

MELBA JOINT SCHOOL DISTRICT NO. 136

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2019

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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, 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 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 initially 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, 2019, 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, 2019, 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 September 10, 2019, 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
September 10, 2019

Melba Joint School District No. 136
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 2,398,445
Receivables, Net	
Property Taxes	309,712
Intergovernmental	383,688
Interest	4,247
Prepaid Items	24,226
Inventory	14,212
Capital Assets:	
Land	759,486
Buildings and Improvements, Net	14,199,737
Equipment and Vehicles, Net	749,840
Total Assets	18,843,593
Deferred Outflows	
Bond Interest Held in Escrow	10,592
Pension	679,845
Total Deferred Outflows	690,437
Liabilities	
Accounts Payable and Other Current Liabilities	8,572
Salaries and Benefits Payable	583,749
Accrued Interest	114,609
Long-Term Liabilities:	
Due Within One Year:	
Bonds Payable	290,000
Due in More Than One Year:	
Bonds Payable	8,740,908
Net Pension Liability	1,406,479
Total Liabilities	11,144,317
Deferred Inflows	
Pension	325,743
Net Position	
Net Investment in Capital Assets	6,688,747
Restricted for:	
Debt Service	557,105
Special Revenue	184,300
Unrestricted	633,818
Total Net Position	\$ 8,063,970

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, 2019

	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	\$ 4,020,688	\$ 6,068	\$ 453,171	\$ 0	\$ (3,561,449)
Support Services	2,291,255	0	15,836	0	(2,275,419)
Food Service	301,066	72,592	261,583	0	33,109
Interest	289,614	0	0	0	(289,614)
Total Governmental Activities	\$ 6,902,623	\$ 78,660	\$ 730,590	\$ 0	(6,093,373)
General Revenues:					
					859,693
					5,930,433
					74,336
					6,800
					3,300
					<u>6,874,562</u>
					781,189
					<u>7,282,781</u>
					<u>\$ 8,063,970</u>

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

Melba Joint School District No. 136

Balance Sheet -
Governmental Funds
June 30, 2019

	General	Debt Service	School-Based Medicaid	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 1,613,440	\$ 361,451	\$ 2,639	\$ 420,915	\$ 2,398,445
Receivables, Net:					
Property Taxes	94	309,618	0	0	309,712
Intergovernmental	195,805	0	0	187,883	383,688
Interest	3,141	645	0	461	4,247
Internal Balances	150,314	0	0	0	150,314
Prepaid Items	24,226	0	0	0	24,226
Inventory	0	0	0	14,212	14,212
Total Assets	<u>1,987,020</u>	<u>671,714</u>	<u>2,639</u>	<u>623,471</u>	<u>3,284,844</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 1,987,020</u>	<u>\$ 671,714</u>	<u>\$ 2,639</u>	<u>\$ 623,471</u>	<u>\$ 3,284,844</u>
Liabilities					
Accounts Payable	\$ 8,572	\$ 0	\$ 0	\$ 0	\$ 8,572
Internal Balances	0	0	0	150,314	150,314
Salaries and Benefits Payable	531,624	0	2,639	49,486	583,749
Total Liabilities	<u>540,196</u>	<u>0</u>	<u>2,639</u>	<u>199,800</u>	<u>742,635</u>
Deferred Inflows					
Unavailable Property Taxes	<u>94</u>	<u>38,098</u>	<u>0</u>	<u>0</u>	<u>38,192</u>
Fund Balances					
Nonspendable:					
Inventory	0	0	0	14,212	14,212
Prepaid Items	24,226	0	0	0	24,226
Restricted	0	633,616	0	184,300	817,916
Committed	0	0	0	215,043	215,043
Assigned	0	0	0	10,116	10,116
Unassigned	1,422,504	0	0	0	1,422,504
Total Fund Balances	<u>1,446,730</u>	<u>633,616</u>	<u>0</u>	<u>423,671</u>	<u>2,504,017</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,987,020</u>	<u>\$ 671,714</u>	<u>\$ 2,639</u>	<u>\$ 623,471</u>	<u>\$ 3,284,844</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, 2019

Total Fund Balances - Governmental Funds \$ 2,504,017

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 \$4,768,274 accumulated depreciation		14,199,737	
Equipment and Vehicles, Net of \$1,394,186 accumulated depreciation		749,840	
		15,709,063	15,709,063

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. 38,192

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		10,592	
Deferred outflows related to net pension liability		679,845	
Deferred inflows related to net pension liability		(325,743)	
		364,694	364,694

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 (114,609)

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		(1,406,479)	
Bonds Payable (Including Bond Premium)		(9,030,908)	
		(10,437,387)	(10,437,387)

Total Net Position - Governmental Activities \$ 8,063,970

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, 2019

	General	Debt Service	School-Based Medicaid	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 37	\$ 861,902	\$ 0	\$ 0	\$ 861,939
State	5,639,188	193,329	50,288	47,628	5,930,433
Charges for Services	0	0	0	78,660	78,660
Grants and Contributions	1,570	0	0	729,020	730,590
Earnings on Investments	61,125	4,277	0	8,934	74,336
Other	6,800	0	0	0	6,800
Total Revenues	5,708,720	1,059,508	50,288	864,242	7,682,758
Expenditures					
Current:					
Instruction	3,190,783	0	0	506,263	3,697,046
Support Services	2,086,429	0	70,699	15,836	2,172,964
Food Service	5,243	0	0	296,859	302,102
Debt Service:					
Principal	0	435,000	0	0	435,000
Interest	0	323,049	0	0	323,049
Capital Outlay	489,785	0	0	122,276	612,061
Total Expenditures	5,772,240	758,049	70,699	941,234	7,542,222
Excess (Deficiency) of Revenues Over Expenditures	(63,520)	301,459	(20,411)	(76,992)	140,536
Other Financing Sources (Uses)					
Disposal of Assets	3,300	0	0	0	3,300
Transfers In	101,743	0	20,411	278,044	400,198
Transfers Out	(298,454)	0	(101,601)	(143)	(400,198)
Total Other Financing Sources (Uses)	(193,411)	0	(81,190)	277,901	3,300
Net Change in Fund Balances	(256,931)	301,459	(101,601)	200,909	143,836
Fund Balances - Beginning	1,703,661	332,157	101,601	222,762	2,360,181
Fund Balances - Ending	\$ 1,446,730	\$ 633,616	\$ 0	\$ 423,671	\$ 2,504,017

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, 2019

Total Net Change in Fund Balance - Governmental Funds	\$	143,836
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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	\$	607,424	
Depreciation Expense		(539,914)	
Net			67,510

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.	(2,246)
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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	103,654	
Accrued Interest on Long-term Debt Changes	6,469	
		110,123

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	435,000	
		461,966

Change in Net Position of Governmental Activities	\$	<u><u>781,189</u></u>
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The accompanying notes are an integral
 part of the financial statements.

Melba Joint School District No. 136
Statement of Fiduciary Net Position
June 30, 2019

	Agency Funds	Private Purpose Trust Fund	Total
Assets			
Cash and Cash Equivalents	\$ 129,564	\$ 65,562	\$ 195,126
Interest Receivable	0	110	110
Total Assets	129,564	65,672	195,236
Deferred Outflows			
	0	0	0
Liabilities			
Due to Student Groups	129,564	0	129,564
Total Liabilities	129,564		129,564
Deferred Inflows			
	0	0	0
Net Position			
Restricted for Scholarships and Others	0	65,672	65,672
Total Net Position	\$ 0	\$ 65,672	\$ 65,672

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, 2019

	Private Purpose Trust Fund
Additions	
Contributions	\$ 10,324
Investment Income	1,312
Total Additions	11,636
Deductions	
Donations to Others	2,561
Total Deductions	2,561
Changes in Net Position	9,075
Net Position - Beginning	56,597
Net Position - Ending	\$ 65,672

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, 2019

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.
- *School-Based Medicaid fund.* This fund accounts for the activities related to the District’s Medicaid services.

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, 2019

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.
- *Committed.* Balances obligated to a specific purpose by a formal action of the Board of Trustees, the District's highest level of decision making authority. \$15,043 in the Health Services fund is committed for health services. \$200,000 in the Plant Facilities fund is committed for future plant facilities.
- *Assigned.* Balances the District intends to obligate, but has not been formally committed. The Board of Trustees has authorized the Business Manager to assign fund balance. \$10,116 in the Plant Facilities fund is assigned for future plant facilities.
- *Unassigned.* Balances available for any purpose.

The District's policy is to maintain a minimum unassigned fund balance in the General fund of approximately \$500,000. The minimum fund balance is to protect against cash shortfalls related to timing of projected revenue receipts and to maintain budget stabilization commitment.

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

to finance the program. When both restricted and unrestricted resources are available for use, it is the District'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.

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, 2019, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2019, 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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2019, the carrying amount of the District's deposits was \$596,745 and the respective bank balances totaled \$825,288. 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, 2019, 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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2019

2. CASH AND INVESTMENTS (continued)

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.

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, 2019 are as follows:

Investment	Amortized Cost	Investment Maturities (in Years)	
		Less Than 1	1-5
External Investment Pool	\$ 1,996,826	\$ 1,996,826	\$ 0

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

	Governmental	Fiduciary	Total
	Activities	Funds	
Cash and cash equivalents	\$ 453,773	\$ 142,972	\$ 596,745
Investments categorized as deposits	1,944,672	52,154	1,996,826
	\$ 2,398,445	\$ 195,126	\$ 2,593,571

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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2019

4. RECEIVABLE - INTERGOVERNMENTAL

Amounts due from other governments consists of \$195,805 from the State of Idaho for school support and \$187,883 of federal money passed through the State for federal programs for a total of \$383,688. These amounts are all considered collectible.

5. INTERFUND BALANCES AND ACTIVITY

Internal balances at June 30, 2019, consist of the following:

\$ 150,314 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, 2019, is as follows:

\$ 142	From General fund to the Building Maintenance fund to zero out the fund.
101,601	From General fund to the School-Based Medicaid fund per the SDE.
20,411	From General fund to the School-Based Medicaid fund for the Medicaid match.
15,000	From General fund to the Health Services fund to start the fund.
200,000	From General fund to the Plant Facility fund for future capital improvements.
1	From the Capital Projects fund to the Bus Depreciation fund to zero out the fund.
63,043	From the General fund to nonmajor capital project funds for bus depreciation.
<u>\$ 400,198</u>	

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, 2019, 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.

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, 2019

10. CAPITAL ASSETS

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

	Balance 7/1/2018	Additions	Disposals	Balance 6/30/2019
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 759,486	\$ 0	\$ 0	\$ 759,486
Capital Assets Being Depreciated:				
Buildings and Improvements	18,507,870	460,141	0	18,968,011
Equipment and Vehicles	1,996,743	147,283	0	2,144,026
Total Historical Cost	<u>20,504,613</u>	<u>607,424</u>	<u>0</u>	<u>21,112,037</u>
Less: Accumulated Depreciation				
Buildings and Improvements	4,339,642	428,632	0	4,768,274
Equipment and Vehicles	1,282,904	111,282	0	1,394,186
Total Acc. Depr.	<u>5,622,546</u>	<u>539,914</u>	<u>0</u>	<u>6,162,460</u>
Net Depreciable Assets	<u>14,882,067</u>	<u>67,510</u>	<u>0</u>	<u>14,949,577</u>
Governmental Activities Capital Assets - Net	<u>\$ 15,641,553</u>	<u>\$ 67,510</u>	<u>\$ 0</u>	<u>\$ 15,709,063</u>

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

Instruction	\$ 399,310
Support Services	140,604
	<u>\$ 539,914</u>

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
2020	<u>\$ 5,092</u>

Lease expense for the year ended June 30, 2019 totaled \$15,417.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2019

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, 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% for general employees and 11.66% for police and firefighters. The District's employer contributions were \$372,026 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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2019

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, 2018, the District's proportion was 0.0953534%.

For the year ended June 30, 2019, the District recognized pension expense of \$268,372. 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	\$ 154,391	\$ 106,223
Changes in assumptions or other inputs	91,519	0
Net difference between projected and actual earnings on pension plan investments	0	156,268
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	61,909	63,252
District contributions subsequent to the measurement date	372,026	0
Total	\$ 679,845	\$ 325,743

\$372,026 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, 2020.

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 4.8 and for the measurement period June 30, 2017 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,		
2020	\$	100,632
2021	\$	4,485
2022	\$	(106,947)
2023	\$	(16,096)

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, 2019

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	3.00%
Salary inflation	3.75%
Investment rate of return	7.05%, net of pension plan 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, 2013 through June 30, 2017, 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, 2013 through June 30, 2017. 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 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, 2018.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2019

12. PENSION PLAN (continued)

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			<u>7.05%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.05%, as well as what the District's proportionate share of the net pension liability

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2019

12. PENSION PLAN (continued)

would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05%) or 1-percentage-point higher (8.05%) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
District's proportionate share of the net pension liability (asset)	\$ 3,520,736	\$ 1,406,479	\$ (344,212)

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, the 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. \$289,614 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	7/1/2018	Increase	Decrease	6/30/2019	Current
Governmental Activities:							
2011 GOB	2021	3.0%-4.5%	\$ 675,000	\$ 0	\$(420,000)	\$ 255,000	\$ 255,000
2015 Series Bond	2034	3.0%-4.0%	8,190,000	0	(15,000)	8,175,000	35,000
			\$ 8,865,000	\$ 0	\$(435,000)	\$ 8,430,000	\$ 290,000
Unamortized Bond Premium			\$ 638,465	\$ 0	\$ (37,557)	\$ 600,908	\$ 0

Debt service requirements on long-term debt at June 30, 2019, are as follows:

Year Ending June 30,	Bonds and Notes		
	Principal	Interest	Total
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	510,000	249,750	759,750
2025 - 2029	2,810,000	980,025	3,790,025
2030 - 2034	3,395,000	405,088	3,800,088
2035	235,000	4,113	239,113
	\$ 8,430,000	\$ 2,778,226	\$ 11,208,226

The debt is backed by the District's ability to pay and the pledge of property taxes. Therefore, the building and none of the District's assets are held as collateral for the debt.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2019

13. LONG-TERM LIABILITIES (continued)

Due to general obligation bonds typically not going into default and the District's covenant to levy a tax sufficient to repay the bonds in the event funds are not available, use of other lawful resources of the District in the event of a default and remedies are not needed.

14. UNUSED CREDIT

The District office has eight credit cards and the high school has four credit cards. Total credit available at June 30, 2019 was \$40,000 and no balances were outstanding as of June 30, 2019.

15. SUBSEQUENT EVENTS

In August 2019, the District made a defeasance payment on their long-term debt in the amount of \$394,277.30.

REQUIRED SUPPLEMENTARY INFORMATION

Melba Joint School District No. 136
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 0	\$ 0	\$ 37	\$ 37
State	5,184,440	5,559,246	5,639,188	79,942
Grants and Contributions	0	1,570	1,570	0
Earnings on Investments	20,000	50,223	61,125	10,902
Other	3,600	4,587	6,800	2,213
Total Revenues	<u>5,208,040</u>	<u>5,615,626</u>	<u>5,708,720</u>	<u>93,094</u>
Expenditures				
Current:				
Instruction	3,097,236	3,258,044	3,190,783	67,261
Support Services	2,359,245	2,312,180	2,086,429	225,751
Non-Instruction	5,391	5,391	5,243	148
Capital Outlay	38,250	493,143	489,785	3,358
Total Expenditures	<u>5,500,122</u>	<u>6,068,758</u>	<u>5,772,240</u>	<u>296,518</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(292,082)</u>	<u>(453,132)</u>	<u>(63,520)</u>	<u>389,612</u>
Other Financing Sources (Uses)				
Disposal of Assets	0	0	3,300	3,300
Transfers In	50,000	110,813	101,743	(9,070)
Transfers Out	(47,681)	(298,043)	(298,454)	(411)
Total Other Financing Sources (Uses)	<u>2,319</u>	<u>(187,230)</u>	<u>(193,411)</u>	<u>(6,181)</u>
Net Change in Fund Balances	(289,763)	(640,362)	(256,931)	383,431
Fund Balances - Beginning	289,763	640,362	1,703,661	1,063,299
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,446,730</u>	<u>\$ 1,446,730</u>

Melba Joint School District No. 136
 Budgetary (GAAP Basis) Comparison Schedule
 School-Based Medicaid Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
State	\$ 60,000	\$ 60,000	\$ 50,288	\$ (9,712)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>50,288</u>	<u>(9,712)</u>
Expenditures				
Current:				
Support Services	109,387	80,000	70,699	9,301
Total Expenditures	<u>109,387</u>	<u>80,000</u>	<u>70,699</u>	<u>9,301</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(49,387)</u>	<u>(20,000)</u>	<u>(20,411)</u>	<u>(411)</u>
Other Financing Sources (Uses)				
Transfers In	0	20,000	20,411	411
Transfers Out	0	(101,601)	(101,601)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(81,601)</u>	<u>(81,190)</u>	<u>411</u>
Net Change in Fund Balances	(49,387)	(101,601)	(101,601)	0
Fund Balances - Beginning	49,387	101,601	101,601	0
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Melba Joint School District No. 136
 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	0.0953534%	0.0903432%	0.0929609%	0.0973470%	0.0994615%
Employer's proportionate share of the net pension liability	\$ 1,406,479	\$ 1,420,040	\$ 1,884,460	\$ 1,281,902	\$ 732,192
Employer's covered payroll	\$ 3,286,449	\$ 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	42.80%	46.29%	67.17%	46.98%	26.85%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	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, 2018.

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

	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 372,026	\$ 347,282	\$ 317,570	\$ 308,877	\$ 308,658
Contributions in relation to the statutorily required contribution	(372,026)	(347,282)	(317,570)	(308,877)	(308,658)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered payroll	\$ 3,286,449	\$ 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%	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, 2019.

Melba Joint School District No. 136
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

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, 2019

	Budget	Actual	Variance
Local Sources			
Property Taxes	\$ 0	\$ 37	\$ 37
Grants and Contributions	1,570	1,570	0
Earnings on Investments	50,223	61,125	10,902
Other	4,587	6,800	2,213
Total Local Sources	<u>56,380</u>	<u>69,532</u>	<u>13,152</u>
State Sources			
State Support	4,620,134	4,606,001	(14,133)
State Paid Benefits	549,060	548,325	(735)
Revenue In Lieu of Taxes	48,027	56,852	8,825
Other Support	342,025	428,010	85,985
Total State Sources	<u>5,559,246</u>	<u>5,639,188</u>	<u>79,942</u>
Total Revenues	<u>\$ 5,615,626</u>	<u>\$ 5,708,720</u>	<u>\$ 93,094</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, 2019

	Budget	Actual	Variance
Instruction			
Elementary:			
Salaries	\$ 934,889	\$ 926,522	\$ 8,367
Benefits	329,939	316,453	13,486
Services	3,570	2,185	1,385
Supplies	140,982	115,691	25,291
	<u>1,409,380</u>	<u>1,360,851</u>	<u>48,529</u>
Secondary:			
Salaries	1,083,853	1,080,014	3,839
Benefits	363,773	348,525	15,248
Services	21,536	20,548	988
Supplies	27,916	27,905	11
Capital Outlays	31,219	29,988	1,231
	<u>1,528,297</u>	<u>1,506,980</u>	<u>21,317</u>
Exceptional Child:			
Salaries	119,771	119,943	(172)
Benefits	50,005	48,042	1,963
	<u>169,776</u>	<u>167,985</u>	<u>1,791</u>
Preschool Exceptional Child:			
Salaries	7,480	7,480	0
Benefits	1,515	1,490	25
	<u>8,995</u>	<u>8,970</u>	<u>25</u>
Interscholastic:			
Salaries	122,000	125,894	(3,894)
Benefits	36,398	30,925	5,473
Services	9,088	13,837	(4,749)
Supplies	5,329	5,329	0
Capital Outlays	6,218	6,218	0
	<u>179,033</u>	<u>182,203</u>	<u>(3,170)</u>
Total Instruction	<u>3,295,481</u>	<u>3,226,989</u>	<u>68,492</u>
Support Services			
Attendance, Guidance, and Health:			
Salaries	69,426	69,426	0
Benefits	19,720	18,125	1,595
Services	3,673	3,134	539
Supplies	9,223	4,168	5,055
	<u>102,042</u>	<u>94,853</u>	<u>7,189</u>
Special Services:			
Salaries	3,769	3,769	0
Benefits	3,435	3,239	196
Services	1,400	0	1,400
	<u>8,604</u>	<u>7,008</u>	<u>1,596</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, 2019
(continued)

	Budget	Actual	Variance
Instruction Improvement:			
Salaries	14,655	12,146	2,509
Benefits	7,469	5,263	2,206
Services	1,529	1,529	0
	23,653	18,938	4,715
Educational Media:			
Salaries	22,674	22,386	288
Benefits	10,844	10,297	547
Services	804	747	57
Supplies	2,000	1,966	34
	36,322	35,396	926
Instruction-Related Tech:			
Salaries	88,578	87,791	787
Benefits	27,398	27,451	(53)
Services	54,831	50,110	4,721
Supplies	63,259	60,092	3,167
Capital Outlay	37,000	34,942	2,058
	271,066	260,386	10,680
Board of Education:			
Salaries	8,086	7,188	898
Benefits	1,656	1,059	597
Services	80,665	69,161	11,504
	90,407	77,408	12,999
District Administration:			
Salaries	126,047	125,622	425
Benefits	34,556	34,134	422
Services	7,050	4,115	2,935
Supplies	3,832	3,832	0
	171,485	167,703	3,782
School Administration:			
Salaries	222,672	219,383	3,289
Benefits	75,487	71,451	4,036
Services	475	381	94
	298,634	291,215	7,419
Business Operation:			
Salaries	72,572	72,566	6
Benefits	24,582	24,057	525
Services	4,654	3,929	725
Supplies	7,345	7,227	118
Capital Outlays	1,650	1,650	0
	110,803	109,429	1,374

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, 2019
(continued)

	Budget	Actual	Variance
Building Care:			
Salaries	75,167	79,057	(3,890)
Benefits	30,795	29,525	1,270
Services	333,108	236,672	96,436
Supplies	22,500	19,171	3,329
Capital Outlay	1,000	0	1,000
	<u>462,570</u>	<u>364,425</u>	<u>98,145</u>
Building Maintenance (Non-Student):			
Salaries	58,116	55,511	2,605
Benefits	22,566	20,907	1,659
Services	26,135	21,484	4,651
Supplies	85,942	74,779	11,163
Capital Outlays	23,138	23,138	0
	<u>215,897</u>	<u>195,819</u>	<u>20,078</u>
Building Maintenance (Student):			
Salaries	49,033	48,553	480
Benefits	19,659	17,523	2,136
Services	38,527	27,509	11,018
Supplies	45,000	35,973	9,027
Capital Outlay	199,340	199,340	0
	<u>351,559</u>	<u>328,898</u>	<u>22,661</u>
Maintenance - Grounds:			
Services	12,744	12,661	83
Supplies	25,000	29,072	(4,072)
	<u>37,744</u>	<u>41,733</u>	<u>(3,989)</u>
Safe Schools:			
Services	22,064	21,509	555
Supplies	4,380	3,888	492
	<u>26,444</u>	<u>25,397</u>	<u>1,047</u>
School Transportation:			
Salaries	122,417	126,136	(3,719)
Benefits	41,633	39,077	2,556
Services	21,100	10,760	10,340
Supplies	68,291	52,571	15,720
Capital Outlay	250	0	250
	<u>253,691</u>	<u>228,544</u>	<u>25,147</u>
Activity Transportation:			
Salaries	9,931	6,943	2,988
Benefits	2,058	636	1,422
Services	200	316	(116)
Supplies	15,100	4,483	10,617
Capital Outlay	19,904	23,204	(3,300)
	<u>47,193</u>	<u>35,582</u>	<u>11,611</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, 2019
 (continued)

	Budget	Actual	Variance
Other Support Services:			
Benefits	40,368	39,989	379
Services	45,980	45,980	0
	<u>86,348</u>	<u>85,969</u>	<u>379</u>
 Total Support Services	 <u>2,594,462</u>	 <u>2,368,703</u>	 <u>225,759</u>
 Non-Instruction			
Food Service	5,391	5,243	148
	<u>5,391</u>	<u>5,243</u>	<u>148</u>
 Capital Assets - Non-Student Occupied			
Capital Outlay	173,424	171,305	2,119
	<u>173,424</u>	<u>171,305</u>	<u>2,119</u>
 Total Expenditures	 <u><u>\$ 6,068,758</u></u>	 <u><u>\$ 5,772,240</u></u>	 <u><u>\$ 296,518</u></u>

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2019

	Special Revenue				
	Health Services	Driver's Education	Vocational Education	Title I-A Basic	Title I-C Migrant
Assets					
Cash and Cash Equivalents	\$ 15,011	\$ 11,806	\$ 3,081	\$ 0	\$ 0
Receivables, Net					
Intergovernmental	0	1,250	0	34,540	10,344
Interest	32	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	15,043	13,056	3,081	34,540	10,344
Deferred Outflows	0	0	0	0	0
Total Assets and Deferred Outflows	\$ 15,043	\$ 13,056	\$ 3,081	\$ 34,540	\$ 10,344
Liabilities					
Internal Balances	\$ 0	\$ 0	\$ 0	\$ 14,956	\$ 7,532
Salaries Payable and Related Liabilities	0	799	3,081	19,584	2,812
Total Liabilities	0	799	3,081	34,540	10,344
Deferred Inflows	0	0	0	0	0
Fund Balances					
Nonspendable:					
Inventory	0	0	0	0	0
Restricted	0	12,257	0	0	0
Committed	15,043	0	0	0	0
Assigned	0	0	0	0	0
Total Fund Balances	15,043	12,257	0	0	0
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 15,043	\$ 13,056	\$ 3,081	\$ 34,540	\$ 10,344

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2019
(continued)

	Special Revenue					
	IDEA Part B	IDEA Part B Preschool	Title IV-A	Title III Perkins	Title II-A	Food Service
Assets						
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,096
Receivables, Net						
Intergovernmental	111,577	2,100	0	20,370	7,702	0
Interest	0	0	0	0	0	66
Inventory	0	0	0	0	0	14,212
Total Assets	<u>111,577</u>	<u>2,100</u>	<u>0</u>	<u>20,370</u>	<u>7,702</u>	<u>139,374</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>\$ 111,577</u>	<u>\$ 2,100</u>	<u>\$ 0</u>	<u>\$ 20,370</u>	<u>\$ 7,702</u>	<u>\$ 139,374</u>
Liabilities						
Internal Balances	\$ 98,689	\$ 1,065	\$ 0	\$ 20,370	\$ 7,702	\$ 0
Salaries Payable and Related Liabilities	12,888	1,035	0	0	0	9,287
Total Liabilities	<u>111,577</u>	<u>2,100</u>	<u>0</u>	<u>20,370</u>	<u>7,702</u>	<u>9,287</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	14,212
Restricted	0	0	0	0	0	115,875
Committed	0	0	0	0	0	0
Assigned	0	0	0	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>130,087</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 111,577</u>	<u>\$ 2,100</u>	<u>\$ 0</u>	<u>\$ 20,370</u>	<u>\$ 7,702</u>	<u>\$ 139,374</u>

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2019
(continued)

	Capital Projects				Total
	Capital Improvements	Plant Facilities	Building Maintenance	Bus Depreciation	
Assets					
Cash and Cash Equivalents	\$ 0	\$ 209,753	\$ 0	\$ 56,168	\$ 420,915
Receivables, Net					
Intergovernmental	0	0	0	0	187,883
Interest	0	363	0	0	461
Inventory	0	0	0	0	14,212
Total Assets	<u>0</u>	<u>210,116</u>	<u>0</u>	<u>56,168</u>	<u>623,471</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 0</u>	<u>\$ 210,116</u>	<u>\$ 0</u>	<u>\$ 56,168</u>	<u>\$ 623,471</u>
Liabilities					
Internal Balances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,314
Salaries Payable and Related Liabilities	0	0	0	0	49,486
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>199,800</u>
Deferred Inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Nonspendable:					
Inventory	0	0	0	0	14,212
Restricted	0	0	0	56,168	184,300
Committed	0	200,000	0	0	215,043
Assigned	0	10,116	0	0	10,116
Total Fund Balances	<u>0</u>	<u>210,116</u>	<u>0</u>	<u>56,168</u>	<u>423,671</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 0</u>	<u>\$ 210,116</u>	<u>\$ 0</u>	<u>\$ 56,168</u>	<u>\$ 623,471</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, 2019

	Special Revenue				
	Health Services	Driver's Education	Vocational Education	Title I-A Basic	Title I-C Migrant
Revenues					
State	\$ 0	\$ 3,000	\$ 44,628	\$ 0	\$ 0
Charges for Services	0	6,068	0	0	0
Grants and Contributions	0	0	0	133,114	32,199
Earnings on Investments	43	0	0	0	0
Total Revenues	43	9,068	44,628	133,114	32,199
Expenditures					
Instruction:					
Salaries	0	7,505	13,840	76,500	10,075
Benefits	0	2,222	4,490	42,711	10,702
Services	0	1,033	11,907	3,648	1,815
Supplies	0	707	12,958	2,178	1,848
Total Instruction	0	11,467	43,195	125,037	24,440
Support Services:					
Salaries	0	0	0	8,077	7,759
Total Support Services	0	0	0	8,077	7,759
Food Service	0	0	0	0	0
Capital Outlay	0	0	1,433	0	0
Total Expenditures	0	11,467	44,628	133,114	32,199
Excess (Deficiency) of Revenues Over Expenditures	43	(2,399)	0	0	0
Other Financing Sources (Uses)					
Transfers In	15,000	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	15,000	0	0	0	0
Net Change in Fund Balances	15,043	(2,399)	0	0	0
Fund Balances - Beginning	0	14,656	0	0	0
Fund Balances - Ending	\$ 15,043	\$ 12,257	\$ 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, 2019
(continued)

	Special Revenue					
	IDEA Part B	IDEA Part B Preschool	Title IV-A	Title III Perkins	Title II-A	Food Service
Revenues						
State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0	72,592
Grants and Contributions	240,119	6,684	12,215	20,371	22,735	261,583
Earnings on Investments	0	0	0	0	0	786
Total Revenues	240,119	6,684	12,215	20,371	22,735	334,961
Expenditures						
Instruction:						
Salaries	61,329	3,475	0	969	4,000	0
Benefits	27,117	2,723	0	195	1,175	0
Services	147,227	150	0	1,320	16,911	0
Supplies	4,446	336	12,215	17,887	649	0
Total Instruction	240,119	6,684	12,215	20,371	22,735	0
Support Services:						
Salaries	0	0	0	0	0	0
Total Support Services	0	0	0	0	0	0
Food Service	0	0	0	0	0	296,859
Capital Outlay	0	0	0	0	0	20,403
Total Expenditures	240,119	6,684	12,215	20,371	22,735	317,262
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0	0	17,699
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balances	0	0	0	0	0	17,699
Fund Balances - Beginning	0	0	0	0	0	112,388
Fund Balances - Ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 130,087

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, 2019
(continued)

	Capital Projects				Total
	Capital Improvements	Plant Facilities	Building Maintenance	Bus Depreciation	
Revenues					
State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,628
Charges for Services	0	0	0	0	78,660
Grants and Contributions	0	0	0	0	729,020
Earnings on Investments	1	8,104	0	0	8,934
Total Revenues	1	8,104	0	0	864,242
Expenditures					
Instruction:					
Salaries	0	0	0	0	177,693
Benefits	0	0	0	0	91,335
Services	0	0	0	0	184,011
Supplies	0	0	0	0	53,224
Total Instruction	0	0	0	0	506,263
Support Services:					
Salaries	0	0	0	0	15,836
Total Support Services	0	0	0	0	15,836
Food Service	0	0	0	0	296,859
Capital Outlay	0	4,401	0	96,039	122,276
Total Expenditures	0	4,401	0	96,039	941,234
Excess (Deficiency) of Revenues Over Expenditures	1	3,703	0	(96,039)	(76,992)
Other Financing Sources (Uses)					
Transfers In	0	200,000	0	63,044	278,044
Transfers Out	(1)	0	(142)	0	(143)
Total Other Financing Sources (Uses)	(1)	200,000	(142)	63,044	277,901
Net Change in Fund Balances	0	203,703	(142)	(32,995)	200,909
Fund Balances - Beginning	0	6,413	142	89,163	222,762
Fund Balances - Ending	\$ 0	\$ 210,116	\$ 0	\$ 56,168	\$ 423,671

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, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated September 10, 2019.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and are described as follows:

2019-001: TIME AND EFFORT

Four employees who were required to, did not have time and effort records and allocations to the funds did not match the time and effort records overall. The business manager was not entirely clear that even employees allocated 100% to a federal program, should have an annual certification by a supervisor (food service). She also had some difficulty getting supervisors to enforce compliance. The allocation errors may have occurred due to not

changing percentage allocations at the appropriate times. Federal grants require employee's time and effort towards the applicable program be documented. This is to help ensure that the federal program is not reimbursing wages for time not worked in the applicable program. Our testing indicates that too much payroll was allocated to special ed programs by \$5,683 and too much payroll was allocated to Title I programs by \$1,955. The state (via the federal agency), could require repayment of these funds. We recommend that management enforce time and effort reporting under the allowable methods provided by the Idaho Department of Education for all employees whose pay is getting allocated to federal programs. We also recommend that at least annually, the business manager reconcile the time and effort records against the payroll allocations and reduce or increase (as needed) the June reimbursement request, in order to match the allocation presented in the time and effort records.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying management's response to findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
September 10, 2019



Melba School District #136

P.O. Box 185, 511 Broadway, Melba, ID 83641
Phone 208-495-1141 Fax 208-495-1142

MANAGEMENT'S RESPONSE TO FINDINGS

September 10, 2019

Melba School District No. 136, respectfully submits the following response to findings for the fiscal year ended June 30, 2019.

FINDINGS — COMPLIANCE

2018-001: TIME AND EFFORT

Recommendation: Management enforce time and effort reporting under the allowable methods provided by the Idaho Department of Education for all employees whose pay is getting allocated to federal programs. We also recommend that at least annually, the business manager reconcile the time and effort records against the payroll allocations and reduce or increase (as needed) the June reimbursement request, in order to match the allocation presented in the time and effort records.

ACTION TO BE TAKEN

Plan: Superintendent, Principals, Department Supervisors, Business Manager and Payroll Assistant will follow the time and effort policy as outlined Policy 7235 Financial Management. In addition and as written in the procedure 7235P the following will occur:

Time and Effort Procedures: Staff will follow the following procedures as written in 7235P.

Federal programs staff work in multiple programs and are paid from multiple federal awards. The initial budget for program personnel is determined according the relative percentage of the total of allocations of programs in which the staff member works. Each pay period, the staff member's salary and benefits are calculated and paid according to those initial budget percentages.

At the end of each quarter, the staff member will submit a certification of actual hours worked in each federal program during that quarter. The certification will be signed by the employee, the employee's supervisor and by the business manager or other District staff with after-the-fact knowledge of the employee's activities.

The business manager will reconcile the certification of actual work performed to budgeted amounts and will make corresponding journal entries that reflect actual hours worked in and allowable activities of each federal program.

If an employee works exclusively in a single federal program, that employee will, at least semi-annually complete Form 7235F1 Federal Funds Semi-Annual Certification Form. The form must be completed at least twice each year and signed by the employee and staff member with after-the-fact knowledge of the



Melba School District #136

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employee's activities. Form 7235F3 will be used for employees working a set scheduled in multiple federal programs. Federal programs staffs who work in multiple programs and are paid from multiple federal awards with no fixed schedule shall complete a Form 7235F2 Personnel Activity Report.

Responsible Parties: Superintendent, Principals, Department Supervisors (Food Service, Special Education), Business Manager and Payroll Assistant.

Expected Date of Completion: The following procedures will be implemented for the 2019 - 2020 Fiscal Year.

Sincerely,

Andrew Grover, Superintendent