

MELBA JOINT SCHOOL DISTRICT NO. 136

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2018

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FEDERAL REPORT

Independent Auditor's Report on Internal Control Over Financial
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Independent Auditor's Report

To the Board of Trustees
Melba Joint School District No. 136

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 **Melba Joint School District No. 136** (the District), as of and for the year ended June 30, 2018, 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 misstatement, 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 performed the actuarial calculations for other post-employment benefits for the governmental activities and, accordingly, has not considered the District's other post-employment benefit liability. Accounting principles generally accepted in the United States of America require that a liability be recorded for other post-employment benefits, which would decrease net position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities is not reasonably determinable.

Qualified Opinion

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

financial position of the governmental activities of **Melba Joint School District No. 136**, as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of **Melba Joint School District No. 136**, as of June 30, 2018, and the respective changes in financial position thereof 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 that the budgetary comparison information, the schedule of employer's share of net pension liability – PERSI base plan, and the schedule of employer contributions – PERSI base plan as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Melba Joint School District No. 136's** basic financial statements. The supplemental schedule of revenues by source – budget and actual – General fund, the supplemental schedule of expenditures by object of expenditure – budget and actual – General fund, the combining balance sheet – nonmajor governmental funds, and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet – nonmajor governmental funds and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 balance sheet – nonmajor governmental funds and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental schedule of revenues by source – budget and actual – General fund and the supplemental schedule of expenditures by object of expenditure – budget and actual – General fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2018, on our consideration of **Melba Joint School District No. 136'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bailey & Co.

Nampa, Idaho
October 4, 2018

Melba Joint School District No. 136
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 2,436,385
Receivables, Net	
Property Taxes	289,815
Intergovernmental	195,728
Inventory	7,602
Capital Assets:	
Land	759,486
Buildings and Improvements, Net	14,168,228
Equipment and Vehicles, Net	713,839
Total Assets	18,571,083
Deferred Outflows	
Bond Interest Held in Escrow	21,183
Pension	570,263
Total Deferred Outflows	591,446
Liabilities	
Salaries and Benefits Payable	528,912
Accrued Interest	121,078
Long-Term Liabilities:	
Due Within One Year:	
Bonds Payable	435,000
Due in More Than One Year:	
Bonds Payable	9,068,465
Net Pension Liability	1,420,040
Total Liabilities	11,573,495
Deferred Inflows	
Pension	306,254
Net Position	
Net Investment in Capital Assets	6,159,271
Restricted for:	
Debt Service	251,148
Special Revenue	324,363
Unrestricted	547,998
Total Net Position	\$ 7,282,780

The accompanying notes are an integral
part of the financial statements.

Melba Joint School District No. 136
Statement of Activities
For the Year Ended June 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Instruction	\$ 3,607,462	\$ 11,094	\$ 375,750	\$ 0	\$ (3,220,618)
Support Services	2,142,709	0	27,258	59,974	(2,055,477)
Food Service	262,640	69,538	235,454	0	42,352
Interest	351,447	0	0	0	(351,447)
Debt Fees	12,601	0	0	0	(12,601)
Total Governmental Activities	\$ 6,376,859	\$ 80,632	\$ 638,462	\$ 59,974	(5,597,791)
		General Revenues:			
					791,496
					5,558,789
					41,685
					14,718
					45,641
					<u>6,452,329</u>
					854,538
					<u>6,428,242</u>
					<u>\$ 7,282,780</u>

The accompanying notes are an integral
part of the financial statements.

Melba Joint School District No. 136

Balance Sheet -
Governmental Funds
June 30, 2018

	General	Debt Service	Capital Construction Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 2,018,528	\$ 82,788	\$ 0	\$ 335,069	\$ 2,436,385
Receivables, Net:					
Property Taxes	377	289,438	0	0	289,815
Intergovernmental	134,250	0	0	61,478	195,728
Internal Balances	36,455	0	0	0	36,455
Inventory	0	0	0	7,602	7,602
Total Assets	<u>2,189,610</u>	<u>372,226</u>	<u>0</u>	<u>404,149</u>	<u>2,965,985</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 2,189,610</u>	<u>\$ 372,226</u>	<u>\$ 0</u>	<u>\$ 404,149</u>	<u>\$ 2,965,985</u>
Liabilities					
Internal Balances	\$ 0	\$ 0	\$ 0	\$ 36,455	\$ 36,455
Salaries and Benefits Payable	485,581	0	0	43,331	528,912
Total Liabilities	<u>485,581</u>	<u>0</u>	<u>0</u>	<u>79,786</u>	<u>565,367</u>
Deferred Inflows					
Unavailable Property Taxes	<u>369</u>	<u>40,069</u>	<u>0</u>	<u>0</u>	<u>40,438</u>
Fund Balances					
Nonspendable:					
Inventory	0	0	0	7,602	7,602
Restricted	0	332,157	0	316,761	648,918
Unassigned	1,703,660	0	0	0	1,703,660
Total Fund Balances	<u>1,703,660</u>	<u>332,157</u>	<u>0</u>	<u>324,363</u>	<u>2,360,180</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,189,610</u>	<u>\$ 372,226</u>	<u>\$ 0</u>	<u>\$ 404,149</u>	<u>\$ 2,965,985</u>

The accompanying notes are an integral
part of the financial statements.

Melba Joint School District No. 136
 Reconciliation of the Balance Sheet of the Governmental
 Funds to the Statement of Net Position
 June 30, 2018

Total Fund Balances - Governmental Funds \$ 2,360,180

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Land	\$	759,486	
Buildings and Improvements, Net of \$4,339,642 accumulated depreciation		14,168,228	
Equipment and Vehicles, Net of \$1,282,904 accumulated depreciation		713,839	
Total Capital Assets			15,641,553

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period expenditures and, therefore, are deferred inflows in the funds. These amounts are not considered deferred inflows in the government-wide statements. 40,438

In the government-wide statements, deferred inflows represent acquisitions of net position that are applicable to a future reporting period and deferred outflows represent the consumption of resources that are applicable to a future reporting period. These deferrals consist of:

Deferred outflow of interest paid to escrow to defease future bonds		21,183	
Deferred outflows related to net pension liability		570,263	
Deferred inflows related to net pension liability		(306,254)	
			285,192

Certain current liabilities are not considered related to current resources in the fund financial statements. However, they are reported in the government-wide financial statements. Those liabilities consist of:

Accrued Interest on Long-term Debt (121,078)

Long-term liabilities, including net pension liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Net Pension Liability		(1,420,040)	
Bonds Payable (Including Bond Premium)		(9,503,465)	
Total Long-Term Liabilities			(10,923,505)

Total Net Position - Governmental Activities \$ 7,282,780

The accompanying notes are an integral
part of the financial statements.

Melba Joint School District No. 136
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2018

	General	Debt Service	Capital Construction Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 112	\$ 787,036	\$ 0	\$ 0	\$ 787,148
State	5,233,531	204,903	0	120,355	5,558,789
Charges for Services	0	0	0	80,632	80,632
Grants and Contributions	54,913	0	32,319	611,204	698,436
Earnings on Investments	29,550	6,191	806	5,138	41,685
Other	14,718	0	0	0	14,718
Total Revenues	5,332,824	998,130	33,125	817,329	7,181,408
Expenditures					
Current:					
Instruction	2,923,679	0	0	405,847	3,329,526
Support Services	1,951,762	0	0	108,697	2,060,459
Food Service	4,509	0	0	261,088	265,597
Debt Service:					
Principal	0	1,075,000	0	0	1,075,000
Interest	0	393,066	0	0	393,066
Debt Fees	0	12,601	0	0	12,601
Capital Outlay	215,581	0	236,898	212,335	664,814
Total Expenditures	5,095,531	1,480,667	236,898	987,967	7,801,063
Excess (Deficiency) of Revenues Over Expenditures	237,293	(482,537)	(203,773)	(170,638)	(619,655)
Other Financing Sources (Uses)					
Disposal of Assets	97,631	0	0	5,000	102,631
Transfers In	6,187	0	0	256,780	262,967
Transfers Out	(70,502)	0	(186,278)	(6,187)	(262,967)
Total Other Financing Sources (Uses)	33,316	0	(186,278)	255,593	102,631
Net Change in Fund Balances	270,609	(482,537)	(390,051)	84,955	(517,024)
Fund Balances - Beginning	1,433,051	814,694	390,051	239,408	2,877,204
Fund Balances - Ending	\$ 1,703,660	\$ 332,157	\$ 0	\$ 324,363	\$ 2,360,180

The accompanying notes are an integral
part of the financial statements.

Melba Joint School District No. 136
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of the
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2018

Total Net Change in Fund Balance - Governmental Funds \$ (517,024)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	\$	648,618	
Disposal of Capital Assets		(56,990)	
Depreciation Expense		(492,383)	
Net		99,245	99,245

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as unavailable tax revenues. They are, however, recorded as revenues in the Statement of Activities. 4,348

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

Net Pension Liability and Related Deferral Changes		147,843	
Accrued Interest on Long-term Debt Changes		14,653	
Compensated Absences Liability Changes		3,507	
		166,003	166,003

Bond proceeds and the related premium are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and deferred inflows and does not affect the Statement of Activities. Similarly, repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Amortization of Bond Premium		37,557	
Amortization of Loss on Bond Defeasance		(10,591)	
Principal Payments Made		1,075,000	
		1,101,966	1,101,966

Change in Net Position of Governmental Activities \$ 854,538

The accompanying notes are an integral
 part of the financial statements.

Melba Joint School District No. 136
Statement of Fiduciary Net Position
June 30, 2018

	Agency Funds	Private Purpose Trust Fund	Total
Assets			
Cash and Cash Equivalents	\$ 108,094	\$ 55,230	\$ 163,324
Other Receivables	0	1,367	1,367
Total Assets	108,094	56,597	164,691
Deferred Outflows			
	0	0	0
Liabilities			
Due to Student Groups	108,094	0	108,094
Total Liabilities	108,094		108,094
Deferred Inflows			
	0	0	0
Net Position			
Restricted for Scholarships and Others	0	56,597	56,597
Total Net Position	\$ 0	\$ 56,597	\$ 56,597

The accompanying notes are an integral
part of the financial statements.

Melba Joint School District No. 136
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	Private Purpose Trust Fund
Additions	
Contributions	\$ 23,364
Investment Income	668
Total Additions	24,032
Deductions	
Donations to Others	28,155
Total Deductions	28,155
Changes in Net Position	(4,123)
Net Position - Beginning	60,720
Net Position - Ending	\$ 56,597

The accompanying notes are an integral
part of the financial statements.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Melba Joint School District No. 136 (the “District”) is governed by the School District Board of Trustees (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined by the Governmental Accounting Standards Board.

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses are those related to the administration and support of the District’s programs, such as personnel and accounting that are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District’s funds, including fiduciary funds. Separate statements for each fund category—*governmental and fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- *General fund.* This is the District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- *Debt Service fund.* This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.
- *Capital Construction Projects fund.* This fund accounts for the activities related to the District’s construction projects.

The District reports the following fiduciary fund types:

- *Private-Purpose Trust fund.* This fund reports a trust arrangement under which principal and income benefit a college scholarship program.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Agency funds.* These funds account for assets held by the District as an agent for various student groups and clubs.

Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet. The District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable.* Balances in inventories or prepaid expenditures that are permanently precluded from conversion to cash.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (committed and assigned) are not applicable. However, if there had been committed funds, these amounts would have been decided by the Board of Trustees, the District's highest level of decision making authority. The Board of Trustees would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are either restricted and unrestricted net position or fund balance available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

It is the District's policy that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All special revenue funds are restricted by either the federal government or the State of Idaho and must be spent according to the stipulations of the corresponding federal or state program. The State of Idaho also requires that capital projects and debt service be accounted for in their own funds, and therefore, are also restricted.

Assets and Liabilities

Cash Equivalents

A "Pooled Cash" concept is used in maintaining nearly all of the cash and investment accounts in the accounting records. Under this method, cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the cash and investment accounts are considered to be cash and cash equivalents.

Inventories

Inventories on government-wide and fund financial statements are stated at cost and are expensed when used on a first-in-first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption.

Property Taxes

The District levies its real property taxes through Ada, Canyon, and Owyhee Counties by the 2nd Monday in September of each year based upon the assessed valuation as of the previous July 1. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

The counties are responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the District by the counties as of June 30, 2018, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2018, are not considered available for use by the District and are recorded as deferred inflows in the fund financial statements.

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

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	\$5,000	Straight-Line	15 - 40 Years
Equipment and Vehicles	\$5,000	Straight-Line	5 - 20 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The District has no infrastructure to report.

Compensated Absences

The District provides sick leave and vacation to full-time non-certified employees. Neither may be carried over from one year to the next or paid out upon termination.

Estimates

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

2. CASH AND INVESTMENTS

Deposits

As of June 30, 2018, the carrying amount of the District's deposits was \$866,159 and the respective bank balances totaled \$1,024,689. The total bank balance was insured or collateralized with securities held by the pledging financial institutions' trust department or agent but not in the District's name.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2018, the District's bank balances were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department, and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its custodial credit risk for investments.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

2. CASH AND INVESTMENTS (continued)

Interest Rate Risk

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The District participates in the State of Idaho Investment Pool, which has not been rated. The pool is not registered with the Securities and Exchange Commission or any regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The value of the District's investment in the pool is reported in the accompanying financial statements at amounts based on the District's amortized cost deposited in the pool. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of more than \$10 million require 3 business day's notification. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants. The District follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the District to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The District's investments at June 30, 2018 are as follows:

Investment	Amortized Cost	Investment Maturities (in Years)	
		Less Than 1	1-5
External Investment Pool	\$ 1,733,550	\$ 1,733,550	\$ 0

At year-end, cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total
Cash and cash equivalents	\$ 753,787	\$ 112,372	\$ 866,159
Investments categorized as deposits	1,682,598	50,952	1,733,550
	\$ 2,436,385	\$ 163,324	\$ 2,599,709

3. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has transferred most of its risk by purchasing commercial insurance policies.

4. RECEIVABLE - INTERGOVERNMENTAL

Amounts due from other governments consists of \$134,250 from the State of Idaho for school support and \$61,478 of federal money passed through the state for federal programs for a total of \$195,728. These amounts are all considered collectible.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

5. INTERFUND BALANCES AND ACTIVITY

Internal balances at June 30, 2018, consist of the following:

\$ 36,455 Due to the General fund from nonmajor governmental funds representing cash overdrafts.

6. TRANSFERS TO/FROM OTHER FUNDS

Transfer activity for the year ended June 30, 2018, is as follows:

\$ 6,187 From nonmajor funds to the General fund for cost allocation.
186,278 From the Capital Projects fund to nonmajor capital project funds to fund bus purchases (a non-routine transfer).
13,350 From the General fund to nonmajor funds to fund the purchase of a driver's ed. vehicle (a non-routine transfer).
57,152 From the General fund to nonmajor capital project funds for bus depreciation.
\$ 262,967

7. SALARIES AND BENEFITS PAYABLE

The District follows the practice of paying contracted salaries and related benefits over a 12-month period which differs from the 9-month earned school-year period, which runs from approximately September 1 to May 31 of each year. Teacher contracts payable, as reflected at June 30, 2018, represent amounts unpaid at that date on teacher contracts and related benefits. Since the amount of salaries and related benefits due to teachers are pertinent to the school year, such amounts have been accrued as salaries payable and related liabilities with related expenditures recorded in the current fiscal year's operations.

8. COMPENSATED ABSENCES

Vacation leave is granted to all full-time administrative employees of the District. The District awards all vacation leave to employees on July 1st. The District's policy is "use or lose" unless carryover is granted by the Superintendent. Changes in compensated absences for the year ended June 30, 2018, are as follows:

	7/1/2017	Earned	Used	6/30/2018	Current Portion
Governmental Activities	<u>\$ 3,507</u>	<u>\$ 22,269</u>	<u>\$ (25,776)</u>	<u>\$ 0</u>	<u>\$ 0</u>

9. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance 7/1/2017	Additions	Disposals	Balance 6/30/2018
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 814,486	\$ 0	\$ (55,000)	\$ 759,486
Capital Assets Being Depreciated:				
Buildings and Improvements	18,155,053	352,817	0	18,507,870
Equipment and Vehicles	1,855,710	295,801	(154,768)	1,996,743
Total Historical Cost	20,010,763	648,618	(154,768)	20,504,613
Less: Accumulated Depreciation				
Buildings and Improvements	3,935,520	404,122	0	4,339,642
Equipment and Vehicles	1,347,422	88,261	(152,779)	1,282,904
Total Acc. Depr.	5,282,942	492,383	(152,779)	5,622,546
Net Depreciable Assets	14,727,821	156,235	(1,989)	14,882,067
Governmental Activities				
Capital Assets - Net	\$ 15,542,307	\$ 156,235	\$ (56,989)	\$ 15,641,553

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

Instruction	\$ 382,905
Support Services	109,478
	\$ 492,383

11. LEASE COMMITMENTS

The District entered into a lease agreement with Allied Business Solutions for copiers and printers beginning February 2015 for 60 months at \$727.40 per month. It is expected the equipment will be returned at the end of the lease. All other leases had terms of less than one year.

Future minimum payments are as follows:

Year Ending June 30,	Amount
2019	\$ 8,729
2020	5,092
	\$ 13,821

Lease expense for the year ended June 30, 2018 totaled \$98,633.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

12. PENSION PLAN

Plan Description

The District 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, 2017, 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% for general employees and 11.66% for police and firefighters. The District's employer contributions were \$347,282 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

12. PENSION PLAN (continued)

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, 2017, the District's proportion was 0.0903432%.

For the year ended June 30, 2018, the District recognized pension expense of \$199,439. At June 30, 2018, 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	\$ 196,720	\$ 127,934
Changes in assumptions or other inputs	26,261	0
Net difference between projected and actual earnings on pension plan investments	0	85,080
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	0	93,240
District contributions subsequent to the measurement date	347,282	0
Total	\$ 570,263	\$ 306,254

\$347,282 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, 2016 the beginning of the measurement period ended June 30, 2017 and for the measurement period June 30, 2016 was 4.9 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,		
2019	\$	(107,186)
2019	\$	103,425
2020	\$	12,578
2022	\$	(92,091)

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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

12. PENSION PLAN (continued)

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	1.00%

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, 2017 is based on the results of an actuarial valuation date July 1, 2017.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of the 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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

12. PENSION PLAN (continued)

Capital Market Assumptions

Asset Class	Expected Return*	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.02%	15%	10%-20%
Fixed Income	3.05%	3.75%	30%	23%-33%
Cash	2.25%	0.90%	0%	0%-5%
Total Fund	Expected Return*	Expected Inflation	Expected Real Return	Expected Risk
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	8.08%
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	<u>7.10%</u>

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 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%, as well as what the Employer's proportionate share of the net pension liability

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2018

12. PENSION PLAN (continued)

Would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) 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)	\$ 3,300,465	\$ 1,420,040	\$ (142,643)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

13. LONG-TERM LIABILITIES

In prior years, District issued General Obligation Bonds to provide funds for the acquisition, construction, and remodel of major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the District. \$351,447 of interest expense was incurred during the year, all of which was expensed. Long-term debt activity for the year was as follows:

	Maturity	Interest	7/1/2017	Increase	Decrease	6/30/2018	Current
Governmental Activities:							
2011 GOB	2021	3.0%-4.5%	\$ 1,095,000	\$ 0	\$ (420,000)	\$ 675,000	\$ 420,000
2015 Series Bond	2034	3.0%-4.0%	8,845,000	0	(655,000)	8,190,000	15,000
			\$ 9,940,000	\$ 0	\$ (1,075,000)	\$ 8,865,000	\$ 435,000
Unamortized Bond Premium			\$ 676,022	\$ 0	\$ (37,557)	\$ 638,465	\$ 0

Debt service requirements on long-term debt at June 30, 2018, are as follows:

Year Ending June 30,	Bonds and Notes		
	Principal	Interest	Total
2019	\$ 435,000	\$ 322,650	\$ 757,650
2020	290,000	305,100	595,100
2021	215,000	289,875	504,875
2022	480,000	279,450	759,450
2023	495,000	264,825	759,825
2024 - 2028	2,715,000	1,077,325	3,792,325
2029 - 2033	3,265,000	506,450	3,771,450
2034 - 2035	970,000	25,200	995,200
	\$ 8,865,000	\$ 3,070,875	\$ 11,935,875

REQUIRED SUPPLEMENTARY INFORMATION

Melba Joint School District No. 136
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 0	\$ 0	\$ 112	\$ 112
State	4,815,715	5,122,917	5,233,531	110,614
Grants and Contributions	0	25,492	54,913	29,421
Earnings on Investments	5,000	27,940	29,550	1,610
Other	3,600	13,914	14,718	804
Total Revenues	<u>4,824,315</u>	<u>5,190,263</u>	<u>5,332,824</u>	<u>142,561</u>
Expenditures				
Current:				
Instruction	2,946,232	3,032,084	2,923,679	108,405
Support Services	2,142,805	2,220,280	1,951,762	268,518
Non-Instruction	5,616	5,616	4,509	1,107
Capital Outlay	1,250	92,185	215,581	(123,396)
Total Expenditures	<u>5,095,903</u>	<u>5,350,165</u>	<u>5,095,531</u>	<u>254,634</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(271,588)</u>	<u>(159,902)</u>	<u>237,293</u>	<u>397,195</u>
Other Financing Sources (Uses)				
Disposal of Assets	0	93,232	97,631	4,399
Transfers In	49,491	9,192	6,187	(3,005)
Transfers Out	(53,485)	(87,152)	(70,502)	16,650
Total Other Financing Sources (Uses)	<u>(3,994)</u>	<u>15,272</u>	<u>33,316</u>	<u>18,044</u>
Net Change in Fund Balances	(275,582)	(144,630)	270,609	415,239
Fund Balances - Beginning	275,582	144,630	1,433,051	1,288,421
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,703,660</u>	<u>\$ 1,703,660</u>

Melba Joint School District No. 136
 Schedule of Employer's Share of Net Pension Liability
 PERSI - Base Plan*
 Last 10 - Fiscal Years

	2018	2017	2016	2015
Employer's portion of the net pension liability	0.0903432%	0.0929609%	0.0973470%	0.0994615%
Employer's proportionate share of the net pension liability	\$ 1,420,040	\$ 1,884,460	\$ 1,281,902	\$ 732,192
Employer's covered payroll	\$ 3,067,864	\$ 2,805,391	\$ 2,728,597	\$ 2,726,664
Employer's proportional share of the net pension liability as a percentage of its covered payroll	46.29%	67.17%	46.98%	26.85%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%	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 the years the information is available.

Data reported is measured as of June 30, 2017.

Melba Joint School District No. 136
 Schedule of Employer Contributions
 PERSI - Base Plan*
 Last 10 - Fiscal Years

	2018	2017	2016	2015
Statutorily required contribution	\$ 347,282	\$ 317,570	\$ 308,877	\$ 308,658
Contributions in relation to the statutorily required contribution	(347,282)	(317,570)	(308,877)	(308,658)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered payroll	3,067,864	2,805,391	2,728,597	2,726,664
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	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 the years the information is available.

Data is reported as of June 30, 2018.

Melba Joint School District No. 136
Notes to Required Supplementary Information
For the Year Ended June 30, 2018

1. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to June 1, the District Superintendent and Board of Trustees prepare a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to July 1, the budget is legally enacted through passage at a board meeting.
- D. Formal budgetary integration is employed as a management control device during the year for all the funds. Formal budgetary integration was employed for Debt Service funds even though effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- E. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- F. Budgeted amounts are as originally adopted, or amended by the Board of Trustees.

SUPPLEMENTAL INFORMATION

Melba Joint School District No. 136
 Supplemental Schedule of Revenues by Source -
 Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended June 30, 2018

	Budget	Actual	Variance
Local Sources			
Property Taxes	\$ 0	\$ 112	\$ 112
Grants and Contributions	25,492	54,913	29,421
Earnings on Investments	27,940	29,550	1,610
Other	13,914	14,718	804
Total Local Sources	67,346	99,293	31,947
State Sources			
State Support	4,219,734	4,298,382	78,648
State Paid Benefits	514,916	519,618	4,702
Revenue In Lieu of Taxes	45,392	45,522	130
Other Support	342,875	370,009	27,134
Total State Sources	5,122,917	5,233,531	110,614
Total Revenues	\$ 5,190,263	\$ 5,332,824	\$ 142,561

Melba Joint School District No. 136
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2018

	Budget	Actual	Variance
Instruction			
Elementary:			
Salaries	\$ 858,097	\$ 845,037	\$ 13,060
Benefits	292,581	275,876	16,705
Services	5,200	1,429	3,771
Supplies	61,190	55,770	5,420
	<u>1,217,068</u>	<u>1,178,112</u>	<u>38,956</u>
Secondary:			
Salaries	1,048,163	1,034,903	13,260
Benefits	342,147	328,682	13,465
Services	24,895	28,272	(3,377)
Supplies	42,378	24,410	17,968
Capital Outlays	0	8,846	(8,846)
	<u>1,457,583</u>	<u>1,425,113</u>	<u>32,470</u>
Exceptional Child:			
Salaries	118,522	118,132	390
Benefits	50,539	47,352	3,187
	<u>169,061</u>	<u>165,484</u>	<u>3,577</u>
Preschool Exceptional Child:			
Salaries	6,920	6,912	8
Benefits	1,392	1,372	20
	<u>8,312</u>	<u>8,284</u>	<u>28</u>
Interscholastic:			
Salaries	130,000	112,063	17,937
Benefits	38,065	29,387	8,678
Services	8,685	10,772	(2,087)
Supplies	3,310	3,310	0
Capital Outlays	27,882	27,882	0
	<u>207,942</u>	<u>183,414</u>	<u>24,528</u>
Total Instruction	<u>3,059,966</u>	<u>2,960,407</u>	<u>99,559</u>
Support Services			
Attendance, Guidance, and Health:			
Salaries	80,194	77,570	2,624
Benefits	23,189	18,633	4,556
Services	7,946	2,853	5,093
Supplies	6,293	1,089	5,204
	<u>117,622</u>	<u>100,145</u>	<u>17,477</u>
Special Services:			
Salaries	3,545	3,244	301
Benefits	2,732	2,289	443
Services	21,950	25,366	(3,416)
	<u>28,227</u>	<u>30,899</u>	<u>(2,672)</u>

Melba Joint School District No. 136
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2018
(continued)

	Budget	Actual	Variance
Instruction Improvement:			
Salaries	14,228	14,065	163
Benefits	13,424	12,063	1,361
Services	500	275	225
	28,152	26,403	1,749
Educational Media:			
Salaries	19,845	19,491	354
Benefits	9,772	9,297	475
Services	804	753	51
Supplies	2,000	1,708	292
	32,421	31,249	1,172
Instruction-Related Tech:			
Salaries	109,300	105,874	3,426
Benefits	35,709	35,448	261
Services	40,350	42,285	(1,935)
Supplies	50,951	48,793	2,158
Capital Outlay	18,287	16,130	2,157
	254,597	248,530	6,067
Board of Education:			
Salaries	5,953	5,038	915
Benefits	1,232	362	870
Services	74,505	51,087	23,418
	81,690	56,487	25,203
District Administration:			
Salaries	119,196	119,196	0
Benefits	32,263	32,121	142
Services	12,572	12,637	(65)
Supplies	2,818	2,705	113
	166,849	166,659	190
School Administration:			
Salaries	186,514	185,195	1,319
Benefits	60,302	60,092	210
Services	380	265	115
	247,196	245,552	1,644
Business Operation:			
Salaries	70,458	70,451	7
Benefits	23,519	23,038	481
Services	2,500	2,090	410
Supplies	7,091	6,601	490
	103,568	102,180	1,388

Melba Joint School District No. 136
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2018
(continued)

	Budget	Actual	Variance
Building Care:			
Salaries	72,492	72,447	45
Benefits	27,992	26,621	1,371
Services	324,029	238,491	85,538
Supplies	30,000	18,897	11,103
Capital Outlay	1,000	0	1,000
	<u>455,513</u>	<u>356,456</u>	<u>99,057</u>
Building Maintenance (Non-Student):			
Salaries	54,482	51,384	3,098
Benefits	21,000	19,116	1,884
Services	26,989	27,128	(139)
Supplies	27,874	20,669	7,205
Capital Outlays	0	50,063	(50,063)
	<u>130,345</u>	<u>168,360</u>	<u>(38,015)</u>
Building Maintenance (Student):			
Salaries	46,148	46,148	0
Benefits	18,327	16,331	1,996
Services	50,291	30,665	19,626
Supplies	47,349	34,173	13,176
Capital Outlay	0	34,797	(34,797)
	<u>162,115</u>	<u>162,114</u>	<u>1</u>
Maintenance - Grounds:			
Services	13,247	13,143	104
Supplies	30,000	26,409	3,591
Capital Outlay	0	3,830	(3,830)
	<u>43,247</u>	<u>43,382</u>	<u>(135)</u>
Safe Schools:			
Services	1,070	1,070	0
Supplies	11,199	10,973	226
	<u>12,269</u>	<u>12,043</u>	<u>226</u>
School Transportation:			
Salaries	118,366	120,267	(1,901)
Benefits	40,379	38,358	2,021
Services	24,120	12,522	11,598
Supplies	81,566	49,112	32,454
Capital Outlay	250	0	250
	<u>264,681</u>	<u>220,259</u>	<u>44,422</u>
Activity Transportation:			
Salaries	9,642	6,289	3,353
Benefits	2,019	689	1,330
Services	300	259	41
Supplies	15,100	4,085	11,015
Capital Outlay	15,550	16,900	(1,350)
	<u>42,611</u>	<u>28,222</u>	<u>14,389</u>

Melba Joint School District No. 136
 Supplemental Schedule of Expenditures by Object of Expenditure -
 Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended June 30, 2018
 (continued)

	Budget	Actual	Variance
Other Support Services:			
Benefits	42,000	32,279	9,721
Services	42,264	42,263	1
	<u>84,264</u>	<u>74,542</u>	<u>9,722</u>
 Total Support Services	 <u>2,255,367</u>	 <u>2,073,482</u>	 <u>181,885</u>
 Non-Instruction			
Food Service	5,616	4,509	1,107
	<u>5,616</u>	<u>4,509</u>	<u>1,107</u>
 Capital Assets - Non-Student Occupied			
Capital Outlay	29,216	57,133	(27,917)
	<u>29,216</u>	<u>57,133</u>	<u>(27,917)</u>
 Total Expenditures	 <u>\$ 5,350,165</u>	 <u>\$ 5,095,531</u>	 <u>\$ 254,634</u>

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2018

	Special Revenue				
	Driver's Education	Vocational Education	Title I-A Basic	Title I Migrant	Title VI-B
Assets					
Cash and Cash Equivalents	\$ 9,281	\$ 2,889	\$ 0	\$ 0	\$ 0
Receivables, Net					
Intergovernmental	5,375	0	35,267	8,192	6,343
Inventory	0	0	0	0	0
Total Assets	14,656	2,889	35,267	8,192	6,343
Deferred Outflows	0	0	0	0	0
Total Assets and Deferred Outflows	\$ 14,656	\$ 2,889	\$ 35,267	\$ 8,192	\$ 6,343
Liabilities					
Internal Balances	\$ 0	\$ 0	\$ 21,309	\$ 6,647	\$ 3,182
Salaries Payable and Related Liabilities	0	2,889	13,958	1,545	3,161
Total Liabilities	0	2,889	35,267	8,192	6,343
Deferred Inflows	0	0	0	0	0
Fund Balances					
Nonspendable:					
Inventory	0	0	0	0	0
Restricted	14,656	0	0	0	0
Total Fund Balances	14,656	0	0	0	0
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 14,656	\$ 2,889	\$ 35,267	\$ 8,192	\$ 6,343

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2018
(continued)

	Special Revenue					
	Title VI-B Preschool	Medicaid Services	Title IV-A	Title III Perkins	Title II-A	Food Service
Assets						
Cash and Cash Equivalents	\$ 0	\$ 110,700	\$ 0	\$ 0	\$ 0	\$ 116,481
Receivables, Net						
Intergovernmental	1,593	0	0	0	4,708	0
Inventory	0	0	0	0	0	7,602
Total Assets	<u>1,593</u>	<u>110,700</u>	<u>0</u>	<u>0</u>	<u>4,708</u>	<u>124,083</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 1,593</u>	<u>\$ 110,700</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,708</u>	<u>\$ 124,083</u>
Liabilities						
Internal Balances	\$ 609	\$ 0	\$ 0	\$ 0	\$ 4,708	\$ 0
Salaries Payable and						
Related Liabilities	984	9,099	0	0	0	11,695
Total Liabilities	<u>1,593</u>	<u>9,099</u>	<u>0</u>	<u>0</u>	<u>4,708</u>	<u>11,695</u>
Deferred Inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances						
Nonspendable:						
Inventory	0	0	0	0	0	7,602
Restricted	0	101,601	0	0	0	104,786
Total Fund Balances	<u>0</u>	<u>101,601</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>112,388</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,593</u>	<u>\$ 110,700</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,708</u>	<u>\$ 124,083</u>

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2018
(continued)

	Capital Projects			Total
	Plant Facilities	Building Maintenance	Bus Depreciation	
Assets				
Cash and Cash Equivalents	\$ 6,413	\$ 142	\$ 89,163	\$ 335,069
Receivables, Net				
Intergovernmental	0	0	0	61,478
Inventory	0	0	0	7,602
Total Assets	<u>6,413</u>	<u>142</u>	<u>89,163</u>	<u>404,149</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 6,413</u>	<u>\$ 142</u>	<u>\$ 89,163</u>	<u>\$ 404,149</u>
Liabilities				
Internal Balances	\$ 0	\$ 0	\$ 0	\$ 36,455
Salaries Payable and Related Liabilities	0	0	0	43,331
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>79,786</u>
Deferred Inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Nonspendable:				
Inventory	0	0	0	7,602
Restricted	6,413	142	89,163	316,761
Total Fund Balances	<u>6,413</u>	<u>142</u>	<u>89,163</u>	<u>324,363</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 6,413</u>	<u>\$ 142</u>	<u>\$ 89,163</u>	<u>\$ 404,149</u>

Melba Joint School District No. 136

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue				
	Driver's Education	Vocational Education	Title I-A Basic	Title I Migrant	Title VI-B
Revenues					
State	\$ 5,375	\$ 46,600	\$ 0	\$ 0	\$ 0
Charges for Services	11,094	0	0	0	0
Grants and Contributions	0	0	141,712	40,792	125,170
Earnings on Investments	0	0	0	0	0
Total Revenues	16,469	46,600	141,712	40,792	125,170
Expenditures					
Instruction:					
Salaries	7,131	10,740	48,703	15,326	19,358
Benefits	2,024	6,627	29,227	8,966	7,619
Services	1,002	12,359	37,790	129	84,293
Supplies	830	16,874	15,721	8,565	11,470
Total Instruction	10,987	46,600	131,441	32,986	122,740
Support Services:					
Salaries	0	0	7,620	7,320	0
Benefits	0	0	0	0	0
Services	0	0	0	0	0
Total Support Services	0	0	7,620	7,320	0
Food Service	0	0	0	0	0
Capital Outlay	18,350	0	0	0	0
Total Expenditures	29,337	46,600	139,061	40,306	122,740
Excess (Deficiency) of Revenues Over Expenditures	(12,868)	0	2,651	486	2,430
Other Financing Sources (Uses)					
Disposal of Assets	5,000	0	0	0	0
Transfers In	13,350	0	0	0	0
Transfers Out	0	0	(2,651)	(486)	(2,430)
Total Other Financing Sources (Uses)	18,350	0	(2,651)	(486)	(2,430)
Net Change in Fund Balances	5,482	0	0	0	0
Fund Balances - Beginning	9,174	0	0	0	0
Fund Balances - Ending	\$ 14,656	\$ 0	\$ 0	\$ 0	\$ 0

Melba Joint School District No. 136
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2018
(continued)

	Special Revenue					
	Title VI-B Preschool	Medicaid Services	Title IV-A	Title III Perkins	Title II-A	Food Service
Revenues						
State	\$ 0	\$ 68,380	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0	69,538
Grants and Contributions	6,156	0	7,894	19,774	34,252	235,454
Earnings on Investments	0	0	0	0	0	401
Total Revenues	6,156	68,380	7,894	19,774	34,252	305,393
Expenditures						
Instruction:						
Salaries	3,060	0	0	0	2,000	0
Benefits	2,474	0	0	0	577	0
Services	150	0	0	1,740	30,893	0
Supplies	352	0	7,894	11,671	282	0
Total Instruction	6,036	0	7,894	13,411	33,752	0
Support Services:						
Salaries	0	36,706	0	0	0	0
Benefits	0	16,381	0	0	0	0
Services	0	40,670	0	0	0	0
Total Support Services	0	93,757	0	0	0	0
Food Service	0	0	0	0	0	261,088
Capital Outlay	0	0	0	6,363	0	666
Total Expenditures	6,036	93,757	7,894	19,774	33,752	261,754
Excess (Deficiency) of Revenues Over Expenditures	120	(25,377)	0	0	500	43,639
Other Financing Sources (Uses)						
Disposal of Assets	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	(120)	0	0	0	(500)	0
Total Other Financing Sources (Uses)	(120)	0	0	0	(500)	0
Net Change in Fund Balances	0	(25,377)	0	0	0	43,639
Fund Balances - Beginning	0	126,978	0	0	0	68,749
Fund Balances - Ending	\$ 0	\$ 101,601	\$ 0	\$ 0	\$ 0	\$ 112,388

Melba Joint School District No. 136

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds

For the Year Ended June 30, 2018

(continued)

	Capital Projects			Total
	Plant Facilities	Building Maintenance	Bus Depreciation	
Revenues				
State	\$ 0	\$ 0	\$ 0	\$ 120,355
Charges for Services	0	0	0	80,632
Grants and Contributions	0	0	0	611,204
Earnings on Investments	4,737	0	0	5,138
Total Revenues	4,737	0	0	817,329
Expenditures				
Instruction:				
Salaries	0	0	0	106,318
Benefits	0	0	0	57,514
Services	0	0	0	168,356
Supplies	0	0	0	73,659
Total Instruction	0	0	0	405,847
Support Services:				
Salaries	0	0	0	51,646
Benefits	0	0	0	16,381
Services	0	0	0	40,670
Total Support Services	0	0	0	108,697
Food Service	0	0	0	261,088
Capital Outlay	678	0	186,278	212,335
Total Expenditures	678	0	186,278	987,967
Excess (Deficiency) of Revenues Over Expenditures	4,059	0	(186,278)	(170,638)
Other Financing Sources (Uses)				
Disposal of Assets	0	0	0	5,000
Transfers In	0	0	243,430	256,780
Transfers Out	0	0	0	(6,187)
Total Other Financing Sources (Uses)	0	0	243,430	255,593
Net Change in Fund Balances	4,059	0	57,152	84,955
Fund Balances - Beginning	2,354	142	32,011	239,408
Fund Balances - Ending	\$ 6,413	\$ 142	\$ 89,163	\$ 324,363

FEDERAL REPORT



Certified Public Accountants

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**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***

To the Board of Trustees
Melba Joint School District No. 136

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 **Melba Joint School District No. 136**, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 4, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’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 the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’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 the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bailey & Co.

Nampa, Idaho
October 4, 2018