

**Highland Joint School District No. 305
Audited Financial Statements
For the Year Ended
June 30, 2015**

Highland Joint School District No. 305
For the Year Ended June 30, 2015
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For the Year Ended June 30, 2015
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John Goffinet
Steve R. Clack

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Highland Joint School District No. 305, State of Idaho, as of and for the year ended June 30, 2015, 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2015, 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 26-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Highland Joint School District No. 305's basic financial statements. The combining and basic nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 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 individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2015, 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.

September 28, 2015


Goffinet and Clack, Chartered
Certified Public Accountants

Highland Joint School District No. 305
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash	75,674
Investments	190,677
Receivables	
Accounts	19,850
Property Taxes	195,713
Intergovernmental	63,751
Capital Assets, Not Being Depreciated	
Land	75,000
Capital Assets, Net of Accumulated Depreciation	
Depreciable Capital Assets	583,871
Total Assets	<u>1,204,536</u>
 Deferred Outflows of Resources	
Deferred Pension Contributions	<u>161,572</u>
 Liabilities	
Accounts Payable	41,639
Accrued Salaries and Benefits	222,435
Intergovernmental Payable	48
Net Pension Liability	187,017
Total Liabilities	<u>451,139</u>
 Deferred Inflows of Resources	
Deferred Pension Inflows	<u>441,285</u>
 Net Position	
Net Investment in Capital Assets	658,871
Restricted	
Capital Projects	41,881
Unrestricted	(227,068)
Total Net Position	<u><u>473,684</u></u>

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

Highland Joint School District No. 305
Balance Sheet
Governmental Funds
June 30, 2015

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Assets				
Cash	53,197	10,297	12,180	75,674
Investments	169,120	21,557		190,677
Property Taxes Receivable	182,121	13,592		195,713
Intergovernmental Receivable	47,078		16,673	63,751
Accounts and Other Receivables	9,412		10,438	19,850
Due From Other Funds	12,716		38,783	51,499
Total Assets	<u>473,644</u>	<u>45,446</u>	<u>78,074</u>	<u>597,164</u>
Liabilities				
Accounts Payable	41,194		445	41,639
Accrued Salaries and Benefits	200,282		22,153	222,435
Intergovernmental Payable	48			48
Due To Other Funds	38,783		12,716	51,499
Total Liabilities	<u>280,307</u>		<u>35,314</u>	<u>315,621</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	44,896	3,565		48,461
Total Deferred Inflows of Resources	<u>44,896</u>	<u>3,565</u>		<u>48,461</u>
Fund Balances				
Restricted				
Capital Projects		41,881		41,881
Unassigned	148,441		42,760	191,201
Total Fund Balances	<u>148,441</u>	<u>41,881</u>	<u>42,760</u>	<u>233,082</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>473,644</u>	<u>45,446</u>	<u>78,074</u>	<u>597,164</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, 2015

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

Total Fund Balances - Governmental Funds (page 5)		233,082
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		658,871
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		
Property Taxes	48,461	
Deferred Pension Contributions	<u>161,572</u>	
Total		210,033
Net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.		
Net Pension Liability	(187,017)	
Deferred Pension Inflows	<u>(441,285)</u>	
Total		<u>(628,302)</u>
Total Net Position of Governmental Activities (page 3)		<u><u>473,684</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, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	514,012	40,051		554,063
Intergovernmental, State	1,639,038			1,639,038
Intergovernmental, Federal	3,809		135,120	138,929
Investment Earnings	653			653
Miscellaneous	71,584		44,060	115,644
Total Revenues	<u>2,229,096</u>	<u>40,051</u>	<u>179,180</u>	<u>2,448,327</u>
Expenditures				
Current				
Instruction	1,165,258		112,752	1,278,010
Non Instruction				
Pupil Support	34,981			34,981
Staff Support	66,192			66,192
Food Service			88,495	88,495
Administrative	244,198			244,198
Business Operations	89,496			89,496
Plant Operations	134,068	170		134,238
Maintenance	81,196			81,196
Pupil Transportation	298,374			298,374
Capital Outlays	37,902	29,716		67,618
Total Expenditures	<u>2,151,665</u>	<u>29,886</u>	<u>201,247</u>	<u>2,382,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>77,431</u>	<u>10,165</u>	<u>(22,067)</u>	<u>65,529</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(26,044)</u>		<u>26,044</u>	
Total Other Financing Sources (Uses)	<u>(26,044)</u>		<u>26,044</u>	
Net Change in Fund Balances	51,387	10,165	3,977	65,529
Fund Balances, Beginning of Year	<u>97,054</u>	<u>31,716</u>	<u>38,783</u>	<u>167,553</u>
Fund Balances, End of Year	<u>148,441</u>	<u>41,881</u>	<u>42,760</u>	<u>233,082</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, 2015

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) 65,529

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. 17,987

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

Property Taxes	1,660	
Net Pension Revenue	97,883	
Total	99,543	99,543

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Decrease in Net Pension Liability		134,888
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Change in Net Position of Governmental Activities (Page 4) 317,947

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, 2015**

	Private Purpose Trust Funds	Agency
Assets		
Cash	2,160	7,197
Investments	13,095	34,279
Accounts Receivable		2,699
	15,255	44,175
Liabilities		
Due To Student Groups		44,175
		44,175
Net Position		
Net Position Held in Trust for Scholarships	15,255	

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, 2015

	Private Purpose Trust Funds	
	Wilfong Athletic Fund	Highland Foundation
Additions		
Contributions		2,160
Investments Earnings		
Interest	3	9
Total Investment Earnings	3	9
Total Additions	3	2,169
Deductions		
Change in Net Position	3	2,169
Net Position, Beginning of Year	2,005	11,078
Net Position, End of Year	2,008	13,247

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, 2015

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 these 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. 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 use these resources for acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

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

Additionally the District has the following fiduciary funds:

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

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

D. Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

E. 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 1. 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
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 or 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.

8. Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base

Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Restricted Assets

Capital Projects Fund. Restricted assets in the amount of \$41,881 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.

G. Restatement

Effective for 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement Number 68. Implementation of this new accounting standard required a restatement of beginning net position for net pension liability and deferred outflows – pension contributions. Previously, these items were not reported. The above restatements had the following impact on previously reported balances.

Statement of Activities	Governmental Activities
Net Position, June 30, 2014, as previously reported	855,238
Net Pension Liability	(833,041)
Deferred Outflows - Pension Contributions	133,540
Net Position, June 30, 2014, restated	155,737

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

For the year ended June 30, 2015, the carrying value of the District's deposits with financial institutions was \$322,419, and the financial institutions' balances were \$322,083. The financial institutions' balances are categorized as follows:

Cash

Amounts insured by the FDIC held by banks in the District's name.	86,032
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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.	236,051
	322,083

The carrying value of the District's deposits, cash on hand, and investments at June 30, 2015 that appear in the financial statements are summarized as follows:

<u>Governmental Funds</u>		
Cash on Hand	100	
Deposits	75,574	
Investments	190,677	266,351
<u>Fiduciary Funds</u>		
Deposits - Student Activities Fund	7,197	
Deposits - Trusts	2,160	
Investments - Trusts	13,095	
Investments - Student Activities Fund	34,279	56,731
Total Deposits and Investments		
Total Cash on Hand, Deposits, and Investments		<u>323,082</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 in 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 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 73.213% of its investments within the Local Government Investment Pool. The District does not have a written policy on 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 principle.

B. Property Taxes

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

C. Receivables

Receivables at June 30, 2015 consist of the following:

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
Receivables:				
Property Taxes	182,121	13,592		195,713
Intergovernmental Receivable	47,078		16,673	63,751
Accounts and Other Receivables	9,412		10,438	19,850
Due from Other Funds	12,716		38,783	51,499
	<u>251,327</u>	<u>13,592</u>	<u>65,894</u>	<u>330,813</u>

Amounts of intergovernmental receivables are categorized as follows:

	State	Federal	Total
General Fund	47,078		47,078
Nonmajor Governmental Funds			
Title I, ESEA		16,673	16,673
	<u>47,078</u>	<u>16,673</u>	<u>63,751</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 is as follows:

	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
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	1,323,902	21,493		1,345,395
Elementary Equipment	86,954		(17,887)	69,067
High School Equipment	242,379	24,904		267,283
Total Capital Assets, Being Depreciated	1,818,016	46,397	(17,887)	1,846,526
Less Accumulated Depreciation				
Site Improvements	(35,939)	(5,846)		(41,785)
Buildings	(917,715)	(29,391)		(947,106)
Elementary Equipment	(70,570)		15,429	(55,141)
High School Equipment	(227,908)		9,285	(218,623)
Total Accumulated Depreciation	(1,252,132)	(35,237)	24,714	(1,262,655)
Total Capital Assets Being Depreciated, Net	565,884	11,160	6,827	583,871
Capital Assets, Net	640,884	11,160	6,827	658,871

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, 2015 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	12,716	38,783
Nonmajor Governmental Funds:		
Federal Forest Fund	38,783	
Title I-A, ESEA		10,209
Title IV-B, IDEA Special Education		1,466
Title II-A, ESEA		1041
	51,499	51,499

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, 2015 was \$1,490.

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	2,245	183	2,428
Total	<u>6,748</u>	<u>1,152</u>	<u>7,900</u>

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

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

H. Fund Equity

The District has adopted GASB 54 as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The District does not have nonspendable resources. The hierarchy for spendable fund balances is as follows:

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

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

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

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

Federal laws and local ordinances require that certain revenues be specifically designed for the purposes of state and federal categorical programs and capital projects. The restricted fund balance in the Capital Projects Fund is \$41,881.

- **Unassigned Items:**

Unassigned items represent the remainder of the District's equity in governmental type fund balances. Unassigned balances include the General Fund balance of \$148,441 and the Federal Forest fund balance of \$42,760 reported in the Nonmajor Governmental Funds.

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, 2015 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

Plan Description

The Highland Joint School District No. 305 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.

Employee membership data related to the PERSI Base Plan, as of 2014 was as follows:

Retirees and beneficiaries currently receiving benefits	40,776
Terminated employees entitled to but not yet receiving benefits	11,504
Active plan members	<u>66,223</u>
	<u>118,503</u>

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. Amounts in parenthesis represent police/firefighters.

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 and earnings from investments. 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) if current rates are actuarially

determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2014 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District contributions were \$134,888 for the year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the District's proportion was 0.000435447 percent.

For the year ended June 30, 2015, the District recognized pension expense (revenue) of (\$97,883). At June 30, 2015, the District 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	\$0	\$401,493
Changes in assumptions or other inputs	\$26,684	\$0
Net difference between projected and actual earnings on pension plan investments	\$0	\$39,792
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$0	\$0
District contributions subsequent to the measurement date	\$134,888	\$0
Total	<u>\$161,572</u>	<u>\$441,285</u>

\$161,572 is reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2015.

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, 2013 the beginning of the measurement period ended June 30, 2014 is 5.6 years.

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

Year Ended June 30, 2015:

2015	\$103,236
2016	\$103,236
2017	\$103,236
2018	\$103,236
2019	\$1,657

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

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

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

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

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

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 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 January 1, 2014.

Asset Class	Index	Target Allocation	Term Expected Real Rate of Return
Core Fixed Income	Barclasy Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected rate of return, Net of Investment Expenses			7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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 plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

June 30, 2014	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$1,113,201	\$320,577	(\$338,361)

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. The report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At June 30, 2015, the District reported no payables to the defined benefit pension plan for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

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, 2015

	General Fund			Capital Projects Fund	
	Budgeted Amounts Original and Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts Original and Final	Variance With Final Budget Positive (Negative)
Revenues					
Property Taxes	509,007	514,012	5,005	40,000	51
Intergovernmental, State	1,637,716	1,639,038	1,322		
Intergovernmental, Federal		3,809	3,809		
Interest	1,000	653	(347)		
Other	69,233	71,584	2,351		
Total Revenues	2,216,956	2,229,096	12,140	40,051	51
Expenditures					
Current					
Instruction	1,150,971	1,165,258	(14,287)		
Non-Instruction					
Pupil Support	45,338	34,981	10,357		
Staff Support	76,152	66,192	9,960		
Administrative	246,949	244,198	2,751		
Business Operations	89,088	89,496	(408)		
Plant Operations	138,166	134,068	4,098	15,000	14,830
Maintenance	83,080	81,196	1,884		
Pupil Transportation	320,626	298,374	22,252		
Capital Outlays	28,813	37,902	(9,089)	46,143	16,427
Contingency	115,000		115,000		
Total Expenditures	2,294,183	2,151,665	142,518	61,143	31,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,227)	77,431	154,658	(21,143)	31,308
Other Financing Sources (Uses)					
Transfers (Out)	(7,773)	(26,044)	(18,271)		
Total Other Financing Sources (Uses)	(7,773)	(26,044)	(18,271)		
Net Change in Fund Balances	(85,000)	51,387	136,387	(21,143)	31,308
Fund Balance, Beginning of Year	85,000	97,054	12,054	21,143	10,573
Fund Balance, End of Year		148,441	148,441	41,881	41,881

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

**Highland Joint School District No. 305
Required Supplementary Information
June 30, 2015**

**Schedule of Employer's Share of Net Pension Liability
PERSI-Base Plan
Last 10-Fiscal Years**

	2015
Employer's portion of the net pension liability	0.0435447%
Employer's proportionate share of the net pension liability	320,557
Employer's covered-employee payroll	1,191,590
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	26.90%
Plan fiduciary net position as a percentage of the total pension liability	94.95%

Data reported is measured as of July 1, 2014

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Schedule of Employer's Contribution
PERSI-Base Plan
Last 10-Fiscal Years**

	2015
Statutorily required contribution	134,888
Contributions in relation to the statutorily required contribution	134,888
Contribution (deficiency) excess	-
Employer's covered-employee payroll	1,191,590
Contributions as a percentage of covered-employee payroll	11.32%

Data is reported as of June 30, 2015.

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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, 2015

I. Budgetary Information

A. Budgetary Basis of Accounting

The District is required by state law to adopt annual budgets for the General Fund, Capital Projects Fund, and Nonmajor Governmental Funds. 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, 2015, the District did not have any funds that had excess of expenditures over appropriations.

OTHER SUPPLEMENTARY INFORMATION

Highland Joint School District No. 305
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015
 With Comparative Totals for June 30, 2014

	Federal Forest Funds	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool	Title VI-B, ESEA, REAP
Assets					
Cash	3,977			547	1,484
Intergovernmental Receivable		16,673			
Accounts Receivable			8,952		
Due From Other Funds	38,783				
Total Assets	<u>42,760</u>	<u>16,673</u>	<u>8,952</u>	<u>547</u>	<u>1,484</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable					
Accrued Salaries and Benefits		6,464	7,486	547	1,484
Due To Other Funds		10,209	1,466		
Total Liabilities		<u>16,673</u>	<u>8,952</u>	<u>547</u>	<u>1,484</u>
Fund Balances					
Restricted					
Food Services					
Unassigned	42,760				
Total Fund Balances	<u>42,760</u>				
Total Liabilities and Fund Balances	<u>42,760</u>	<u>16,673</u>	<u>8,952</u>	<u>547</u>	<u>1,484</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, 2015
With Comparative Totals for June 30, 2014
(Continued)

	Federal Title II-A, ESEA	Food Service	Totals	
			2015	2014
Assets				
Cash		6,172	12,180	2,428
Intergovernmental Receivable			16,673	39,602
Accounts Receivable	1,486		10,438	
Due From Other Funds			38,783	44,806
Total Assets	<u>1,486</u>	<u>6,172</u>	<u>78,074</u>	<u>86,836</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	445		445	3,064
Accrued Salaries and Benefits		6,172	22,153	22,593
Due To Other Funds	1,041		12,716	22,396
Total Liabilities	<u>1,486</u>	<u>6,172</u>	<u>35,314</u>	<u>48,053</u>
Fund Balances				
Restricted				
Food Services			42,760	38,783
Unassigned			42,760	38,783
Total Fund Balances			<u>85,520</u>	<u>77,566</u>
Total Liabilities and Fund Balances	<u>1,486</u>	<u>6,172</u>	<u>78,074</u>	<u>86,836</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, 2015
 With Comparative Totals for the Year Ended June 30, 2014

	Federal Forest Funds	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool	Title VI-B, ESEA, REAP
Revenues					
Lunch and Breakfast Sales	3,977	45,998	42,701	2,255	9,570
Intergovernmental, Federal Grant Funds	3,977	45,998	42,701	2,255	9,570
Total Revenues					
Expenditures					
Instruction					
Salaries		34,464	26,348	1,064	6,149
Benefits		11,375	16,353	1,191	3,421
Purchased Services		159			
Supplies and Materials		45,998	42,701	2,255	9,570
Total Instruction					
Non-Instruction					
Support Services					
Salaries					
Benefits					
Supplies and Materials					
Food Service					
Salaries					
Benefits					
Purchased Services					
Supplies and Materials					
Total Non-Instruction					
Total Expenditures		45,998	42,701	2,255	9,570

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, 2015
 With Comparative Totals for the Year Ended June 30, 2014
 (Continued)

	Federal Forest Funds	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool	Title VI-B, ESEA, REAP
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,977				
Other Financing Sources (Uses)					
Transfers In					
Total Other Financing Sources and (Uses)					
Net Change in Fund Balances	3,977				
Fund Balances, Beginning of Year	38,783				
Fund Balances, End of Year	42,760				

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, 2015
With Comparative Totals for the Year Ended June 30, 2014
 (Continued)

	Federal Title II-A, ESEA	Food Service	Totals	
			2015	2014
Revenues				
Lunch and Breakfast Sales		18,390	18,390	18,612
Intergovernmental, Federal Grant Funds	12,229	44,060	160,790	186,251
Total Revenues	12,229	62,450	179,180	204,863
Expenditures				
Instruction				
Salaries	304		68,329	66,065
Benefits	55		32,395	30,949
Purchased Services	11,870		11,870	11,551
Supplies and Materials			159	
Total Instruction	12,229		112,753	108,565
Non-Instruction				
Support Services				
Salaries				13,070
Benefits				2,597
Supplies and Materials				9,207
Food Service				
Salaries		19,479	19,479	19,385
Benefits		20,519	20,519	19,789
Purchased Services		190	190	1,510
Supplies and Materials		48,306	48,306	35,232
Total Non-Instruction		88,494	88,494	100,790
Total Expenditures	12,229	88,494	201,247	209,355

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, 2015
With Comparative Totals for the Year Ended June 30, 2014
 (Continued)

	Federal Title II-A, ESEA	Food Service	Totals	
			2015	2014
Excess (Deficiency) of Revenues Over (Under) Expenditures		(26,044)	(22,067)	(4,492)
Other Financing Sources (Uses)				
Transfers In		26,044	26,044	2,225
Total Other Financing Sources and (Uses)		26,044	26,044	2,225
Net Change in Fund Balances			3,977	(2,267)
Fund Balances, Beginning of Year			38,783	41,050
Fund Balances, End of Year			42,760	38,783

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, 2015

	<u>Private Purpose Trust Funds</u>		<u>Agency</u>
	<u>Wilfong Athletic Fund</u>	<u>Highland Foundation</u>	<u>Student Activity Funds</u>
Assets			
Cash		2,160	7,197
Investments	2,008	11,087	34,279
Accounts Receivable			2,699
			<u>2,699</u>
Total Assets	<u>2,008</u>	<u>13,247</u>	<u>44,175</u>
Liabilities			
Due to Student Groups			44,175
			<u>44,175</u>
Total Liabilities			<u><u>44,175</u></u>
Net Position			
Net Position Held in Trust for Scholarships	<u>2,008</u>	<u>13,247</u>	

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, 2015

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2015</u>
Assets				
Cash and Investments				
Music	2,665	2,812	4,486	991
Student Council	3,711	13,416	17,127	
Student Recognition	688	100	788	
Band Instrument Fees	175	30	205	
Events Passes		285	285	
Annual Staff	336	3,181	2,860	657
Cheerleaders	446	1,573	876	1,143
Boys Basketball	1,605	6,860	7,236	1,229
Girls Basketball		4,277	4,238	39
Business Prof. Assoc.	1,520	7,251	7,201	1,570
Honor Society	481	234	594	121
Uniforms	1,917	3,052	4,182	787
Football		466	466	
Volleyball	549	5,032	5,581	
At-Risk Fund	730	290	319	701
Track		2,266	2,266	
Baseball Fund		50	50	
Spanish Club	1,056			1,056
Elementary	1,930	397	(5)	2,332
JH Girls Basketball	1,272	171	801	642
JH Boys Basketball	1,799	384	1,190	993
JH Football	37		37	
JH Volleyball	1,065	1,354	1,422	997
Pop Machines	1,657	996	33	2,620
F.C.C.L.A.	200	378	578	
Embroidery Club	238			238
Fine Arts Club	653		34	619
Life Smarts	565		565	
Dance Team	60			60
Fine Arts-Drama	179	1,153	1,014	318
Student Newspaper	95			95
Science Club	56	572	628	
Concessions	1,627	9,149	10,402	374
FFA	1,440	18,073	15,345	4,168
Greenhouse Project	47	2,500	436	2,111
Elementary Library	51			51
Elementary Field Trips	686			686
Community Service		1,342	1,198	144
SOS Group	1,409		1,409	
Wrestling			(108)	108
Cross Country		349	349	
Tennis	6			6
HOSA		60	60	
Reader Board	34		(1,287)	1,321

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, 2015
(Continued)

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2015</u>
Assets				
Cash and Investments (Continued)				
Student Athlete Scholar	50			50
NYC Trip	402		95	307
Shakespeare Performances	800		800	
Senior Class	1,150	3,604	2,694	2,060
Junior Class	814	1,168	1,385	597
Sophomore Class	273	50	(306)	629
Freshman Class	599	55	477	177
8th Graders	131	50	(71)	252
7th Graders	65	85	(76)	226
6th Graders	151	35	151	35
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
Alumni 2014			(785)	785
Graduation 2021		54	54	
Graduation 2022	1,063		186	877
Graduation 2023		3,504	2,912	592
Reserve	61	4,427	3,956	532
Interest - Checking	70	1		71
Pepsi School Vendor Rebate	13		(852)	865
Investment Pool Interest	3	48	(21)	72
Total Cash and Investments	<u>41,800</u>	<u>101,136</u>	<u>103,460</u>	<u>39,476</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>2,217</u>	<u>482</u>		<u>2,699</u>
Total Accounts Receivable	<u>2,217</u>	<u>482</u>		<u>2,699</u>
Total Agency Funds	<u><u>46,017</u></u>	<u><u>101,618</u></u>	<u><u>103,460</u></u>	<u><u>44,175</u></u>

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

John Goffinet
Steve R. Clack

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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, 2015, 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 September 28, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Highland Joint School District No. 305, State of Idaho'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, State of Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of Highland Joint School District No. 305, State of Idaho'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Highland Joint School District No. 305, State of Idaho's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

September 28, 2015


Goffinet and Clack, Chartered
Certified Public Accountants