\$62,712	\$12,562	\$824
Liabilities				
Accounts Payable				
Due To Other Funds		\$11,825	\$4,480	\$436
Salaries & Benefits Payable			8,082	388
Unspent Grant Allocation	\$1,616	50,887		
Total Liabilities	1,616	62,712	12,562	824
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Nonspendable				
Restricted:				
Special Programs				
Capital Projects				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$1,616	\$62,712	\$12,562	\$824

HIGHLAND JOINT SCHOOL DISTRICT NO. 305
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds			
	IDEA Part B ARPA	School Based Medicaid	Title IV-A ESSA SS & AE	Title V-B ESSA REI
Assets				
Cash & Investments				\$2,506
Receivables:				
Local Sources				
State Sources				
Federal Sources		\$4,687		
Prepaid Expenditures		903		
Due From Other Funds				
Total Assets	\$0	\$5,590	\$0	\$2,506
Liabilities				
Accounts Payable				
Due To Other Funds		\$5,590		
Salaries & Benefits Payable				\$2,506
Unspent Grant Allocation				
Total Liabilities	\$0	5,590	\$0	2,506
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Nonspendable				
Restricted:				
Special Programs				
Capital Projects				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$0	\$5,590	\$0	\$2,506

HIGHLAND JOINT SCHOOL DISTRICT NO. 305
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds			
	Title II-A			
	ESSA		COPS	
	SEI	CRF	Grant	Total
Assets				
Cash & Investments				\$144,079
Receivables:				
Local Sources				0
State Sources				0
Federal Sources			\$24,221	462,197
Prepaid Expenditures				903
Due From Other Funds				0
Total Assets	\$0	\$0	\$24,221	\$607,179
Liabilities				
Accounts Payable			\$6,392	\$6,392
Due To Other Funds			17,829	40,180
Salaries & Benefits Payable				16,469
Unspent Grant Allocation				402,565
Total Liabilities	\$0	\$0	24,221	465,606
Deferred Inflows of Resources				
Unavailable Tax Revenues				0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Nonspendable				0
Restricted:				
Special Programs				141,573
Capital Projects				0
Unassigned				0
Total Fund Balances	0	0	0	141,573
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$0	\$0	\$24,221	\$607,179

HIGHLAND JOINT SCHOOL DISTRICT NO. 305
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2022

	Special Revenue Funds			Title I-A ESSA IBP
	Forest Reserve	Student Activity	ESSER III	
Revenues				
Local Taxes				
Other Local Revenue	\$107	\$139,431		
State Revenue				
Federal Revenue	838			\$27,413
Total Revenues	<u>945</u>	<u>139,431</u>	<u>\$0</u>	<u>27,413</u>
Expenditures				
Instructional Programs				
Elementary School				27,413
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				
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		134,685		
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>0</u>	<u>134,685</u>	<u>0</u>	<u>27,413</u>
Excess (Deficiency) of Revenues Over Expenditures	945	4,746	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	945	4,746	0	0
Fund Balances - Beginning	51,797	84,085	0	0
Fund Balances - Ending	<u>\$52,742</u>	<u>\$88,831</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, 2022

	Special Revenue Funds			
	ESSER I	ESSER II	IDEA Part B 611 School Age 3-21	IDEA Part B 619 Pre-School Age 3-5
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$9,405	\$67,677	\$42,927	\$2,334
Total Revenues	<u>9,405</u>	<u>67,677</u>	<u>42,927</u>	<u>2,334</u>
Expenditures				
Instructional Programs				
Elementary School		24,573		
Secondary School		9,107		
Alternative School				
Special Education			42,927	
Special Education Preschool				2,334
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement	650			
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care	8,755	33,997		
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				
Total Expenditures	<u>9,405</u>	<u>67,677</u>	<u>42,927</u>	<u>2,334</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<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, 2022

	Special Revenue Funds			
	IDEA Part B ARPA	School Based Medicaid	Title IV-A ESSA SS & AE	Title V-B ESSA REI
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$7,615	\$43,662	\$15,701	\$22,737
Total Revenues	<u>7,615</u>	<u>43,662</u>	<u>15,701</u>	<u>22,737</u>
Expenditures				
Instructional Programs				
Elementary School			15,701	22,737
Secondary School				
Alternative School				
Special Education	6,998			
Special Education Preschool	617			
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services		52,259		
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				
Total Expenditures	<u>7,615</u>	<u>52,259</u>	<u>15,701</u>	<u>22,737</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	(8,597)	0	0
Other Financing Sources (Uses)				
Transfers In		8,597		
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>8,597</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<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, 2022

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>Title II-A</u>	<u>CRF</u>	<u>COPS</u>	
	<u>ESSA</u>		<u>Grant</u>	
	<u>SEI</u>			
Revenues				
Local Taxes				\$0
Other Local Revenue				139,538
State Revenue				0
Federal Revenue	\$5,327	\$52,196	\$44,987	342,819
Total Revenues	<u>5,327</u>	<u>52,196</u>	<u>44,987</u>	<u>482,357</u>
Expenditures				
Instructional Programs				
Elementary School		26,252		116,676
Secondary School		17,866		26,973
Alternative School				0
Special Education				49,925
Special Education Preschool				2,951
Gifted & Talented				0
Interscholastic				0
School Activity				0
Support Service Programs				
Attendance - Guidance - Health				0
Special Education Support Services				52,259
Instruction Improvement	5,327	3,750		9,727
Educational Media				0
Instruction-Related Technology		1,000	44,987	45,987
Board of Education				0
District Administration				0
School Administration				0
Business Operation				0
Buildings - Care		3,328		46,080
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				134,685
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Total Expenditures	<u>5,327</u>	<u>52,196</u>	<u>44,987</u>	<u>485,263</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	(2,906)
Other Financing Sources (Uses)				
Transfers In				8,597
Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,597</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,691</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>135,882</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$141,573</u>



**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, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated July 28, 2022.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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
July 28, 2022