

**Highland Joint School District No. 305
Audited Financial Statements
For the Year Ended
June 30, 2014**

Highland Joint School District No. 305
For the Year Ended June 30, 2014
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John Goffinet
Steve R. Clack

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

Independent Auditor's Report

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

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, 2014, 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 is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require budgetary comparison information presented on pages 21-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, State of Idaho's basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 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 October 2, 2014, 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 2, 2014


Goffinet and Clack, Chartered
Certified Public Accountants

Highland Joint School District No. 305
Statement of Net Position
June 30, 2014

Assets	Governmental Activities
Cash	49,005
Investments	134,396
Receivables	
Accounts	9,058
Property Taxes	194,567
Intergovernmental	81,294
Capital Assets, Not Being Depreciated	
Land	75,000
Capital Assets, Net of Accumulated Depreciation	
Depreciable Capital Assets	565,884
Total Assets	1,109,204
Liabilities	
Accounts Payable	38,012
Accrued Salaries and Benefits	215,895
Intergovernmental Payable	59
Total Liabilities	253,966
Net Position	
Net Investment in Capital Assets	640,884
Restricted	
Capital Projects	31,716
Unrestricted	182,638
Total Net Position	855,238

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, 2014

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Assets				
Cash	46,577		2,428	49,005
Investments	112,839	21,557		134,396
Property Taxes Receivable	180,817	13,750		194,567
Intergovernmental Receivable	41,692		39,602	81,294
Accounts and Other Receivables	9,058			9,058
Due From Other Funds	22,396		44,806	67,202
Total Assets	<u>413,379</u>	<u>35,307</u>	<u>86,836</u>	<u>535,522</u>
Liabilities				
Accounts Payable	34,948		3,064	38,012
Accrued Salaries and Benefits	193,302		22,593	215,895
Intergovernmental Payable	59			59
Due to Other Funds	44,806		22,396	67,202
Total Liabilities	<u>273,115</u>		<u>48,053</u>	<u>321,168</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	43,210	3,591		46,801
Total Deferred Inflows of Resources	<u>43,210</u>	<u>3,591</u>		<u>46,801</u>
Fund Balances				
Restricted				
Capital Projects		31,716		31,716
Unassigned	97,054		38,783	135,837
Total Fund Balances	<u>97,054</u>	<u>31,716</u>	<u>38,783</u>	<u>167,553</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>413,379</u>	<u>35,307</u>	<u>86,836</u>	<u>535,522</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, 2014

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

Total Fund Balances - Governmental Funds (page 5)	167,553
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	640,884
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	
Property Taxes	<u>46,801</u>
Total Net Position of Governmental Activities (page 3)	<u><u>855,238</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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	508,433	39,111		547,544
Intergovernmental, State	1,548,648			1,548,648
Intergovernmental, Federal	4,150		186,251	190,401
Investment Earnings	467			467
Miscellaneous	75,796	358	18,612	94,766
Total Revenues	<u>2,137,494</u>	<u>39,469</u>	<u>204,863</u>	<u>2,381,826</u>
Expenditures				
Current				
Instruction	1,134,059		108,565	1,242,624
Non Instruction				
Pupil Support	40,713			40,713
Staff Support	79,256		24,874	104,130
Food Service			75,916	75,916
Administrative	241,550			241,550
Business Operations	80,944			80,944
Plant Operations	134,600	9,904		144,504
Maintenance	78,400			78,400
Pupil Transportation	302,674			302,674
Capital Outlays		112,061		112,061
Total Expenditures	<u>2,092,196</u>	<u>121,965</u>	<u>209,355</u>	<u>2,423,516</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>45,298</u>	<u>(82,496)</u>	<u>(4,492)</u>	<u>(41,690)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(2,225)</u>		<u>2,225</u>	
Total Other Financing Sources (Uses)	<u>(2,225)</u>		<u>2,225</u>	
Net Change in Fund Balances	43,073	(82,496)	(2,267)	(41,690)
Fund Balances, Beginning of Year	<u>53,981</u>	<u>114,212</u>	<u>41,050</u>	<u>209,243</u>
Fund Balances, End of Year	<u><u>97,054</u></u>	<u><u>31,716</u></u>	<u><u>38,783</u></u>	<u><u>167,553</u></u>

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

Highland Joint School District No. 305
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

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

Net Change in Fund Balances - Total Governmental Funds (Page 7) (41,690)

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.

71,517

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

Property Taxes

16,669

Change in Net Position of Governmental Activities (Page 4)

46,496

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
June 30, 2014

	Private Purpose Trust Funds	Agency
Assets		
Cash	8	9,569
Investments	13,075	34,231
Accounts Receivable		2,217
	13,083	46,017
Liabilities		
Due to Student Groups		46,017
		46,017
Net Position		
Net Position Held in Trust for Scholarships	13,083	

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, 2014

	Private Purpose Trust Funds	
	Wilfong Athletic Fund	Highland Foundation
Additions		
Contributions		8
Investments Earnings		
Interest	3	14
Total Investment Earnings	3	14
Total Additions	3	22
Deductions		
Change in Net Position	3	22
Net Position, Beginning of Year	2,002	11,056
Net Position, End of Year	2,005	11,078

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, 2014

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 evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in GAAP and defined in GASB Statement No. 14. Based on the application of this criteria, there were no component units included with the reporting entity. Also, the District is not included in any 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. All fiduciary activities are reported only in the fund financial statements. 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 accounts for all activities and financial resources of the District except those accounted for in another fund.
- The *capital projects fund* accounts for the accumulation of resources from property taxes and uses 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, Deferred Inflow of Resources, and Net Position 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 1st. The levy is billed and due in two installments, December 20th and June 20th of the following year. The billings are considered past due the day after the due dates, at which time the applicable property is subject to lien, and the billing is subject to penalties and interest.

3. Capital Assets

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

Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building Improvements	15
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. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – property tax*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Comparative Totals

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

E. Restricted Assets

Capital Projects Fund. Restricted assets in the amount of \$31,716 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.

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

A. Deposits and Investments

For the year ended June 30, 2014, the carrying value of the District's deposits with financial institutions was \$240,184 and the financial institution's balances were \$240,554. The financial institution's balances are categorized as follows:

Cash

Amounts insured by the FDIC held by banks in the District's name	60,851
------------------------------------------------------------------	--------

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	179,703
	<u>240,554</u>

The carrying value of the District's deposits and cash on hand and investments at June 30, 2014 that appear in the financial statements are summarized below:

Governmental Funds:

Cash on Hand			
Petty Cash			100
Deposits	48,905		
Investments	<u>134,396</u>	183,301	

Fiduciary Funds:

Deposits - Student Activities Fund	9,569		
Investments - Trusts	13,083		
Investments - Student Activities Fund	<u>34,231</u>	<u>56,883</u>	
Total Deposits and Investments			<u>240,184</u>
Total Cash on Hand, Deposits, and Investments			<u>240,284</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.

B. Property Taxes

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

C. Receivables

Receivables at June 30, 2014 consist of the following:

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
Receivables:				
Property Taxes	180,817	13,750		194,567
Intergovernmental Receivable	41,692		39,602	81,294
Accounts and Other Receivables	9,058			9,058
	<u>231,567</u>	<u>13,750</u>	<u>39,602</u>	<u>284,919</u>

Amounts of intergovernmental receivables are categorized as follows:

	State	Federal	Total
General Fund	41,692		41,692
Nonmajor Governmental Funds			
Federal Forest Fund		8	8
Title I - A ESEA Fund		16,607	16,607
Title VI - B IDEA Special Education		11,353	11,353
Federal Title II - A ESEA Fund		10,644	10,644
Food Service		990	990
	<u>41,692</u>	<u>39,602</u>	<u>81,294</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2014 is as follows:

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
Capital Assets, Not Being Depreciated				
Land	75,000			75,000
Total Capital Assets, Not Being Depreciated	75,000			75,000
Capital Assets, Being Depreciated				
Site Improvements	164,781			164,781
Buildings	1,215,111	108,791		1,323,902
Elementary Equipment	86,954			86,954
High School Equipment	242,379			242,379
Total Capital Assets, Being Depreciated	1,709,225	108,791		1,818,016
Less Accumulated Depreciation				
Site Improvements	(30,093)	(5,846)		(35,939)
Buildings	(897,525)	(20,190)		(917,715)
Elementary Equipment	(67,398)	(3,172)		(70,570)
High School Equipment	(219,841)	(8,067)		(227,908)
Total Accumulated Depreciation	(1,214,857)	(37,275)		(1,252,132)
Total Capital Assets Being Depreciated, Net	494,368	71,516		565,884
Capital Assets, Net	569,368	71,516		640,884

E. Interfund Receivables and Payables

The composition of interfund receivables and payables due to deficit balances in the shared cash accounts as of June 30, 2014 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	22,396	44,806
Nonmajor Governmental Funds:		
Federal Forest Fund	38,775	
Food Service Fund	6,031	
Title I, ESEA		10,451
Title IV-B, IDEA, Special Education		4,365
Federal Title II-A, ESEA		7,580
	<u>67,202</u>	<u>67,202</u>

These Interfund receivables and payables are not expected to be repaid.

F. Interfund Transfers

The General Fund transfers annually to the school lunch program an amount equal to the employer social security and medicare taxes of the school lunch wages. The transfer for the year ended June 30, 2014 was \$1,483. The District also transferred \$742 for program support.

G. Operating Leases

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

<u>Equipment</u>	<u>Term</u>	<u>Cost</u>
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	1,782	207	1,989
Total	<u>6,285</u>	<u>1,176</u>	<u>7,461</u>

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

	<u>MP7001</u>	<u>MP2550B</u>	<u>Total</u>
2015	4,503	646	5,149
2016	4,504		4,504
Total	<u>9,007</u>	<u>646</u>	<u>9,653</u>

H. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Governmental Fund Balances – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

- Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

- Committed – fund balances that contain self-imposed constraints of the government from its highest level of decision making authority (i.e., the Board of Trustees). The Board of Trustees commits revenue streams through adopted motions.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- Unassigned – all other spendable amounts.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

III. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

B. Contingent Liabilities

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, 2014 may be impaired. In the opinion of the District, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

C. Employee Pension Plans

Substantially all full time employees and certain part time employees of the District are members of the Public Employee Retirement System of Idaho (PERSI) The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a

mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited 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.

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, 2014 the required contribution rate as a percentage of covered payrolls for members was 6.79% for general members. The employer rate as a percentage of covered payroll was 11.32% for general members. The Highland Joint School District No. 305 employer contributions required and paid were \$131,597, \$116,313, and \$107,752 for the three years ended June 30, 2014, 2013, and 2012 respectively.

D. Subsequent Events

Management has evaluated subsequent events through October 2, 2014, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2014

	General Fund			Capital Projects Fund		
	Budgeted Amounts Original and Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts Original and Final	Actual	Variance With Final Budget Positive (Negative)
Revenues						
Property Taxes	508,803	508,433	(370)	40,000	39,111	(889)
Intergovernmental, State	1,539,828	1,548,648	8,820			
Intergovernmental, Federal		4,150	4,150			
Interest	1,000	467	(533)			
Other	26,600	75,796	49,196		358	358
Total Revenues	2,076,231	2,137,494	61,263	40,000	39,469	(531)
Expenditures						
Current						
Instruction	1,140,010	1,134,059	5,951			
Non-Instruction						
Pupil Support	40,938	40,713	225			
Staff Support	55,453	79,256	(23,803)			
Administrative	221,684	241,550	(19,866)			
Business Operations	71,106	80,944	(9,838)			
Plant Operations	140,315	134,600	5,715	15,000	9,904	5,096
Maintenance	85,028	78,400	6,628			
Pupil Transportation	300,500	302,674	(2,174)			
Capital Outlays				132,000	112,061	19,939
Contingency	75,000		75,000			
Total Expenditures	2,130,034	2,092,196	37,838	147,000	121,965	25,035
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,803)	45,298	99,101	(107,000)	(82,496)	24,504
Other Financing Sources (Uses)						
Transfers In	21,389		(21,389)			
Transfers (Out)	(1,586)	(2,225)	(639)			
Total Other Financing Sources (Uses)	19,803	(2,225)	(22,028)			
Net Change in Fund Balances	(34,000)	43,073	77,073	(107,000)	(82,496)	24,504
Fund Balance, Beginning of Year	34,000	53,981	19,981	107,000	114,212	7,212
Fund Balance, End of Year		97,054	97,054		31,716	31,716

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, 2014

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, 2014 the District had no funds in excess of expenditures over appropriations.

OTHER SUPPLEMENTARY INFORMATION

Highland Joint School District No. 305
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

With Comparative Totals for June 30, 2013

	Federal Forest Funds	School Building Maintenance Fund	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool
Assets					
Cash	8				456
Intergovernmental Receivable Due From Other Funds	38,775		16,607	11,353	
Total Assets	<u>38,783</u>		<u>16,607</u>	<u>11,353</u>	<u>456</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable					
Accrued Salaries and Benefits Due to Other Funds			6,156	6,988	456
Total Liabilities			<u>10,451</u>	<u>4,365</u>	<u>456</u>
Fund Balances			<u>16,607</u>	<u>11,353</u>	<u>456</u>
Restricted					
Food Services					
Unassigned	38,783				
Total Fund Balances	<u>38,783</u>				
Total Liabilities and Fund Balances	<u>38,783</u>		<u>16,607</u>	<u>11,353</u>	<u>456</u>

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

(Continued)

Highland Joint School District No. 305
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014
 With Comparative Totals for June 30, 2013
 (Continued)

	Title VI-B, ESEA, REAP	Federal Title II-A, ESEA	Federal Title II-D, Technology	Food Service	Totals	
					2014	2013
Assets						
Cash	1,972				2,428	5,851
Intergovernmental Receivable		10,644		990	39,602	17,197
Due From Other Funds				6,031	44,806	49,581
Total Assets	<u>1,972</u>	<u>10,644</u>		<u>7,021</u>	<u>86,836</u>	<u>72,629</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable		3,064			3,064	1,503
Accrued Salaries and Benefits	1,972			7,021	22,593	20,523
Due to Other Funds		7,580			22,396	9,553
Total Liabilities	<u>1,972</u>	<u>10,644</u>		<u>7,021</u>	<u>48,053</u>	<u>31,579</u>
Fund Balances						
Restricted						6,922
Food Services					38,783	34,128
Unassigned					38,783	41,050
Total Fund Balances					<u>77,566</u>	<u>82,100</u>
Total Liabilities and Fund Balances	<u>1,972</u>	<u>10,644</u>		<u>7,021</u>	<u>86,836</u>	<u>72,629</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, 2014
 With Comparative Totals for the Year Ended June 30, 2013

	Federal Forest Funds	School Building Maintenance Fund	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool
Revenues					
Lunch and Breakfast Sales					
Intergovernmental, Federal Grant Funds	4,655		42,649	40,860	2,254
Total Revenues	4,655		42,649	40,860	2,254
Expenditures					
Instruction					
Salaries			31,327	25,741	1,925
Benefits			11,322	15,119	329
Purchased Services					
Total Instruction			42,649	40,860	2,254
Non-Instruction					
Support Services					
Salaries					
Benefits					
Supplies and Materials					
Food Service					
Salaries					
Benefits					
Purchased Services					
Supplies and Materials					
Total Non-Instruction					
Total Expenditures			42,649	40,860	2,254

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, 2014
 With Comparative Totals for the Year Ended June 30, 2013
 (Continued)

	Federal Forest Funds	School Building Maintenance Fund	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,655				
Other Financing Sources (Uses) Transfers In					
Total Other Financing Sources and (Uses)					
Net Change in Fund Balances	4,655				
Fund Balances, Beginning of Year	34,128				
Fund Balances, End of Year	<u>38,783</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, 2014
 With Comparative Totals for the Year Ended June 30, 2013
 (Continued)

	Title VI-B, ESEA, REAP	Federal Title II-A, ESEA	Federal Title II-D Technology	Food Service	Totals	
					2014	2013
Revenues						
Lunch and Breakfast Sales	10,063	12,739	24,874	18,612	18,612	20,256
Intergovernmental, Federal Grant Funds				48,157	186,251	296,648
Total Revenues	10,063	12,739	24,874	66,769	204,863	316,904
Expenditures						
Instruction						
Salaries	6,082	990			66,065	92,140
Benefits	3,981	198			30,949	44,364
Purchased Services		11,551			11,551	105,159
Total Instruction	10,063	12,739			108,565	241,663
Non-Instruction						
Support Services						
Salaries					13,070	
Benefits					2,597	
Supplies and Materials					9,207	
Food Service						
Salaries				19,385	19,385	21,909
Benefits				19,789	19,789	19,012
Purchased Services				1,510	1,510	1,234
Supplies and Materials				35,232	35,232	34,244
Total Non-Instruction				75,916	100,790	76,399
Total Expenditures	10,063	12,739	24,874	75,916	209,355	318,062

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, 2014
 With Comparative Totals for the Year Ended June 30, 2013
 (Continued)

	Title VI-B, ESEA, REAP	Title II-A, ESEA	Title II-D Technology	Food Service	Totals	
					2014	2013
Excess (Deficiency) of Revenues Over (Under) Expenditures				(9,147)	(4,492)	(1,158)
Other Financing Sources (Uses) Transfers In				2,225	2,225	1,676
Total Other Financing Sources and (Uses)				2,225	2,225	1,676
Net Change in Fund Balances				(6,922)	(2,267)	518
Fund Balances, Beginning of Year				6,922	41,050	40,532
Fund Balances, End of Year					38,783	41,050

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Other Revenues				
Property Taxes	505,803	505,803	505,093	(710)
Penalty and Interest on Taxes	3,000	3,000	3,340	340
Interest	1,000	1,000	467	(533)
Other	26,600	26,600	72,296	45,696
Total Other Revenues	<u>536,403</u>	<u>536,403</u>	<u>581,196</u>	<u>44,793</u>
Intergovernmental Revenues				
State Support	1,539,828	1,539,828	1,548,648	8,820
Federal Support			4,150	4,150
Total Intergovernmental Revenues	<u>1,539,828</u>	<u>1,539,828</u>	<u>1,552,798</u>	<u>12,970</u>
Sale of Assets			3,500	3,500
Total Revenues	<u>2,076,231</u>	<u>2,076,231</u>	<u>2,137,494</u>	<u>61,263</u>
Expenditures				
Current				
Instruction				
Salaries	809,529	809,529	802,380	7,149
Benefits	272,111	272,111	265,912	6,199
Purchased Services	20,890	20,890	12,568	8,322
Supplies and Materials	36,980	36,980	52,737	(15,757)
Insurance	500	500	462	38
Total Instruction	<u>1,140,010</u>	<u>1,140,010</u>	<u>1,134,059</u>	<u>5,951</u>
Non-Instruction				
Pupil Support				
Salaries	7,800	7,800		7,800
Benefits	638	638	36	602
Purchased Services	29,700	29,700	40,677	(10,977)
Supplies and Materials	2,800	2,800		2,800
Total Pupil Support	<u>40,938</u>	<u>40,938</u>	<u>40,713</u>	<u>225</u>
Staff Support				
Salaries	25,112	25,112	37,660	(12,548)
Benefits	9,474	9,474	14,981	(5,507)
Purchased Services	8,367	8,367	7,302	1,065
Supplies and Materials	12,500	12,500	19,313	(6,813)
Total Staff Support	<u>55,453</u>	<u>55,453</u>	<u>79,256</u>	<u>(23,803)</u>
Administrative				
Salaries	145,327	145,327	161,667	(16,340)
Benefits	50,557	50,557	52,469	(1,912)
Purchased Services	21,900	21,900	24,562	(2,662)
Supplies and Materials	3,900	3,900	2,852	1,048
Total Administrative	<u>221,684</u>	<u>221,684</u>	<u>241,550</u>	<u>(19,866)</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, 2014
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued)				
Current				
Non-Instruction				
Business Operations				
Salaries	48,450	48,450	58,053	(9,603)
Benefits	17,156	17,156	18,711	(1,555)
Purchased Services	4,500	4,500	3,648	852
Supplies and Materials	1,000	1,000	532	468
Total Business Operations	<u>71,106</u>	<u>71,106</u>	<u>80,944</u>	<u>(9,838)</u>
Plant Operations				
Salaries	35,150	35,150	33,987	1,163
Benefits	15,689	15,689	15,529	160
Purchased Services	66,500	66,500	63,392	3,108
Supplies and Materials	8,000	8,000	6,716	1,284
Insurance	14,976	14,976	14,976	
Total Plant Operations	<u>140,315</u>	<u>140,315</u>	<u>134,600</u>	<u>5,715</u>
Maintenance				
Salaries	47,103	47,103	45,621	1,482
Benefits	18,425	18,425	18,385	40
Purchased Services	13,000	13,000	10,101	2,899
Supplies and Materials	6,500	6,500	4,293	2,207
Total Maintenance	<u>85,028</u>	<u>85,028</u>	<u>78,400</u>	<u>6,628</u>
Pupil Transportation				
Salaries				
Benefits			8	(8)
Purchased Services	299,500	299,500	299,694	(194)
Supplies and Materials	1,000	1,000	2,972	(1,972)
Total Pupil Transportation	<u>300,500</u>	<u>300,500</u>	<u>302,674</u>	<u>(2,174)</u>
Contingency	<u>75,000</u>	<u>75,000</u>		<u>75,000</u>
Total Expenditures	<u>2,130,034</u>	<u>2,130,034</u>	<u>2,092,196</u>	<u>37,838</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(53,803)</u>	<u>(53,803)</u>	<u>45,298</u>	<u>99,101</u>
Other Financing Sources and Uses				
Transfers In	21,389	21,389		(21,389)
Transfers Out	(1,586)	(1,586)	(2,225)	(639)
Total Other Financing Sources and Uses	<u>19,803</u>	<u>19,803</u>	<u>(2,225)</u>	<u>(22,028)</u>
Net Change in Fund Balances	(34,000)	(34,000)	43,073	77,073
Fund Balances, Beginning of Year	<u>34,000</u>	<u>34,000</u>	<u>53,981</u>	<u>19,981</u>
Fund Balances, End of Year			<u>97,054</u>	<u>97,054</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, 2014

	Private Purpose Trust Funds		Agency
	Wilfong Athletic Fund	Highland Foundation	Student Activity Funds
Assets			
Cash		8	9,569
Investments	2,005	11,070	34,231
Accounts Receivable			2,217
Total Assets	2,005	11,078	46,017
Liabilities			
Due to Student Groups			46,017
Total Liabilities			46,017
Net Position			
Net Position Held in Trust for Scholarships	2,005	11,078	

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, 2014

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2014</u>
Assets				
Cash and Investments				
Music	3,718	2,297	3,350	2,665
Student Council	2,586	10,018	8,893	3,711
Student Recognition	643	100	55	688
Band Instrument Fees	150	25		175
Hendren Scholarship		647	647	
Cash Boxes		1,925	1,925	
Events Passes		880	880	
Annual Staff	690	2,745	3,099	336
Cheerleaders	15	1,207	776	446
Boys Basketball	601	5,231	4,227	1,605
Girls Basketball	27	5,254	5,281	
Business Prof. Assoc.	1,897	2,680	3,057	1,520
Honor Society	117	487	123	481
Uniforms	2,527	3,407	4,017	1,917
Football		4,374	4,374	
Volleyball	4	8,883	8,338	549
At-Risk Fund	611	485	366	730
Track	16	4,463	4,479	
Baseball Fund	2	1,810	1,812	
Spanish Club	1,056			1,056
Softball	1,002	508	1,510	
Elementary	827	1,230	127	1,930
JH Girls Basketball	1,028	258	14	1,272
JH Boys Basketball	1,254	578	33	1,799
JH Football		164	127	37
JH Volleyball	1,178	23	136	1,065
JH Track		80	80	
Pop Machines	697	975	15	1,657
F.C.C.L.A.	152	960	912	200
Embroidery Club	193	45		238
Fine Arts Club	653			653
Life Smarts	565			565
Dance Team	60			60
Fine Arts-Drama	668	100	589	179
Student Newspaper	95			95
Science Club	41	2,393	2,378	56
Concessions	3,983	12,539	14,895	1,627
FFA	1,408	11,612	11,580	1,440
Greenhouse Project		50	3	47
Elementary Library	51			51
Elementary Field Trips	686			686
Community Service		10,084	10,084	
SOS Group	4,751		3,342	1,409
Cross Country		1,466	1,466	
Tennis	6			6

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, 2014
(Continued)

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2014</u>
Assets				
Cash and Investments (Continued)				
HOSA		80	80	
Reader Board	1,484	121	1,571	34
Student Athlete Scholar	50			50
NYC Trip		3,635	3,233	402
Shakespeare Performances		800		800
Leadership		198	198	
Senior Class	527	4,292	3,669	1,150
Junior Class	797	432	415	814
Sophomore Class	437	70	234	273
Freshman Class	198	459	58	599
8th Graders	371	63	303	131
7th Graders	78	55	68	65
6th Graders	60	105	14	151
4th Graders	62	4,689	3,688	1,063
Alumni 1998	9			9
Alumni 2002	380			380
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 2011	648			648
Alumni 2012	186			186
Alumni 2013		480		480
Reserve	404	1,794	2,137	61
Interest - Checking	68	2		70
Pepsi School Vendor Rebate	2,338		2,325	13
Investment Pool Interest	1,088	36	1,121	3
Total Cash and Investments	<u>46,610</u>	<u>117,294</u>	<u>122,104</u>	<u>41,800</u>
Stock Investments (Stock Certificate)	<u>2,000</u>			<u>2,000</u>
Total Stock Investments	<u>2,000</u>			<u>2,000</u>
Pepsi School Vendor Rebate	<u>1,923</u>	<u>294</u>		<u>2,217</u>
Total Accounts Receivable	<u>1,923</u>	<u>294</u>		<u>2,217</u>
Total Agency Funds	<u><u>50,533</u></u>	<u><u>117,588</u></u>	<u><u>122,104</u></u>	<u><u>46,017</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 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 Highland Joint School District No. 305, State of Idaho as of and for the year ended June 30, 2014, 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 2, 2014.

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, or 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 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 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 2, 2014



Goffinet and Clack, Chartered
Certified Public Accountants