

Highland Joint School District No. 305
Audited Financial Statements
For the Year Ended
June 30, 2019

Highland Joint School District No. 305
For the Year Ended June 30, 2019
Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	i-viii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet – Governmental Funds	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Fiduciary Funds	
Statement of Net Position	10
Statement of Changes in Net Position	11
Notes to the Financial Statements	12-27
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Governmental Funds	28
Notes to Required Supplementary Budget Information	29
PERSI – Base Plan Schedules	30
Other Supplemental Information	
Combining Statements – Nonmajor Governmental Funds Combining Balance Sheet	31-32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	33-36

(Continued)

Highland Joint School District No. 305
For the Year Ended June 30, 2019
Table of Contents
(Continued)

	<u>Page</u>
Trust and Agency Funds	
Statement of Fiduciary Net Position –	
All Trust and Agency Funds	37
Schedule of Receipts and Disbursements –	
All Agency Funds	38-39
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 <i>Government Auditing Standards</i>	40-41

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, 2019, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion on Governmental Activities

Management has not adopted a methodology for reporting other post-employment benefits under the guidelines of GASB 45 in the government-wide statements and, subsequently, has not considered the need to record a liability for such benefits. Accounting principles generally accepted in the United States of America require that an adequate liability be provided for post-employment benefits, which would increase the liabilities and decrease net assets and change the expenses in the government-wide statements. The amount by which this departure would affect the liabilities, net assets and expenses of the government-wide statements has not been determined.

Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to 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, 2019, 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 28-30 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.

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 introductory section, 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 combining and 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 August 23, 2019, 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.

August 23, 2019

Goffinet and Clack

Goffinet and Clack, Chartered
Certified Public Accountants

**Highland Joint School District #305
Lewis, Idaho and Nez Perce Counties
Craigmont, Idaho**

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of Highland Joint School District #305’s financial performance provides an overview of the School District’s financial activities for the fiscal year ending June 30, 2019. Please read it in conjunction with the financial statements, which follow this narrative.

CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Highland Joint School District #305’s finances and to show the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nathan Weeks, Business Manager, Highland Joint School District #305, 112 Boulevard / PO Box 130, Craigmont, Idaho 83523 or phone 208-924-5211 or by email: nweeks@sd305.org.

FINANCIAL HIGHLIGHTS

- Many small things happened in 2018-2019 which had direct effects on the school district’s financial situation and will be explained as part of this report.
 - 1) Healthy Economic environment affecting the whole country
 - 2) Improved Funding from The State of Idaho
 - 3) Reduction in Food Service Personnel to one person
- The School District’s Net Change in Fund Balance Under Total Governmental Funds (*see Independent Auditor’s Statement of Revenues, Expenditures, and Changes in Fund Balance page 8*) shows a positive Net Change of \$165,951 from the fiscal year ending June 30, 2019. Total Revenue increased \$138,656. The biggest change was in Total State Support with an increase of \$68,155, through the fourth year of implementing the career ladder and increased literacy and operation support. Total Expenditures decreased \$27,295 over the prior year. This was again helped by staff changes and projects that were in the research phases but not yet started.
- The positively growing national and state economy allowed the legislature to provide more funding for public schools. The Career Ladder legislation increased funding for teachers while operations funding was increased as well.

- Investment Earnings saw a nearly 97% increase of \$9,349. This was caused by more being invested but also the interest rates doubling from the State Treasurer's Local Government Investment Pool. The interest rate increased from 1.8784% in June, 2018 to 2.5583% in June, 2019.
- Food Service had a decrease in support from the general fund from \$24,601 to \$6,140 that was part of a total decrease of \$22,537 in revenue. Lunch sales and federal support have again decreased 6.35% from \$64,215 to \$60,139. Nutrition requirement changes from the Healthy, Hunger-Free Kids Act of 2010 continue to provide a challenge to student lunch sales to older students. Due to a retirement, there was only one person full-time in the kitchen which decreased expenses accordingly.

Public School Account Reporting

The District uses Idaho Financial Accounting Reporting Management System (IFARMS) for reporting its budgeting and accounting reports. This allows Highland Joint School District #305 to be uniform with all reports at the state level and still be flexible for local management needs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements of Highland Joint School District #305. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School District as a whole and present a longer term view of the School District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements provide more detail than the government-wide statements. The combining statements are broken out into nine Funds as follows:

- Fund 220 - Forest Funds
- Fund 251 - Title I-A
- Fund 257 – Part B
- Fund 258 – Part B Preschool
- Fund 260 - Medicaid
- Find 261 – Title IV-A – ESSA – Student Support
- Fund 262 - REAP Fund (Rural Education)
- Fund 271 - Title II Fund (Improving Teacher Quality)
- Fund 290 - Food Service
- Fund 700 - Foundation Fund (Foundation Trust and Wilfong Trust)
- Agency Funds – Student Activity Funds

Reporting the School as a Whole - The Combining Statements

Our analysis of the School as a whole is cautious. One of the most important questions asked about the School District's finances is, "Is the School as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the School as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private- sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in them. You can think of the School District's net assets, the difference between assets and liabilities, as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the School District's property tax base and the condition of the School District's facilities, to assess the overall health of the School.

Reporting the School District's Most Significant Funds Fund Financial Statements

Our analysis of the School District's major funds begins on page VII. The fund statements provide detailed information about the most significant funds, not the School as a whole. Some funds are required to be established by State and Federal Laws. However, the School Board establishes other Funds to help it control and manage money for particular purposes (like the Foundation Trust Fund and the Wilfong Trust Fund) or to show that it is meeting legal responsibilities for using certain, grants, and other money. The School District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

- Proprietary funds - Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise and/or where the intent is that they be financed primarily from user charges. Therefore, their primary operating statement is the statement of revenues and expenses and their equity consists of separate invested and earned monies.

- Fiduciary Funds - Fiduciary Trust Funds are used to account for activities undertaken by a government on behalf of, or in fiduciary capacity for, some other persons or groups. Fiduciary funds are accounted for as either proprietary or governmental, depending on the nature of the responsibilities of the government (or fiduciary). Private Purpose Trust Funds (such as the Foundation and Wilfong Trusts) which are treated like governmental funds.
- Student Body Funds - Student Body Funds are fiduciary funds held in trust by the school for student activity and/or clubs and organization. In order to be classified as an ASB (Associated Student Body) fund, there must be a club or organization advisor and the students must have a say in how these funds are expended.

CHARTS AND EXAMINATIONS OF INDIVIDUAL ACCOUNTS AND FUNDS

In order to examine various aspects of finances for Highland Joint School District #305, the following charts and information are put together to explain portions of the District's financial activities.

Levy History

The school board has control over setting the supplemental levy yearly. It is a difficult decision to weigh the needs of the district against the ability of the taxpayers to pay. This District has generally been conservative and increases to tax burdens are not passed lightly. The supplemental levy must be approved by patrons in a March or May election.

The Maintenance and Operations Levy was eliminated through a special session of the legislature in 2005. This money was replaced by a 1-cent increase in sales tax. Over time, with changes in State funding, the Supplemental Levy has increased to the point that the property tax burden is nearly the same in 2019 as it was in 2005. In addition, the school is allowed to levy an amount every year for Tort (liability insurance) costs. The Tort Levy is small and is limited by a 3% maximum growth. The District is also in the fourth year of a five year Plant Facility Levy which brings in \$50,000 yearly for maintenance projects.

With this in mind, the following chart shows the changes in tax levies and other funding since 1991.

The school board has the ability to request the voters of the District to approve a plant facility levy. The \$25,000 yearly plant facility levy between the four years of 1994 and 1998 covered the window replacement project with additional amounts put into technology needs. In 1998, at the end of that particular plant levy, the \$25,000 was rolled into the supplemental levy in order to continue funding the ongoing technology needs of the district. In 2002, a five year, \$40,000 plant levy was passed to cover the gym renovation project as well as to cover a five year maintenance plan. The gym was the largest project in the plan and the board moved the project timeline up and was completed in 2004. The plant levy was put before the voters again in 2007, 2012, and 2017 and the district is currently in the first year of a five-year \$50,000 levy and funds will be used to cover ongoing facility costs in the aging school building.

Fund Revenue - comparing 2017-2018 with 2018-2019 Actual Revenues

This following charts compare each fund making up the School District's actual revenues and expenses for the years 2017-2018 and 2018-2019.

The first page shows the General Fund which makes up nearly the majority of the total financial picture.

The following pages shows the remaining funds.

The Forest Fund revenue increased very slightly. This money is set aside for possible building repairs or updates, which resulted in no expenditures, the increased revenue did not have an immediate effect on operations but purchased some security for future needs. Congress has not renewed this funding source and its future is very uncertain.

The Title I, Part B and Part B Preschool funds are used in the special education department. The Title I and Part B revenues both decreased while Preschool, though small, stayed the same. The funds in Title I and Part B general are used to pay for Paraprofessional Aides. As these funds increase and decrease, the payroll burden shifts to the general fund for those staff positions.

Medicaid – Reflects the Medicaid reimbursable expenses and the required match.

Title IV-A – ESSA – Student support funds are meant to enhance and enrich the student experience.

REAP funds are federal monies to assist small, rural schools in meeting their needs. These funds have been used to pay for the technology coordinator to help meet the technology needs of the district. The revenue in this fund decreased by 66.9%.

Food Service Revenues decreased by 25.37%. Lunch Revenues decreased but General Fund support also decreased. This is reflected also in the decrease in expenses of \$22,537.

The revenue in the Plant Facility Fund increased by 20.72%, mostly as a result of the \$10,000 levy increase approved by the voters in 2017. Expenditures from this fund were less this year allowing an increase in fund balance for future needs. Plans are to replace doors on the gym and work on a security system with enhancements to wiring, cameras, intercom and door locking systems.

Highland Joint School District #305 Levy History

YR	M&O LEVY	SUPPLEMENTAL LEVY	PLANT FACILITY	Total Property Tax Levied	State Support	Federal Support	Total Tax Support	Change	Total Budget	Change
91-92	\$294,329	\$98,510	\$0	\$392,839						
92-93	301,441	110,000	0	411,441						
93-94	323,377	128,558	0	451,935						
94-95	335,985	136,000	25,000	496,985						
95-96	269,608	120,196	25,000	414,804						
96-97	294,212	122,308	25,000	441,520						
97-98	317,496	138,938	25,000	481,434						
98-99	339,365	162,983	0	502,348						
99-00	352,154	162,983	0	515,137						
00-01	363,018	162,983	0	526,001						
01-02	357,246	169,000	0	526,246						
02-03	289,361	179,000	40,000	508,361						
03-04	313,612	198,750	40,000	552,362						
04-05	304,700	189,900	40,000	534,600	1,423,708	216,685	2,174,993		2,443,030	
05-06	303,532	199,000	40,000	542,532	1,483,457	188,255	2,214,244	39,251	2,502,288	59,258
06-07		209,000	40,000	249,000	1,831,648	195,832	2,276,480	62,236	2,843,765	341,477
07-08		199,000	40,000	239,000	1,916,341	176,335	2,331,676	55,196	2,772,387	-71,378
08-09		209,000	40,000	249,000	1,865,699	198,159	2,312,858	-18,818	2,605,076	-167,311
09-10		209,000	40,000	249,000	1,532,641	479,081	2,260,722	-52,136	2,679,061	73,985
10-11		309,000	40,000	349,000	1,562,244	106,354	2,017,598	-243,124	2,515,882	-163,179
11-12		309,000	40,000	349,000	1,508,702	237,229	2,094,931	77,333	2,347,515	-168,367
12-13		429,000	40,000	469,000	1,522,902	186,240	2,178,142	83,211	2,557,905	210,390
13-14		499,000	40,000	539,000	1,561,217	159,033	2,259,250	81,108	2,566,229	8,324
14-15		499,000	40,000	539,000	1,637,716	171,769	2,348,485	89,235	2,614,038	47,809
15-16		499,000	40,000	539,000	1,714,014	168,902	2,421,916	73,431	2,716,158	102,120
16-17		499,000	40,000	539,000	1,828,016	173,733	2,540,749	118,833	2,943,244	227,086
17-18		499,000	50,000	549,000	1,864,815	167,907	2,581,416	40,667	3,069,952	126,708
18-19		499,000	50,000	549,000	2,003,294	169,413	2,721,707	140,291	3,340,794	270,842

Total Change 2005-2019

14,400

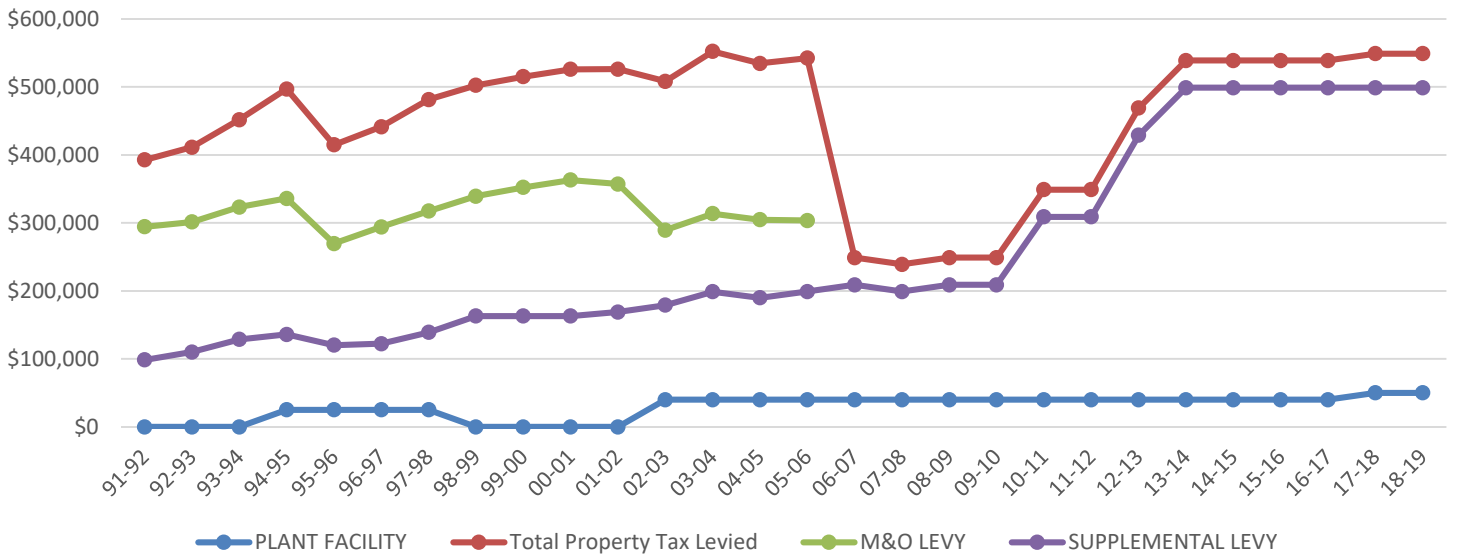
579,586

-47,272

546,714

897,764

Levy History



COMPARISON OF 2016-2017 WITH 2017-2018 ACTUAL REVENUES

GENERAL FUND REVENUE ONLY

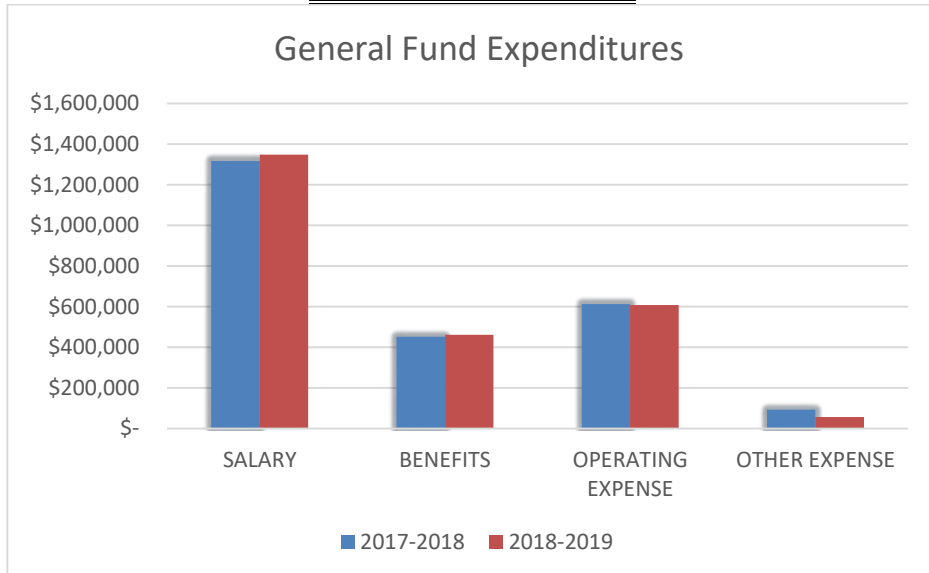
Revenue Breakdown by Category

REVENUE CATEGORY	2017-2018 ACTUAL	2018-2019 ACTUAL	DIFFERENCE	% Inc.
Supplemental	\$ 493,814	\$ 496,839	\$ 3,025	.61%
Tort	4,450	5,316	866	19.46%
Non-Levied Taxes	9,192	9,567	375	4.08%
Penalty & Interest	4,712	4,994	282	5.99%
Investment Earnings	9,682	19,031	9,349	96.56%
Other Local Revenue	117,578	114,062	(3,516)	-2.99%
State Apportionment	1,306,773	1,332,035	25,262	1.93%
Transportation Support	182,699	193,157	10,458	5.72%
Benefit Apportionment	177,263	180,589	3,326	1.88%
Other State Support	187,011	215,709	28,698	15.35%
Lottery/State Maintenance	21,351	21,763	412	1.93%
Taxes in Lieu of	8,733	8,733	(0)	-0.00%
Medicaid Revenue	13,641	-	(13,641)	-100.00%
Total Revenue	\$2,536,899	\$2,601,795	64,896	2.56%

COMPARISON OF 2016-2017 WITH 2017-2018 EXPENDITURES

GENERAL FUND EXPENDITURES

BUDGET CATEGORY	2017-2018 Actual	2018-2019 Actual	% Inc/Dec
SALARY	\$1,317,170	\$1,348,122	2.35%
BENEFITS	451,304	461,299	2.21%
OPERATING EXPENSE	612,418	607,733	-.76%
OTHER EXPENSE	92,204	56,714	-38.49%
TOTAL ALL EXPENSES	\$2,473,095	\$2,473,868	.03%



COMPARISON OF 2017-2018 WITH 2018-2019 ACTUAL REVENUES
ALL FUNDS

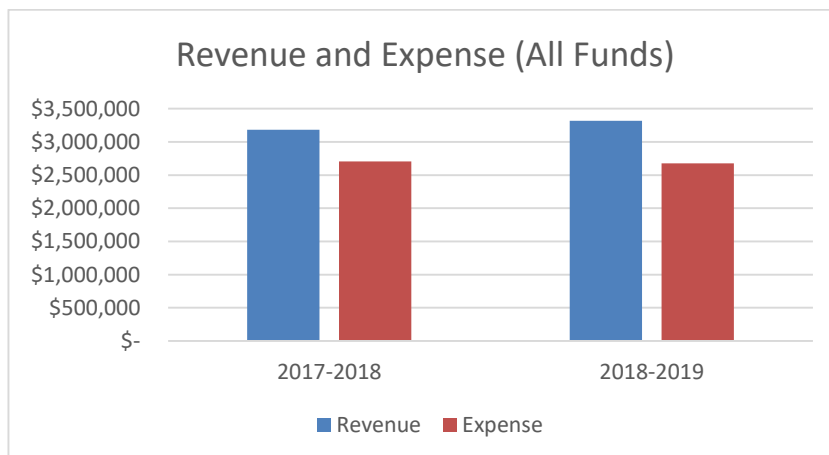
Revenue Breakdown by Fund

FUND CATEGORY	2017-2018 Actual	2018-2019 Actual	DIFFERENCE	% Inc/Dec
Beginning Balance	\$391,049	\$477,600	\$86,551	22.13%
General Fund	2,536,899	2,602,095	65,196	2.57%
Forest Fund	4	191	187	4679.25%
Title I-A	40,542	39,130	(1,412)	-3.48%
Part B	40,611	43,195	2,584	6.36%
Part B Preschool	2,255	2,318	63	2.79%
Medicaid	0	8,433	8,433	100.00%
Title IV-A Student Support	10,000	10,000	0	0.00%
REAP	16,077	14,446	(1,631)	-10.14%
Improve Teach Quality	6,380	6,606	226	3.54%
Food Service	88,816	66,279	(22,537)	-25.37%
Plant	48,970	49,966	996	2.03%
Total All Funds	\$3,181,603	\$3,311,826	\$ 130,223	4.36%

COMPARISON OF 2017-2018 WITH 2018-2019 ACTUAL REVENUES
ALL FUNDS

Expense Breakdown by Fund

FUND CATEGORY	2017-2018 Actual	2018-2019 Actual	DIFFERENCE	% Inc.
General Fund	\$2,473,095	\$2,473,868	\$ 773	4.80%
Forest Fund	-	-	-	0.00%
Title I-A	40,542	39,130	(1,412)	-3.48%
Part B	40,611	43,195	2,584	6.36%
Part B Preschool	2,255	2,318	63	2.79%
Medicaid	0	6,300	6,300	100.00%
Title IV-A Student Support	10,000	10,000	0	0.00%
REAP	16,077	14,446	(1,631)	-10.14%
Improve Teach Quality	6,380	6,606	226	3.54%
Food Service	88,816	66,279	(22,537)	-25.37%
Plant	26,226	14,565	11,661	-44.46%
Total All Funds	\$2,704,003	\$2,670,407	\$ (33,595)	-1.01%



Highland Joint School District No. 305
Statement of Net Position
June 30, 2019

Assets	Governmental Activities
Cash	28,485
Investments	673,592
Receivables	
Accounts	34,011
Property Taxes	196,178
Intergovernmental	64,744
Capital Assets, Not Being Depreciated	
Land	75,000
Capital Assets, Net of Accumulated Depreciation	
Depreciable Capital Assets	657,914
Total Assets	1,729,924
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	109,143
Liabilities	
Accounts Payable	48,917
Accrued Salaries and Benefits	252,890
Net Pension Liability	624,244
Total Liabilities	926,051
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	116,502
Net Position	
Net Investment in Capital Assets	732,914
Restricted	
Capital Projects	105,516
Unrestricted	(41,916)
Total Net Position	796,514

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

Highland Joint School District No. 305
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	1,380,134	1,025	155,719	(1,223,390)
Non-Instruction				
Support Services	262,672			(262,672)
Administration	279,036			(279,036)
Maintenance and Operations	405,898		21,763	(384,135)
Transportation	291,188		193,157	(98,031)
Food Service	71,800	16,064	44,076	(11,660)
Pension/Contribution Expense			3,744	3,744
Total Governmental Activities	2,690,728	17,089	418,459	(2,255,180)
General Revenues				
Property Taxes				697,490
State and Federal Revenues				1,680,144
Unrestricted Investment Earnings				5,368
Miscellaneous				23,295
Total General Revenues				2,406,297
Change in Net Position				151,117
Net Position, Beginning of Year				645,397
Net Position, End of Year				796,514

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, 2019

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Assets				
Cash	17,569	6,955	3,961	28,485
Investments	522,782	100,302	50,508	673,592
Property Taxes Receivable	179,315	16,863		196,178
Intergovernmental Receivable	64,744		12,606	77,350
Accounts and Other Receivables	1,270		20,135	21,405
Due From Other Funds	13,376			13,376
Total Assets	<u>799,056</u>	<u>124,120</u>	<u>87,210</u>	<u>1,010,386</u>
Liabilities				
Accounts Payable	34,817	14,100		48,917
Accrued Salaries and Benefits	231,699		21,191	252,890
Due To Other Funds			13,376	13,376
Total Liabilities	<u>266,516</u>	<u>14,100</u>	<u>34,567</u>	<u>315,183</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	47,148	4,504		51,652
Total Deferred Inflows of Resources	<u>47,148</u>	<u>4,504</u>		<u>51,652</u>
Fund Balances				
Restricted				
Capital Projects		105,516		105,516
Unassigned	485,392		52,643	538,035
Total Fund Balances	<u>485,392</u>	<u>105,516</u>	<u>52,643</u>	<u>643,551</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>799,056</u>	<u>124,120</u>	<u>87,210</u>	<u>1,010,386</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, 2019

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

Total Fund Balances - Governmental Funds (page 6)		643,551
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		732,914
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		
Property Taxes		51,652
Net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.		
Deferred Pension Outflows	109,143	
Net Pension Liability	(624,244)	
Deferred Pension Inflows	(116,502)	
Total	(631,603)	(631,603)
Total Net Position of Governmental Activities (page 4)		796,514

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, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	644,816	49,592		694,408
Intergovernmental, State	1,951,985		188	1,952,173
Intergovernmental, Federal			159,774	159,774
Investment Earnings	4,994	374		5,368
Miscellaneous	300		22,996	23,296
Total Revenues	<u>2,602,095</u>	<u>49,966</u>	<u>182,958</u>	<u>2,835,019</u>
Expenditures				
Current				
Instruction	1,254,111		109,089	1,363,200
Non Instruction				
Pupil Support	121,359		6,301	127,660
Staff Support	122,560		6,606	129,166
Food Service			66,279	66,279
Administrative	279,036			279,036
Business Operations	124,867			124,867
Plant Operations	156,548			156,548
Maintenance	96,745	465		97,210
Pupil Transportation	279,228			279,228
Capital Outlays	31,774	14,100		45,874
Total Expenditures	<u>2,466,228</u>	<u>14,565</u>	<u>188,275</u>	<u>2,669,068</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>135,867</u>	<u>35,401</u>	<u>(5,317)</u>	<u>165,951</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(7,640)</u>		<u>7,640</u>	
Total Other Financing Sources (Uses)	<u>(7,640)</u>		<u>7,640</u>	
Net Change in Fund Balances	128,227	35,401	2,323	165,951
Fund Balances, Beginning of Year	<u>357,165</u>	<u>70,115</u>	<u>50,320</u>	<u>477,600</u>
Fund Balances, End of Year	<u><u>485,392</u></u>	<u><u>105,516</u></u>	<u><u>52,643</u></u>	<u><u>643,551</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, 2019

Amounts reported for governmental activities in the Statement of Activities (page 5) are different because:

Net Change in Fund Balances - Total Governmental Funds (Page 8)		165,951
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.		(21,661)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	3,083	
Net Pension Revenue/Contribution Expense	3,744	
Total	6,827	6,827
Change in Net Position of Governmental Activities (Page 5)		151,117

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, 2019

	Private Purpose Trust Funds	Agency
Assets		
Cash	5	959
Cash in Bank		30,221
Investments	15,998	33,821
Accounts Receivable		3,679
Stock Certificate		2,000
Total Assets	16,003	70,680
Liabilities		
Due To Student Groups		70,680
Total Liabilities		70,680
Net Position		
Net Position Held in Trust for Scholarships	16,003	

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, 2019

	Private Purpose Trust Funds		
	Wilfong Athletic Fund	Highland Foundation	Total
Additions			
Investments Earnings			
Interest	49	320	369
Total Investment Earnings	49	320	369
Total Additions	49	320	369
Deductions			
Change in Net Position	49	320	369
Net Position, Beginning of Year	2,055	13,579	15,634
Net Position, End of Year	2,104	13,899	16,003

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, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Highland Joint School District No. 305 (District) 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. The fiduciary funds 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.

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. "Measurable" means the amount of the transaction can be determined to pay liabilities of the current period (30 days for property taxes and most other revenues). 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" or "due 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 Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will 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.

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.

F. Restricted Assets

Capital Projects Fund. Restricted assets in the amount of \$105,516 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, 2019, the carrying value of the District's deposits with financial institutions was \$782,122 and the financial institutions' balances were \$956,659. The financial institutions' balances are categorized as follows:

Cash

Amounts insured by the NCUA held by credit unions in the District's name.	68,938
---	--------

Investments

Amounts insured by the NCUA held by credit unions in the District's name.	10
---	----

Fiduciary Funds

Deposits - Student Activities Fund	31,329	
Deposits - Trusts	5	
Investments - Trusts	15,998	
Investments - Student Activities Fund	33,821	
Total Deposits and Investments	<u>81,153</u>	
Total Cash on Hand, Deposits, and 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.	725,405	
	<u>956,659</u>	

The carrying value of the District's deposits, cash on hand, and investments at June 30, 2019 that appear in the financial statements are summarized as follows:

Governmental Funds

Cash on Hand	100	
Deposits	28,396	
Investments	673,586	<u>702,082</u>

Fiduciary Funds

Deposits - Student Activities Fund	30,216	
Deposits - Trusts	5	
Investments - Trusts	15,998	
Investments - Student Activities Fund	33,821	<u>80,040</u>
Total Deposits and Investments		
Total Cash on Hand, Deposits, and Investments		<u>782,122</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 99.99% 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

Receivables at June 30, 2019 consist of the following:

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
Receivables:				
Property Taxes	179,315	16,863		196,178
Intergovernmental Receivable	64,744		12,606	77,350
Accounts and Other Receivables	1,270		20,135	21,405
	<u>245,329</u>	<u>16,863</u>	<u>32,741</u>	<u>294,933</u>

Amounts of intergovernmental receivables are categorized as follows:

	State	Federal	Total
General Fund	64,744		64,744
Nonmajor Governmental Funds			
Title I, ESEA		10,474	10,474
Medicaid		2,132	2,132
	<u>64,744</u>	<u>12,606</u>	<u>77,350</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 is as follows:

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019
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	167,655			167,655
Buildings	1,436,320	3,755		1,440,075
Elementary Equipment	93,889	17,616		111,505
High School Equipment	311,406	24,503		335,909
Total Capital Assets, Being Depreciated	2,009,270	45,874		2,055,144
Less Accumulated Depreciation				
Site Improvements	(59,564)	(5,846)		(65,410)
Buildings	(1,016,271)	(29,547)		(1,045,818)
Elementary Equipment	(68,750)	(6,173)		(74,923)
High School Equipment	(185,110)	(25,969)		(211,079)
Total Accumulated Depreciation	(1,329,695)	(67,535)		(1,397,230)
Total Capital Assets Being Depreciated, Net	679,575	(21,661)		657,914
Capital Assets, Net	754,575	(21,661)		732,914

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, 2019 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	13,376	
Title VI-A		1,267
Title 1-A, ESEA		3,269
Part B		7,459
Part B Preschool		394
Medicaid Fund		987
	13,376	13,376

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, 2019 to the Food Service Fund was \$7,640. The amount of \$1,500 was transferred for Medicare and social security taxes; the amount of \$6,140 was transferred for the deficit fund balance in the Food Service Fund.

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 6/28/2011 (Renewed 6/28/16)	60 Months	\$331.26 per month plus .0045 per copy
Cannon MP2503B Copier April 22, 2015	60 Months	\$109.65 per month plus .00720 per copy

Current lease operating costs are as follows:

	<u>MP7001</u>	<u>MP2503B</u>	<u>Total</u>
Lease Payments	3,975	1,316	5,291
Copy Costs	3,438	819	4,257
Total	<u>7,413</u>	<u>2,135</u>	<u>9,548</u>

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

	<u>MP7001</u>	<u>MP2503B</u>	<u>Total</u>
2020	3,975	987	4,962
2021	3,975		3,975
2022	3,975		3,975
Total	<u>11,925</u>	<u>987</u>	<u>12,912</u>

H. Fund Equity

The District has adopted GASB 54. 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 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 \$105,516.

- 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 \$485,392 and the Federal Forest fund balance of \$50,511 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, 2019 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.

B. Employee Pension Plans

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.

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.

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2018 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. The District contributions were \$157,738 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that 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 June 30, 2018, the District's proportion was 0.000423211 percent.

For the year ended June 30, 2019, the District recognized pension expense (revenue) of (\$48,959). At June 30, 2019, 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	\$47,145
Changes in assumptions or other inputs	\$40,619	\$0
Net difference between projected and actual earnings on pension plan investments	\$68,524	\$69,357
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	\$0	\$0
Total	<u>\$109,144</u>	<u>\$116,502</u>

\$109,144 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, 2019.

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, 2017 the beginning of the measurement period ended June 30, 2018 is 4.9 and 5.5 for the measurement period June 30, 2018.

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, 2019:

2019	\$50,743
2020	\$5,979
2021	(\$51,152)
2022	(\$12,929)

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 June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10.00%
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 for the period July 1, 2007 through June 30, 2013 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, 2018 is based on the results of an actuarial valuation date July 1, 2018.

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, 2017.

Capital Market Assumptions

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.20%	15%	10%-20%
Fixed Income	3.05%	3.75%	30%	23%-33%
Cash	2.25%	90.00%	0%	0%-5%
			Expected	
	Expected	Expected	Real	Expected
<u>Total Fund</u>	<u>Return</u>	<u>Inflation</u>	<u>Return</u>	<u>Return</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric 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 liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the 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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$1,562,623	\$624,244	(\$152,773)

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, 2019, 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.

D. Subsequent Event and Contingent Liability

During the year 2009 the Idaho Department of Administration awarded the Idaho Education Network contract to Qwest and ENA. The losing bidders filed suit and the contract was declared void in 2015. Highland Joint School District No. 305 was receiving VOIP phone service under the same contract. ENA had only billed the District for the 20% non-E-rate portion for the phone service from inception in July 2013 through March 2015.

The District then purchased the phone equipment in July 2015. On August 19, 2015 ENA filed suit against the State of Idaho and 37 school districts for non-payment of additional services purchased under the same contract. The District was among the named districts and the amount in question is the E-rate portion of \$12,336.80 of service. The non-E-rate portion of \$3,084.20 was paid on a monthly basis. On August 23, 2016 the Idaho Attorney General filed suit to reclaim amounts already paid under the voided contract. If that suit was successful, Highland Joint School District would be due the \$3,084.20 already paid.

The State has reached agreement with the FCC on this lawsuit. However, in order for the State to sign this agreement all school districts mentioned in the suit must agree with the terms of the agreement. It is anticipated all school district's will agree with the terms of the agreement but has not been completed as of September 4, 2019.

Management has evaluated subsequent events through August 16, 2019, 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, 2019

	General Fund			Capital Projects Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
Revenues							
Property Taxes	606,244	606,244	644,816	50,000	50,000	49,592	(408)
Intergovernmental, State	1,911,328	1,911,328	1,951,985				
Interest	4,000	4,000	4,994			374	374
Other	260,000	250,000	300				
Total Revenues	<u>2,781,572</u>	<u>2,771,572</u>	<u>2,602,095</u>	<u>50,000</u>	<u>50,000</u>	<u>49,966</u>	<u>(34)</u>
Expenditures							
Current							
Instruction	1,296,090	1,294,590	1,254,111				40,479
Non-Instruction							
Pupil Support	125,521	112,671	121,359				(8,688)
Staff Support	118,000	118,000	122,560				(4,560)
Administrative	284,056	284,056	279,036				5,020
Business Operations	126,358	126,358	124,867				1,491
Plant Operations	160,493	160,492	156,548				3,944
Maintenance	93,034	93,034	96,745			465	(465)
School Safety	4,080	4,080					
Pupil Transportation	279,000	279,000	279,228	130,000	130,000	14,100	115,900
Capital Outlays	146,839	147,342	31,774				
Contingency	139,077	138,577					
Total Expenditures	<u>2,772,548</u>	<u>2,758,200</u>	<u>2,466,228</u>	<u>130,000</u>	<u>130,000</u>	<u>14,565</u>	<u>115,435</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,024	13,372	135,867	(80,000)	(80,000)	35,401	115,401
Other Financing Sources (Uses)							
Transfers (Out)	(9,024)	(13,372)	(7,640)				
Total Other Financing Sources (Uses)	<u>(9,024)</u>	<u>(13,372)</u>	<u>(7,640)</u>				
Net Change in Fund Balances			128,227	(80,000)	(80,000)	35,401	115,401
Fund Balance, Beginning of Year			357,165	80,000	80,000	70,115	(9,885)
Fund Balance, End of Year			<u>485,392</u>			<u>105,516</u>	<u>105,516</u>

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

Highland Joint School District No. 305
Notes to Required Supplementary Budget Information
June 30, 2019

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, 2019, the District did not have any funds that had excess of expenditures over appropriations.

Highland Joint School District No. 305
Schedule of Employer's Share of Net Pension Liability
PERSI-Base Plan
Last 10-Fiscal Years*

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

*GASB 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.

Data reported is measured as of June 30, 2018

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

	2019	2018	2017	2016	2015
Statutorily required contribution	157,738	154,571	138,414	139,149	134,888
Contributions in relation to the statutorily required contribution	157,738	154,571	146,665	136,656	134,888
Contribution (deficiency) excess				(2,493)	
Employer's covered-employee payroll	1,376,296	1,365,466	1,282,312	1,191,590	1,191,590
Contributions as a percentage of covered-employee payroll	11.46%	11.32%	11.44%	11.47%	11.32%

*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.

Data is reported as of June 30, 2019

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

OTHER SUPPLEMENTARY INFORMATION

Highland Joint School District No. 305
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019
 With Comparative Totals for June 30, 2018

	Federal Forest Funds	Title I-A, ESEA	Part B	Part B Preschool	Medicaid Fund
Assets					
Cash	2				
Investment - LGIP	50,508	10,474			2,132
Federal Assistance Receivable					
Intergovernmental Receivable	1		14,141	781	987
Accounts Receivable					
Due From Other Funds					
Total Assets	<u>50,511</u>	<u>10,474</u>	<u>14,141</u>	<u>781</u>	<u>3,119</u>
Liabilities and Fund Balances					
Liabilities					
Accrued Salaries and Benefits		7,205	6,682	387	
Due To Other Funds		3,269	7,459	394	987
Total Liabilities		<u>10,474</u>	<u>14,141</u>	<u>781</u>	<u>987</u>
Fund Balances					
Unassigned	50,511				2,132
Total Fund Balances	<u>50,511</u>				<u>2,132</u>
Total Liabilities and Fund Balances	<u>50,511</u>	<u>10,474</u>	<u>14,141</u>	<u>781</u>	<u>3,119</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, 2019

With Comparative Totals for June 30, 2018

	Title VI-A ESEA REAP	Federal Title II-A, ESEA	Food Service	Totals 2019	2018
Assets					
Cash			3,959	3,961	10,745
Investment - LGIP				50,508	
Federal Assistance Receivable				12,606	
Intergovernmental Receivable					26,383
Accounts Receivable	3,721		504	20,135	1
Due From Other Funds					49,974
Total Assets	<u>3,721</u>		<u>4,463</u>	<u>87,210</u>	<u>87,103</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable					128
Accrued Salaries and Benefits	2,454		4,463	21,191	21,140
Due To Other Funds	1,267			13,376	15,515
Total Liabilities	<u>3,721</u>		<u>4,463</u>	<u>34,567</u>	<u>36,783</u>
Fund Balances					
Unassigned				52,643	50,320
Total Fund Balances				<u>52,643</u>	<u>50,320</u>
Total Liabilities and Fund Balances	<u>3,721</u>		<u>4,463</u>	<u>87,210</u>	<u>87,103</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, 2019
 With Comparative Totals for the Year Ended June 30, 2018

	Federal Forest Funds	Title I-A, ESEA	Part B	Part B Preschool	Medicaid	Title IV-A ESEA
Revenues						
Lunch and Breakfast Sales	191	39,130	43,195	2,318	6,933	10,000
Intergovernmental, Federal Grant Funds	191	39,130	43,195	2,318	6,933	10,000
Total Revenues						
Expenditures						
Instruction						
Salaries		27,496	25,966	1,404		
Benefits		11,634	17,229	914	6,300	10,000
Purchased Services						
Materials						
Total Instruction		39,130	43,195	2,318	6,300	10,000
Non-Instruction						
Food Service						
Salaries						
Benefits						
Purchased Services						
Supplies and Materials						
Capital Outlays						
Total Non-Instruction						
Total Expenditures		39,130	43,195	2,318	6,300	10,000

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, 2019
 With Comparative Totals for the Year Ended June 30, 2018
 (Continued)

	Federal Forest Funds	Title I-A, ESEA	Part B	Part B Preschool	Medicaid	Title VI-B, ESEA, REAP
Excess (Deficiency) of Revenues Over (Under) Expenditures	191				633	
Other Financing Sources (Uses)						
Transfers In					1,500	
Total Other Financing Sources and (Uses)					1,500	
Net Change in Fund Balances	191				2,133	
Fund Balances, Beginning of Year	50,320					
Fund Balances, End of Year	50,511				2,133	

The notes to the financial statements are an integral part of this statement.
 (Continued)
 34

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, 2019
 With Comparative Totals for the Year Ended June 30, 2018
 (Continued)

	REAP	Title II-A, ESEA	Food Service	Totals	
				2019	2018
Revenues					
Lunch and Breakfast Sales			16,063	16,063	17,848
Intergovernmental, Federal Grant Funds	14,446	6,606	44,076	166,895	162,236
Total Revenues		6,606	60,139	182,958	180,084
Expenditures					
Instruction					
Salaries	9,488	180		64,534	71,161
Benefits	4,958	42		34,777	28,777
Purchased Services		6,384		22,684	7,719
Materials				0	8,208
Total Instruction	14,446	6,606		121,995	115,865
Non-Instruction					
Food Service					
Salaries			15,411	15,411	23,978
Benefits			11,354	11,354	19,916
Purchased Services			177	178	724
Supplies and Materials			190	190	44,198
Capital Outlays			39,147	39,147	
Total Non-Instruction			66,279	66,280	88,816
Total Expenditures	14,446	6,606	66,279	188,275	204,681

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, 2019
 With Comparative Totals for the Year Ended June 30, 2018

(Continued)

	REAP	Federal Title II-A, ESEA	Food Service	Totals	
				2019	2018
Excess (Deficiency) of Revenues Over (Under) Expenditures			(6,140)	(5,317)	(24,597)
Other Financing Sources (Uses) Transfers In			6,140	7,640	24,601
Total Other Financing Sources and (Uses)			6,140	7,640	24,601
Net Change in Fund Balances				2,323	4
Fund Balances, Beginning of Year				50,320	50,316
Fund Balances, End of Year				52,643	50,320

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, 2019

	Private Purpose Trust Funds		Agency
	Wilfong Athletic Fund	Highland Foundation	Student Activity Funds
Assets			
Cash		5	959
Cash in Bank			30,221
Investments	2,104	13,894	33,821
Accounts Receivable			3,679
Stock			2,000
Total Assets	2,104	13,899	70,680
Liabilities			
Due to Student Groups			70,680
Total Liabilities			70,680
Net Position			
Net Position Held in Trust for Scholarships	2,104	13,899	

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, 2019

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2019</u>
Assets				
Cash and Investments				
Music	4,666	1,463	4,554	1,575
Student Council	4,184	12,176	11,377	4,983
Student Recognition	2,033		200	1,833
Band Instrument Fees	255	25		280
Cash Boxes		1,925	1,925	
Events Passes		1,330	1,330	
CORE Leadership		500	250	250
Annual Staff	241	2,623	2,621	243
Cheerleaders	84			84
Boys Basketball	784	4,633	4,656	761
Girls Basketball	193	3,623	3,371	445
Business Prof. Assoc.	524	10,860	11,003	381
Honor Society	174	1,009	1,007	176
Uniforms	3,898	2,173	3,371	2,700
Football	196	586	586	196
Volleyball	884	3,446	3,954	376
At-Risk Fund	2,374	2,299	550	4,123
Track	440	5,592	4,429	1,603
Baseball Fund	531	1,760	1,850	441
Softball		25	25	
Elementary	2,279	1,351	2,212	1,418
JH Football		273	273	
JH Boys Basketball		1,093	1,093	
JH Volleyball	48	214	214	48
JH Track		130	130	
Pop Machines	4,389	1,529	1,752	4,166
Nerd Club	717	50	61	706
Fine Arts Club	377			377
Concessions	426	6,791	7,217	
FFA	1,204	22,324	18,499	5,029
Greenhouse Project	1,914	2,145	1,665	2,394
Elementary Library	51			51
Elementary Field Trips	686			686
Community Service	144			144
Wrestling		2,391	1,331	1,060
Reader Board	2,708			2,708
Student Athlete Scholar	50			50
Shakespeare Performances	800			800
Secondary	1,081	107	157	1,031
Senior Class	1,217	3,832	2,252	2,797
Junior Class	2,150	1,998	1,424	2,724
Sophomore Class	260	610	312	558
Freshman Class	307	765		1,072

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, 2019
(Continued)

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2019</u>
Assets				
Cash and Investments (Continued)				
8th Graders	1,072		505	567
7th Graders	572		467	105
6th Graders	39		6	33
Alumni 1998	9			9
Alumni 2002	380			380
Alumni 2004	557			557
Alumni 2005	506			506
Alumni 2006	24			24
Alumni 2007	258			258
Alumni 2008	114			114
Alumni 2009	566			566
Alumni 2010	545			545
Alumni 2011	648			648
Alumni 2012	186			186
Alumni 2013	480			480
Alumni 2014	285			285
Alumni 2015	1,560			1,560
Alumni 2016	1,611			1,611
Alumni 2017	632			632
Alumni 2018		1,217		1,217
Graduation 2025	33		33	
Graduation 2026	1,169			1,169
Graduation 2027		7,285	7,214	71
Reserve	87	1,309	1,309	87
Interest - Checking	75			75
Cash Caps - Pepsi	2,088		781	1,307
Investment Pool Interest	1,935	706		2,641
Sales Tax	1,178	2,855	2,934	1,099
Total Cash in Bank	<u>58,878</u>	<u>115,023</u>	<u>108,900</u>	<u>65,001</u>
Investments (Stock Certificate)	<u>2,000</u>			<u>2,000</u>
Total Investments	<u>2,000</u>			<u>2,000</u>
Pepsi School Vendor Rebate	<u>3,233</u>	<u>446</u>		<u>3,679</u>
Total Accounts Receivable	<u>3,233</u>	<u>446</u>		<u>3,679</u>
Total Agency Funds	<u><u>64,111</u></u>	<u><u>115,469</u></u>	<u><u>108,900</u></u>	<u><u>70,680</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, 2019, 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 August 23, 2019.

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 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.

August 23, 2019

Goffinet & Clack

Goffinet and Clack, Chartered
Certified Public Accountants