

MELBA JOINT SCHOOL DISTRICT NO. 136

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2015, 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, 2015, 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.

Change in Accounting Principle

As described in Note 11 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

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 on pages 32 through 35 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 combining balance sheet – nonmajor governmental funds, the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, the supplemental schedules of revenues by source – budget and actual – General fund, and the supplemental schedule of expenditures by object of expenditure – budget and actual – General fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining balance sheet – nonmajor governmental funds, the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, and the schedule of expenditures of federal awards 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, the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental schedules 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 12, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bailey & Co.

Nampa, Idaho
October 12, 2015

Melba Joint School District No. 136
Statement of Net Position
June 30, 2015

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 11,650,923 |
| Receivables, Net | |
| Property Taxes | 233,387 |
| Intergovernmental | 226,370 |
| Inventory | 7,602 |
| Capital Assets: | |
| Land | 782,901 |
| Buildings and Improvements, Net | 5,279,285 |
| Equipment and Vehicles, Net | 341,780 |
| Total Assets | 18,522,248 |
| Deferred Outflows | 422,562 |
| Liabilities | |
| Accounts Payable and Other Current Liabilities | 54,194 |
| Salaries and Benefits Payable | 486,004 |
| Accrued Interest | 29,203 |
| Long-Term Liabilities: | |
| Due Within One Year: | |
| Bonds Payable | 405,000 |
| Compensated Absences | 6,199 |
| Due in More Than One Year: | |
| Bonds Payable | 10,355,000 |
| Net Pension Liability | 427,170 |
| Total Liabilities | 11,762,770 |
| Deferred Inflows | 1,759,086 |
| Net Position | |
| Net Investment in Capital Assets | 5,240,102 |
| Restricted for: | |
| Debt Service | 489,071 |
| Special Revenue | 488,127 |
| Unrestricted | (794,346) |
| Total Net Position | \$ 5,422,954 |

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, 2015

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position - Governmental Activities |
|--------------------------------------|--------------------------------------|--|--|-------------|--|
| Expenses | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| Instruction | \$ 2,690,128 | \$ 15,050 | \$ 383,579 | \$ 0 | \$ (2,291,499) |
| Support Services | 1,708,214 | 0 | 29,536 | 0 | (1,678,678) |
| Food Service | 230,185 | 75,066 | 172,010 | 0 | 16,891 |
| Interest | 96,844 | 0 | 0 | 0 | (96,844) |
| Debt Fees | 96,416 | 0 | 0 | 0 | (96,416) |
| Total Governmental Activities | \$ 4,821,787 | \$ 90,116 | \$ 585,125 | \$ 0 | (4,146,546) |
| General Revenues: | | | | | |
| | | | | | 630,626 |
| | | | | | 4,333,593 |
| | | | | | 13,924 |
| | | | | | 13,856 |
| | | | | | <u>5,010,800</u> |
| | | | | | 864,254 |
| | | | | | <u>4,558,700</u> |
| | | | | | <u>\$ 5,422,954</u> |

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

Melba Joint School District No. 136

Balance Sheet -
Governmental Funds
June 30, 2015

| | General | Debt Service | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------|---------------------|--------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 1,355,610 | \$ 293,163 | \$ 9,495,235 | \$ 506,915 | \$ 11,650,923 |
| Receivables, Net: | | | | | |
| Property Taxes | 12,168 | 221,219 | 0 | 0 | 233,387 |
| Intergovernmental | 132,313 | 0 | 0 | 94,057 | 226,370 |
| Internal Balances | 49,084 | 0 | 0 | 0 | 49,084 |
| Inventory | 0 | 0 | 0 | 7,602 | 7,602 |
| Total Assets | <u>1,549,175</u> | <u>514,382</u> | <u>9,495,235</u> | <u>608,574</u> | <u>12,167,366</u> |
| Deferred Outflows | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Assets and Deferred Outflows | <u>\$ 1,549,175</u> | <u>\$ 514,382</u> | <u>\$ 9,495,235</u> | <u>\$ 608,574</u> | <u>\$ 12,167,366</u> |
| Liabilities | | | | | |
| Accounts Payable | \$ 44,346 | \$ 0 | \$ 0 | \$ 9,848 | \$ 54,194 |
| Internal Balances | 0 | 0 | 0 | 49,084 | 49,084 |
| Salaries and Benefits Payable | 424,489 | 0 | 0 | 61,515 | 486,004 |
| Total Liabilities | <u>468,835</u> | <u>0</u> | <u>0</u> | <u>120,447</u> | <u>589,282</u> |
| Deferred Inflows | | | | | |
| Unavailable Property Taxes | <u>3,892</u> | <u>29,537</u> | <u>0</u> | <u>0</u> | <u>33,429</u> |
| Fund Balances | | | | | |
| Nonspendable: | | | | | |
| Inventory | 0 | 0 | 0 | 7,602 | 7,602 |
| Restricted | 0 | 484,845 | 9,495,235 | 480,525 | 10,460,605 |
| Unassigned | 1,076,448 | 0 | 0 | 0 | 1,076,448 |
| Total Fund Balances | <u>1,076,448</u> | <u>484,845</u> | <u>9,495,235</u> | <u>488,127</u> | <u>11,544,655</u> |
| Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ 1,549,175</u> | <u>\$ 514,382</u> | <u>\$ 9,495,235</u> | <u>\$ 608,574</u> | <u>\$ 12,167,366</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, 2015

Total Fund Balances - Governmental Funds \$ 11,544,655

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 | \$ 782,901 | |
| Buildings and Improvements, Net of \$3,818,788 accumulated depreciation | 5,279,285 | |
| Equipment and Vehicles, Net of \$1,215,333 accumulated depreciation | <u>341,780</u> | |
| Total Capital Assets | | 6,403,966 |

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. 33,429

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 | 52,956 | |
| Deferred outflows related to net pension liability | 369,606 | |
| Deferred inflows related to bond premiums | (751,136) | |
| Deferred inflows related to net pension liability | <u>(1,007,950)</u> | |
| | | (1,336,524) |

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 | (29,203) | |
| Compensated Absences | <u>(6,199)</u> | |
| | | (35,402) |

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 | (427,170) | |
| Bonds Payable | <u>(10,760,000)</u> | |
| Total Long-Term Liabilities | | <u>(11,187,170)</u> |

Total Net Position - Governmental Activities \$ 5,422,954

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, 2015

| | General | Debt Service | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------|---------------------|--------------------------------|--------------------------------|
| Revenues | | | | | |
| Property Taxes | \$ 23,787 | \$ 621,260 | \$ 0 | \$ 0 | \$ 645,047 |
| State | 4,206,784 | 0 | 0 | 126,809 | 4,333,593 |
| Charges for Services | 0 | 0 | 0 | 90,116 | 90,116 |
| Grants and Contributions | 29,536 | 0 | 0 | 555,589 | 585,125 |
| Earnings on Investments | 2,735 | 149 | 0 | 11,040 | 13,924 |
| Other | 13,856 | 0 | 0 | 0 | 13,856 |
| Total Revenues | 4,276,698 | 621,409 | 0 | 783,554 | 5,681,661 |
| Expenditures | | | | | |
| Current: | | | | | |
| Instruction | 2,441,770 | 0 | 0 | 415,644 | 2,857,414 |
| Support Services | 1,695,799 | 0 | 0 | 63,835 | 1,759,634 |
| Food Service | 4,256 | 0 | 0 | 235,156 | 239,412 |
| Debt Service: | | | | | |
| Principal | 6,516 | 370,000 | 0 | 0 | 376,516 |
| Interest | 283 | 90,826 | 0 | 0 | 91,109 |
| Debt Fees | 0 | 450 | 95,966 | 0 | 96,416 |
| Capital Outlay | 25,019 | 0 | 4,935 | 14,152 | 44,106 |
| Total Expenditures | 4,173,643 | 461,276 | 100,901 | 728,787 | 5,464,607 |
| Excess (Deficiency) of Revenues Over Expenditures | 103,055 | 160,133 | (100,901) | 54,767 | 217,054 |
| Other Financing Sources (Uses) | | | | | |
| Disposal of Assets | 9,988 | 0 | 0 | 8,813 | 18,801 |
| Transfers In | 3,710 | 0 | 0 | 26,159 | 29,869 |
| Transfers Out | (26,159) | 0 | 0 | (3,710) | (29,869) |
| Proceeds From Debt | 0 | 0 | 8,845,000 | 0 | 8,845,000 |
| Bond Premium | 0 | 0 | 751,136 | 0 | 751,136 |
| Total Other Financing Sources (Uses) | (12,461) | 0 | 9,596,136 | 31,262 | 9,614,937 |
| Net Change in Fund Balances | 90,594 | 160,133 | 9,495,235 | 86,029 | 9,831,991 |
| Fund Balances - Beginning | 985,854 | 324,712 | 0 | 402,098 | 1,712,664 |
| Fund Balances - Ending | \$ 1,076,448 | \$ 484,845 | \$ 9,495,235 | \$ 488,127 | \$ 11,544,655 |

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, 2015

Total Net Change in Fund Balance - Governmental Funds \$ 9,831,991

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 | \$ 42,833 | |
| Depreciation Expense | <u>(296,829)</u> | |
| Net | | (253,996) |

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. The change in those liabilities consist of:

| | | |
|------------------------------------|----------------|---------|
| Accrued Interest on Long-term Debt | 4,856 | |
| Compensated Absences | <u>(6,199)</u> | |
| | | (1,343) |

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. (14,421)

In accordance with GASB Statement No. 68, employer contributions to PERSI are considered deferred outflows in the Statement of Net Position. In addition, the District's proportionate amount of plan revenue or expense must be recorded in the Statement of Activities as a revenue or expense.

| | | |
|--------------------------------|----------------|---------|
| Pension Plan Revenue (Expense) | 223,576 | |
| Deferred Outflows | <u>308,658</u> | |
| | | 532,234 |

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.

| | | |
|-------------------------|----------------|-------------|
| Bond Proceeds | (8,845,000) | |
| Premium on Debt Issued | (751,136) | |
| Principal Payments Made | <u>376,516</u> | |
| | | (9,219,620) |

Bonds were partially defeased through a bond escrow account in the prior year. The interest portion created a deferred outflow in the Statement of Net Position. A portion of the deferral is amortized each year and increases interest expense in the Statement of Activities. (10,591)

Change in Net Position of Governmental Activities \$ 864,254

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

Melba Joint School District No. 136
Statement of Fiduciary Net Position
June 30, 2015

| | Agency Funds | Private - Purpose Trust Fund | Total |
|--|-----------------|------------------------------------|------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 93,492 | \$ 54,001 | \$ 147,493 |
| Total Assets | 93,492 | 54,001 | 147,493 |
| Deferred Outflows | | | |
| | 0 | 0 | 0 |
| Liabilities | | | |
| Due to Student Groups | \$ 93,492 | \$ 0 | \$ 93,492 |
| Accounts Payable | 0 | 500 | 500 |
| Total Liabilities | 93,492 | 500 | 93,992 |
| Deferred Inflows | | | |
| | 0 | 0 | 0 |
| Net Position | | | |
| Restricted for Scholarships and Others | 0 | 53,501 | 53,501 |
| Total Net Position | \$ 0 | \$ 53,501 | \$ 53,501 |

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, 2015

| | <u>Private - Purpose Trust Fund</u> |
|--------------------------|---|
| Additions | |
| Contributions | \$ 6,499 |
| Investment Income | 77 |
| Total Additions | <u>6,576</u> |
| Deductions | |
| Miscellaneous | 2,290 |
| Donations to Others | 1,500 |
| Total Deductions | <u>3,790</u> |
| Changes in Net Position | 2,786 |
| Net Position - Beginning | <u>50,715</u> |
| Net Position - Ending | <u><u>\$ 53,501</u></u> |

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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. Basis of Presentation, Basis of Accounting

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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.
- *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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 either not applicable or no formal policy has been established to be able to utilize such classifications of fund balance. 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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

C. 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, Owyhee, and Canyon 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, 2015, are considered by the District as a receivable.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes not collected within 60 days after June 30, 2015, are not considered available for use by the District and are recorded as a deferred inflow in the fund financial statements.

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:

| | <u>Capitalization Policy</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|----------------------------|----------------------------------|--------------------------------|----------------------------------|
| Buildings and Improvements | \$5,000 | Straight-Line | 15 – 40 Years |
| Equipment and Buses | \$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. However, for the year ended June 30, 2015 the Superintendent authorized non-certified employees to accrue their vacation.

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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. CASH AND INVESTMENTS

Deposits

As of June 30, 2015, the carrying amount of the District's deposits was \$696,538 and the respective bank balances totaled \$755,580. The total bank balance was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.

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, 2015, 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 or agent in the name of the District, 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.

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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

2. CASH AND INVESTMENTS (continued)

Investments

The District voluntarily 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 other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the District's investment in the pool is the same as the value of the pool shares.

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, 2015, are summarized below:

| Investment | Fair Value | <u>Investment Maturities (in Years)</u> | |
|--------------------------|---------------------|---|-------------|
| | | Less Than 1 | 1-5 |
| External Investment Pool | <u>\$11,101,878</u> | <u>\$11,101,878</u> | <u>\$ 0</u> |

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 | \$ 599,819 | \$ 96,719 | \$ 696,538 |
| Investments categorized as deposits | <u>11,051,104</u> | <u>50,774</u> | <u>11,101,878</u> |
| | <u>\$11,650,923</u> | <u>\$147,493</u> | <u>\$11,798,416</u> |

3. RECEIVABLE - INTERGOVERNMENTAL

Amounts due from other governments consists of \$132,313 from the State of Idaho for school support, \$10,856 from the State of Idaho for vocational education, and \$83,201 of federal money passed through the state for federal programs for a total of \$226,370. These amounts are all considered collectible.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

4. INTERFUND BALANCES AND ACTIVITY

Internal Balances at June 30, 2014, consist of the following:

\$ 49,084 Due to the General fund from nonmajor governmental funds representing cash overdrafts.

5. CAPITAL ASSETS

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

| | <u>Balance</u> <u>7/1/2014</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>6/30/2015</u> |
|---------------------------------------|-----------------------------------|---------------------|------------------|------------------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 782,901 | \$ 0 | \$ 0 | \$ 782,901 |
| Total | <u>782,901</u> | <u>0</u> | <u>0</u> | <u>782,901</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 9,066,795 | 31,278 | 0 | 9,098,073 |
| Equipment and Vehicles | <u>1,683,954</u> | <u>11,555</u> | <u>(138,396)</u> | <u>1,557,113</u> |
| Total Historical Cost | <u>10,750,749</u> | <u>42,833</u> | <u>(138,396)</u> | <u>10,655,186</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | 3,606,171 | 212,617 | 0 | 3,818,788 |
| Equipment and Vehicles | <u>1,269,517</u> | <u>84,212</u> | <u>(138,396)</u> | <u>1,215,333</u> |
| Total Acc. Depr. | <u>4,875,688</u> | <u>296,829</u> | <u>(138,396)</u> | <u>5,034,121</u> |
| Net Depreciable Assets | <u>5,875,061</u> | <u>(253,996)</u> | <u>0</u> | <u>5,621,065</u> |
| Governmental Activities | | | | |
| Capital Assets - Net | <u>\$ 6,657,962</u> | <u>\$ (253,996)</u> | <u>\$ 0</u> | <u>\$ 6,403,966</u> |

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

| | |
|------------------|-------------------|
| Instruction | \$ 212,617 |
| Support Services | <u>84,212</u> |
| | <u>\$ 296,829</u> |

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

6. 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.

7. TRANSFERS TO/FROM OTHER FUNDS

Transfer activity for the year ended June 30, 2015 was as follows:

| | |
|------------------|---|
| \$ 3,710 | From nonmajor funds to the General fund to cover expenditures. |
| <u>26,159</u> | From the General fund to nonmajor capital project funds for bus depreciation. |
| <u>\$ 29,869</u> | |

8. 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, 2015, 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.

9. 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.

10. COMPENSATED ABSENCES

Vacation leave is granted to all full-time administrative employees of the District. In the past, the District allowed some employees to carryover vacation. However, District policy is "use or lose." The District awards all vacation leave to employees on July 1st.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

10. COMPENSATED ABSENCES (continued)

Changes in compensated absences for the year ended June 30, 2015, are as follows:

| | 7/1/2014 | Earned | Used | 6/30/2015 | Current Portion |
|-------------------------|----------|-----------|------------|-----------|--------------------|
| Governmental Activities | \$ 0 | \$ 15,009 | \$ (8,810) | \$ 6,199 | \$ 6,199 |

11. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2015, the District adopted the following new accounting standard issued by the GASB: GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. With the implementation of GASB 68, employers are required to recognize a liability as employees earn their pension benefit in the government-wide statements for governmental funds. Adoption of this standard resulted in a decrease of beginning net position of \$1,597,748.

| | |
|---|--------------|
| Net Position as of June 30, 2014 - Previously | \$ 6,156,448 |
| Pro Forma Adjustment | (1,597,748) |
| Net Position as of June 30, 2014 - Restated | \$ 4,558,700 |

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 the 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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

12. PENSION PLAN (continued)

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 and are not members of the Base Plan except by reason of having served on the Board. Employee membership data related to the PERSI Base Plan, as of June 30, 2014, was as follows:

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

Pension Benefits

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

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide 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 Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

12. PENSION PLAN (continued)

The contribution rates for employees are set by statute at 60% (72%), of the employer rate. As of June 30, 2015, the required contribution rate as a percentage of covered payrolls for members was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's employer contributions were \$308,658 for the year ended June 30, 2015.

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

As of June 30, 2015, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. As of July 1, 2014, the District's proportion was .0994615%.

For the year ended June 30, 2015, the District recognized pension revenue of \$223,576. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 0 | \$ 90,890 |
| Changes in assumptions or other inputs | 60,948 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 917,060 |
| Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions | 0 | 0 |
| District contributions subsequent to the measurement date | <u>308,658</u> | <u>0</u> |
| Total | <u>\$ 369,606</u> | <u>\$ 1,007,950</u> |

\$308,658 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, 2016.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

12. PENSION PLAN (continued)

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013, the beginning of the measurement period ended June 30, 2014, is 5.6 years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

| Year Ended June 30, | |
|------------------------|--------------|
| 2016 | \$ (235,774) |
| 2017 | \$ (235,774) |
| 2018 | \$ (235,774) |
| 2019 | \$ (235,774) |
| 2020 | \$ (3,905) |

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 payrolls. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

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

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

12. PENSION PLAN (continued)

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

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

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

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of 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 System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

12. PENSION PLAN (continued)

| Asset Class | Index | Target Allocation | Long-Term Expected Real Rate of Return |
|--|------------------------------|-------------------|--|
| Core Fixed Income | Barclays Aggregate | 30.00% | 0.80% |
| Broad US Equities | Wilshire 5000 / Russell 3000 | 55.00% | 6.90% |
| Developed Foreign Equities | MSCI EAFE | 15.00% | 7.55% |
| Assumed Inflation - Mean | | | 3.25% |
| Assumed Inflation - Standard Deviation | | | 2.00% |
| Portfolio Arithmetic Mean Return | | | 8.42% |
| Portfolio Standard Deviation | | | 13.34% |
| Portfolio Long-Term Expected Rate of Return | | | 7.50% |
| Assumed Investment Expenses | | | 0.40% |
| Long-Term Expected Rate of Return, Net of Investment Expenses | | | <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 would be if it were calculated using a discount rate that is 1% lower (6.10%) or 1% higher (8.10%) than the current rate:

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

12. PENSION PLAN (continued)

| | 1% Decrease (6.10%) | Current Discount Rate (7.10%) | 1% Increase (8.10%) |
|--|------------------------|----------------------------------|------------------------|
| Employer's proportionate share of the net pension liability (asset) | \$ 2,542,690 | \$ 732,192 | \$ (772,859) |

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

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.

The District also leases certain equipment under long-term lease agreements. Certain leases have been recorded as capital leases. The capital leases consist of:

| | |
|---|-----------|
| Equipment | \$ 27,368 |
| Less: accumulated depreciation (included as depreciation on the accompanying financial statements) | (27,368) |
| | \$ 0 |

Long-term debt activity for the year was as follows:

| | Maturity | Interest | 7/1/2014 | Increase | Decrease | 6/30/2015 | Current |
|--------------------------|----------|------------|--------------|--------------|-------------|---------------|------------|
| Governmental Activities: | | | | | | | |
| 2011 GOB | 2021 | 3.0%-4.50% | \$ 2,285,000 | \$ 0 | \$(370,000) | \$ 1,915,000 | \$ 405,000 |
| 2015 Series Bond | 2034 | 3.0%-4.0% | 0 | 8,845,000 | 0 | 8,845,000 | 0 |
| Copier Lease | 2015 | 14.75% | 6,516 | 0 | (6,516) | 0 | 0 |
| | | | \$ 2,291,516 | \$ 8,845,000 | \$(376,516) | \$ 10,760,000 | \$ 405,000 |
| Unamortized Bond Premium | | | \$ 0 | \$ 751,136 | \$ 0 | \$ 751,136 | \$ 0 |

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2015

13. LONG-TERM LIABILITIES (continued)

Debt service requirements on long-term debt at June 30, 2015, are as follows:

| Year Ending June 30, | Bonds and Notes | | |
|-------------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2016 | \$ 405,000 | \$ 298,808 | \$ 703,808 |
| 2017 | 545,000 | 378,550 | 923,550 |
| 2018 | 435,000 | 360,000 | 795,000 |
| 2019 | 455,000 | 341,025 | 796,025 |
| 2020 - 2024 | 2,480,000 | 1,480,875 | 3,960,875 |
| 2025 - 2029 | 2,910,000 | 1,071,900 | 3,981,900 |
| 2030 - 2034 | 3,530,000 | 480,262 | 4,010,262 |
| | <u>\$ 10,760,000</u> | <u>\$ 4,411,420</u> | <u>\$ 15,171,420</u> |

14. 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. Future minimum payments are as follows:

| Year Ending June 30, | Amount |
|-------------------------|------------------|
| 2016 | \$ 8,729 |
| 2017 | 8,729 |
| 2018 | 8,729 |
| 2019 | 8,729 |
| 2020 | 8,729 |
| | <u>\$ 43,645</u> |

Lease expense for the year ended June 30, 2015 totaled \$13,762.

REQUIRED SUPPLEMENTARY INFORMATION

Melba Joint School District No. 136
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|---------------------|---------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 13,856 | \$ 13,856 | \$ 23,787 | \$ 9,931 |
| State | 4,035,056 | 4,178,107 | 4,206,784 | 28,677 |
| Grants and Contributions | 0 | 10,737 | 29,536 | 18,799 |
| Earnings on Investments | 4,000 | 4,000 | 2,735 | (1,265) |
| Other | 3,600 | 12,918 | 13,856 | 938 |
| Total Revenues | <u>4,056,512</u> | <u>4,219,618</u> | <u>4,276,698</u> | <u>57,080</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 2,594,203 | 2,535,196 | 2,441,770 | 93,426 |
| Support Services | 1,759,438 | 1,861,542 | 1,695,799 | 165,743 |
| Non-Instruction | 4,473 | 4,473 | 4,256 | 217 |
| Debt Service: | | | | |
| Principal | 0 | 0 | 6,516 | (6,516) |
| Interest | 0 | 0 | 283 | (283) |
| Capital Outlay | 500 | 11,709 | 25,019 | (13,310) |
| Total Expenditures | <u>4,358,614</u> | <u>4,412,920</u> | <u>4,173,643</u> | <u>239,277</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(302,102)</u> | <u>(193,302)</u> | <u>103,055</u> | <u>296,357</u> |
| Other Financing Sources (Uses) | | | | |
| Disposal of Assets | 0 | 9,988 | 9,988 | 0 |
| Transfers In | 50,000 | 50,000 | 3,710 | (46,290) |
| Transfers Out | (64,773) | (50,000) | (26,159) | 23,841 |
| Total Other Financing Sources (Uses) | <u>(14,773)</u> | <u>9,988</u> | <u>(12,461)</u> | <u>(22,449)</u> |
| Net Change in Fund Balances | (316,875) | (183,314) | 90,594 | 273,908 |
| Fund Balances - Beginning | 321,259 | 183,314 | 985,854 | 802,540 |
| Fund Balances - Ending | <u>\$ 4,384</u> | <u>\$ 0</u> | <u>\$ 1,076,448</u> | <u>\$ 1,076,448</u> |

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

| | 2015 |
|--|--------------|
| Employer's portion of the net pension liability | 0.094615% |
| Employer's proportionate share of the net pension liability | \$ 732,192 |
| Employer's covered-employee payroll | \$ 2,737,207 |
| Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll | 26.75% |
| Plan fiduciary net position as a percentage of the total pension liability | 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 July 1, 2014.

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

| | 2015 |
|--|------------|
| Statutorily required contribution | \$ 323,291 |
| Contributions in relation to the statutorily required contribution | (309,312) |
| Contribution (deficiency) excess | 13,979 |
| Employers covered-employee payroll | 2,737,207 |
| Contributions as a percentage of covered-employee payroll | 11.30% |

* 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, 2015.

Melba School District No. 136
Notes to Required Supplementary Information
For the Year Ended June 30, 2015

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, 2015

| | Budget | Actual | Variance |
|--------------------------|----------------------------|----------------------------|-------------------------|
| Local Sources | | | |
| Property Taxes | \$ 13,856 | \$ 23,787 | \$ 9,931 |
| Earnings on Investments | 4,000 | 2,735 | (1,265) |
| Grants and Contributions | 10,737 | 29,536 | 18,799 |
| Other | 12,918 | 13,856 | 938 |
| Total Local Sources | <u>41,511</u> | <u>69,914</u> | <u>28,403</u> |
| State Sources | | | |
| State Support | 3,491,372 | 3,489,210 | (2,162) |
| State Paid Benefits | 421,642 | 422,203 | 561 |
| Revenue In Lieu of Taxes | 41,714 | 41,887 | 173 |
| Other Support | 223,379 | 253,484 | 30,105 |
| Total State Sources | <u>4,178,107</u> | <u>4,206,784</u> | <u>28,677</u> |
| Total Revenues | <u><u>\$ 4,219,618</u></u> | <u><u>\$ 4,276,698</u></u> | <u><u>\$ 57,080</u></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, 2015

| Instruction | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------|------------------|------------------|-----------------|
| Elementary: | | | |
| Salaries | \$ 687,876 | \$ 655,039 | \$ 32,837 |
| Benefits | 214,199 | 205,395 | 8,804 |
| Services | 6,211 | 4,722 | 1,489 |
| Supplies | 19,948 | 18,168 | 1,780 |
| | <u>928,234</u> | <u>883,324</u> | <u>44,910</u> |
| Secondary: | | | |
| Salaries | 927,264 | 918,181 | 9,083 |
| Benefits | 300,592 | 292,968 | 7,624 |
| Services | 46,977 | 38,487 | 8,490 |
| Supplies | 15,680 | 16,077 | (397) |
| | <u>1,290,513</u> | <u>1,265,713</u> | <u>24,800</u> |
| Exceptional Child: | | | |
| Salaries | 94,939 | 94,748 | 191 |
| Benefits | 37,094 | 36,113 | 981 |
| | <u>132,033</u> | <u>130,861</u> | <u>1,172</u> |
| Preschool Exceptional Child: | | | |
| Salaries | 6,364 | 6,252 | 112 |
| Benefits | 3,699 | 3,633 | 66 |
| | <u>10,063</u> | <u>9,885</u> | <u>178</u> |
| Interscholastic: | | | |
| Salaries | 130,402 | 117,514 | 12,888 |
| Benefits | 36,047 | 29,444 | 6,603 |
| Services | 4,904 | 2,029 | 2,875 |
| Supplies | 3,000 | 3,000 | 0 |
| | <u>174,353</u> | <u>151,987</u> | <u>22,366</u> |
| Total Instruction | <u>2,535,196</u> | <u>2,441,770</u> | <u>93,426</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, 2015
(continued)

| | Budget | Actual | Variance |
|-----------------------------------|----------------|----------------|----------------|
| Support Services | | | |
| Attendance, Guidance, and Health: | | | |
| Salaries | 73,086 | 73,076 | 10 |
| Benefits | 19,342 | 19,195 | 147 |
| Supplies | 150 | 15 | 135 |
| | <u>92,578</u> | <u>92,286</u> | <u>292</u> |
| Special Services: | | | |
| Salaries | 3,257 | 3,229 | 28 |
| Benefits | 2,377 | 2,338 | 39 |
| Services | 72,323 | 73,529 | (1,206) |
| | <u>77,957</u> | <u>79,096</u> | <u>(1,139)</u> |
| Instruction Improvement: | | | |
| Salaries | 15,269 | 13,366 | 1,903 |
| Benefits | 7,765 | 6,992 | 773 |
| Services | 6,649 | 3,741 | 2,908 |
| | <u>29,683</u> | <u>24,099</u> | <u>5,584</u> |
| Educational Media: | | | |
| Salaries | 17,641 | 16,147 | 1,494 |
| Benefits | 3,551 | 3,234 | 317 |
| Services | 827 | 11 | 816 |
| Supplies | 2,000 | 1,872 | 128 |
| | <u>24,019</u> | <u>21,264</u> | <u>2,755</u> |
| Instruction-Related Tech: | | | |
| Salaries | 70,344 | 69,835 | 509 |
| Benefits | 23,136 | 23,541 | (405) |
| Services | 50,063 | 45,661 | 4,402 |
| Supplies | 32,940 | 24,541 | 8,399 |
| Capital Outlays | 1,118 | 14,428 | (13,310) |
| | <u>177,601</u> | <u>178,006</u> | <u>(405)</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, 2015
(continued)

| | Budget | Actual | Variance |
|-------------------------------------|----------------|----------------|---------------|
| Board of Education: | | | |
| Salaries | 1,750 | 1,187 | 563 |
| Benefits | 723 | 564 | 159 |
| Services | 42,246 | 32,119 | 10,127 |
| | <u>44,719</u> | <u>33,870</u> | <u>10,849</u> |
| District Administration: | | | |
| Salaries | 100,545 | 99,153 | 1,392 |
| Benefits | 27,098 | 26,688 | 410 |
| Services | 7,092 | 4,857 | 2,235 |
| Supplies | 3,567 | 2,594 | 973 |
| | <u>138,302</u> | <u>133,292</u> | <u>5,010</u> |
| School Administration: | | | |
| Salaries | 179,803 | 179,014 | 789 |
| Benefits | 53,224 | 52,548 | 676 |
| Services | 430 | 233 | 197 |
| | <u>233,457</u> | <u>231,795</u> | <u>1,662</u> |
| Business Operation: | | | |
| Salaries | 63,715 | 63,715 | 0 |
| Benefits | 22,723 | 22,355 | 368 |
| Services | 4,200 | 2,228 | 1,972 |
| Supplies | 11,821 | 7,644 | 4,177 |
| | <u>102,459</u> | <u>95,942</u> | <u>6,517</u> |
| Building Care: | | | |
| Salaries | 52,307 | 48,657 | 3,650 |
| Benefits | 17,304 | 15,559 | 1,745 |
| Services | 261,842 | 220,482 | 41,360 |
| Supplies | 19,315 | 16,703 | 2,612 |
| | <u>350,768</u> | <u>301,401</u> | <u>49,367</u> |
| Building Maintenance (Non-Student): | | | |
| Salaries | 44,550 | 41,915 | 2,635 |
| Benefits | 13,910 | 13,342 | 568 |
| Services | 1,500 | 1,372 | 128 |
| Supplies | 8,000 | 5,766 | 2,234 |
| Capital Outlays | 10,591 | 10,591 | 0 |
| | <u>78,551</u> | <u>72,986</u> | <u>5,565</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, 2015
 (continued)

| | Budget | Actual | Variance |
|---------------------------------|------------------|------------------|----------------|
| Building Maintenance (Student): | | | |
| Salaries | 35,545 | 34,545 | 1,000 |
| Benefits | 9,735 | 9,051 | 684 |
| Services | 16,759 | 16,419 | 340 |
| Supplies | 69,748 | 60,359 | 9,389 |
| | <u>131,787</u> | <u>120,374</u> | <u>11,413</u> |
| Maintenance - Grounds: | | | |
| Services | 4,000 | 3,104 | 896 |
| Supplies | 19,872 | 19,614 | 258 |
| | <u>23,872</u> | <u>22,718</u> | <u>1,154</u> |
| Safe Schools: | | | |
| Services | 3,446 | 1,454 | 1,992 |
| Supplies | 3,447 | 3,447 | 0 |
| | <u>6,893</u> | <u>4,901</u> | <u>1,992</u> |
| School Transportation: | | | |
| Salaries | 111,945 | 110,403 | 1,542 |
| Benefits | 39,336 | 34,213 | 5,123 |
| Services | 24,530 | 23,290 | 1,240 |
| Supplies | 91,287 | 68,602 | 22,685 |
| | <u>267,098</u> | <u>236,508</u> | <u>30,590</u> |
| Activity Transportation: | | | |
| Salaries | 9,088 | 5,472 | 3,616 |
| Benefits | 2,055 | 775 | 1,280 |
| Services | 300 | 112 | 188 |
| Supplies | 11,112 | 7,754 | 3,358 |
| | <u>22,555</u> | <u>14,113</u> | <u>8,442</u> |
| Other Support Services: | | | |
| Benefits | 30,000 | 17,215 | 12,785 |
| Services | 40,952 | 40,952 | 0 |
| | <u>70,952</u> | <u>58,167</u> | <u>12,785</u> |
| Total Support Services | <u>1,873,251</u> | <u>1,720,818</u> | <u>152,433</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, 2015
 (continued)

| | Budget | Actual | Variance |
|-------------------------|------------------|------------------|----------------|
| Non- Instruction | | | |
| Food Service | 4,473 | 4,256 | 217 |
| Debt Service | | | |
| Principal | 0 | 6,516 | (6,516) |
| Interest | 0 | 283 | (283) |
| | 0 | 6,799 | (6,799) |
| Total Expenditures | \$ 4,412,920 | \$ 4,173,643 | \$ 239,277 |

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2015

| | Special Revenue | | | | | |
|---|-------------------|-----------------------|-------------------------|---------------------|--------------------|--------------------|
| | Local Projects | Driver's Education | Vocational Education | State Technology | Title I-A Basic | Title I Migrant |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 136,314 | \$ 7,991 | \$ 0 | \$ 2,139 | \$ 0 | \$ 0 |
| Receivables, Net | | | | | | |
| Intergovernmental | 0 | 0 | 10,856 | 0 | 47,632 | 695 |
| Inventory | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Assets | 136,314 | 7,991 | 10,856 | 2,139 | 47,632 | 695 |
| Deferred Outflows | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Assets and Deferred Outflows | \$ 136,314 | \$ 7,991 | \$ 10,856 | \$ 2,139 | \$ 47,632 | \$ 695 |
| Liabilities | | | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 3,963 | \$ 0 | \$ 2,456 | \$ 0 |
| Internal Balances | 0 | 0 | 3,726 | 0 | 18,390 | 321 |
| Salaries Payable and Related Liabilities | 0 | 1,184 | 2,518 | 0 | 26,786 | 374 |
| Total Liabilities | 0 | 1,184 | 10,207 | 0 | 47,632 | 695 |
| Deferred Inflows | 0 | 0 | 0 | 0 | 0 | 0 |
| Fund Balances | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted | 136,314 | 6,807 | 649 | 2,139 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fund Balances | 136,314 | 6,807 | 649 | 2,139 | 0 | 0 |
| Total Liabilities, Deferred Inflows, and Fund Balances | \$ 136,314 | \$ 7,991 | \$ 10,856 | \$ 2,139 | \$ 47,632 | \$ 695 |

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2015
(continued)

| | Special Revenue | | | | | |
|---|--------------------------|-------------------------|-------------------------|----------------------|---------------|-------------------|
| | Title VI-B Title VI-B | Title VI-B Preschool | Rural and Low Income | Title III Perkins | Title II-A | Food Service |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 15,713 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 144,107 |
| Receivables, Net | | | | | | |
| Intergovernmental | 2,675 | 1,688 | 9,578 | 20,397 | 536 | 0 |
| Inventory | 0 | 0 | 0 | 0 | 0 | 7,602 |
| Total Assets | 18,388 | 1,688 | 9,578 | 20,397 | 536 | 151,709 |
| Deferred Outflows | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Assets and Deferred Outflows | \$ 18,388 | \$ 1,688 | \$ 9,578 | \$ 20,397 | \$ 536 | \$ 151,709 |
| Liabilities | | | | | | |
| Accounts Payable | \$ 63 | \$ 0 | \$ 2,364 | \$ 652 | \$ 0 | \$ 0 |
| Internal Balances | 0 | 612 | 5,889 | 19,610 | 536 | 0 |
| Salaries Payable and Related Liabilities | 18,325 | 1,076 | 1,325 | 0 | 0 | 9,927 |
| Total Liabilities | 18,388 | 1,688 | 9,578 | 20,262 | 536 | 9,927 |
| Deferred Inflows | 0 | 0 | 0 | 0 | 0 | 0 |
| Fund Balances | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | 0 | 0 | 0 | 0 | 0 | 7,602 |
| Restricted | 0 | 0 | 0 | 135 | 0 | 134,180 |
| Unassigned | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fund Balances | 0 | 0 | 0 | 135 | 0 | 141,782 |
| Total Liabilities, Deferred Inflows, and Fund Balances | \$ 18,388 | \$ 1,688 | \$ 9,578 | \$ 20,397 | \$ 536 | \$ 151,709 |

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2015
(continued)

| | Capital Projects | | | Total |
|---|---------------------|-------------------------|---------------------|-------------------|
| | Plant Facilities | Building Maintenance | Bus Depreciation | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 21,638 | \$ 112,733 | 66,280 | \$ 506,915 |
| Receivables, Net | | | | |
| Intergovernmental | 0 | 0 | 0 | 94,057 |
| Inventory | 0 | 0 | 0 | 7,602 |
| Total Assets | <u>21,638</u> | <u>112,733</u> | <u>66,280</u> | <u>608,574</u> |
| Deferred Outflows | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Assets and Deferred Outflows | <u>\$ 21,638</u> | <u>\$ 112,733</u> | <u>\$ 66,280</u> | <u>\$ 608,574</u> |
| Liabilities | | | | |
| Accounts Payable | \$ 350 | \$ 0 | \$ 0 | \$ 9,848 |
| Internal Balances | 0 | 0 | 0 | 49,084 |
| Salaries Payable and Related Liabilities | 0 | 0 | 0 | 61,515 |
| Total Liabilities | <u>350</u> | <u>0</u> | <u>0</u> | <u>120,447</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 | 21,288 | 112,733 | 66,280 | 480,525 |
| Unassigned | 0 | 0 | 0 | 0 |
| Total Fund Balances | <u>21,288</u> | <u>112,733</u> | <u>66,280</u> | <u>488,127</u> |
| Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ 21,638</u> | <u>\$ 112,733</u> | <u>\$ 66,280</u> | <u>\$ 608,574</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, 2015

| | Special Revenue | | | | | |
|--|-------------------|-----------------------|-------------------------|---------------------|--------------------|--------------------|
| | Local Projects | Driver's Education | Vocational Education | State Technology | Titla I-A Basic | Title I Migrant |
| Revenues | | | | | | |
| State | \$ 83,372 | \$ 7,250 | \$ 36,187 | \$ 0 | \$ 0 | \$ 0 |
| Charges for Services | 0 | 15,050 | 0 | 0 | 0 | 0 |
| Grants and Contributions | 0 | 0 | 0 | 0 | 181,008 | 11,453 |
| Earnings on Investments | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 83,372 | 22,300 | 36,187 | 0 | 181,008 | 11,453 |
| Expenditures | | | | | | |
| Instruction: | | | | | | |
| Salaries | 0 | 14,028 | 11,482 | 0 | 111,687 | 7,871 |
| Benefits | 0 | 2,895 | 4,845 | 0 | 45,146 | 3,176 |
| Services | 0 | 634 | 9,741 | 0 | 10,899 | 198 |
| Supplies | 0 | 1,874 | 8,933 | 0 | 4,509 | 74 |
| Total Instruction | 0 | 19,431 | 35,001 | 0 | 172,241 | 11,319 |
| Support Services: | | | | | | |
| Salaries | 0 | 0 | 0 | 0 | 6,979 | 0 |
| Benefits | 0 | 0 | 0 | 0 | 0 | 0 |
| Services | 56,856 | 0 | 0 | 0 | 0 | 0 |
| Supplies | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Support Services | 56,856 | 0 | 0 | 0 | 6,979 | 0 |
| Food Service | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 764 | 0 | 0 | 0 |
| Total Expenditures | 56,856 | 19,431 | 35,765 | 0 | 179,220 | 11,319 |
| Excess (Deficiency) of Revenues Over Expenditures | 26,516 | 2,869 | 422 | 0 | 1,788 | 134 |
| Other Financing Sources (Uses) | | | | | | |
| Disposal of Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 | (1,788) | (134) |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | (1,788) | (134) |
| Net Change in Fund Balances | 26,516 | 2,869 | 422 | 0 | 0 | 0 |
| Fund Balances - Beginning | 109,798 | 3,938 | 227 | 2,139 | 0 | 0 |
| Fund Balances - Ending | \$ 136,314 | \$ 6,807 | \$ 649 | \$ 2,139 | \$ 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, 2015
 (continued)

| | Special Revenue | | | | | |
|--|-----------------|-------------------------|-------------------------|----------------------|---------------|-------------------|
| | Title VI-B | Title VI-B Preschool | Rural and Low Income | Title III Perkins | Title II-A | Food Service |
| Revenues | | | | | | |
| State | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 | 75,066 |
| Grants and Contributions | 127,381 | 7,455 | 19,683 | 20,398 | 16,201 | 172,010 |
| Earnings on Investments | 0 | 0 | 0 | 0 | 0 | 81 |
| Total Revenues | 127,381 | 7,455 | 19,683 | 20,398 | 16,201 | 247,157 |
| Expenditures | | | | | | |
| Instruction: | | | | | | |
| Salaries | 76,104 | 3,755 | 4,560 | 8,720 | 0 | 0 |
| Benefits | 29,016 | 2,724 | 2,760 | 0 | 0 | 0 |
| Services | 17,814 | 726 | 10,311 | 0 | 15,914 | 0 |
| Supplies | 2,954 | 175 | 2,022 | 0 | 97 | 0 |
| Total Instruction | 125,888 | 7,380 | 19,653 | 8,720 | 16,011 | 0 |
| Support Services: | | | | | | |
| Salaries | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefits | 0 | 0 | 0 | 0 | 0 | 0 |
| Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplies | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Support Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Food Service | 0 | 0 | 0 | 0 | 0 | 235,156 |
| Capital Outlay | 0 | 0 | 0 | 11,543 | 0 | 1,323 |
| Total Expenditures | 125,888 | 7,380 | 19,653 | 20,263 | 16,011 | 236,479 |
| Excess (Deficiency) of Revenues Over Expenditures | 1,493 | 75 | 30 | 135 | 190 | 10,678 |
| Other Financing Sources (Uses) | | | | | | |
| Disposal of Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | (1,493) | (75) | (30) | 0 | (190) | 0 |
| Total Other Financing Sources (Uses) | (1,493) | (75) | (30) | 0 | (190) | 0 |
| Net Change in Fund Balances | 0 | 0 | 0 | 135 | 0 | 10,678 |
| Fund Balances - Beginning | 0 | 0 | 0 | 0 | 0 | 131,104 |
| Fund Balances - Ending | \$ 0 | \$ 0 | \$ 0 | \$ 135 | \$ 0 | \$ 141,782 |

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, 2015

(continued)

| | Capital Projects | | | Total |
|--|---------------------|-------------------------|---------------------|-------------------|
| | Plant Facilities | Building Maintenance | Bus Depreciation | |
| Revenues | | | | |
| State | \$ 0 | \$ 0 | \$ 0 | \$ 126,809 |
| Charges for Services | 0 | 0 | 0 | 90,116 |
| Grants and Contributions | 0 | 0 | 0 | 555,589 |
| Earnings on Investments | 10,839 | 120 | 0 | 11,040 |
| Total Revenues | 10,839 | 120 | 0 | 783,554 |
| Expenditures | | | | |
| Instruction: | | | | |
| Salaries | 0 | 0 | 0 | 238,207 |
| Benefits | 0 | 0 | 0 | 90,562 |
| Services | 0 | 0 | 0 | 66,237 |
| Supplies | 0 | 0 | 0 | 20,638 |
| Total Instruction | 0 | 0 | 0 | 415,644 |
| Support Services: | | | | |
| Salaries | 0 | 0 | 0 | 6,979 |
| Benefits | 0 | 0 | 0 | 0 |
| Services | 0 | 0 | 0 | 56,856 |
| Supplies | 0 | 0 | 0 | 0 |
| Total Support Services | 0 | 0 | 0 | 63,835 |
| Food Service | 0 | 0 | 0 | 235,156 |
| Capital Outlay | 522 | 0 | 0 | 14,152 |
| Total Expenditures | 522 | 0 | 0 | 728,787 |
| Excess (Deficiency) of Revenues Over Expenditures | 10,317 | 120 | 0 | 54,767 |
| Other Financing Sources (Uses) | | | | |
| Disposal of Assets | 0 | 0 | 8,813 | 8,813 |
| Transfers In | 0 | 0 | 26,159 | 26,159 |
| Transfers Out | 0 | 0 | 0 | (3,710) |
| Total Other Financing Sources (Uses) | 0 | 0 | 34,972 | 31,262 |
| Net Change in Fund Balances | 10,317 | 120 | 34,972 | 86,029 |
| Fund Balances - Beginning | 10,971 | 112,613 | 31,308 | 402,098 |
| Fund Balances - Ending | \$ 21,288 | \$ 112,733 | \$ 66,280 | \$ 488,127 |

Melba Joint School District No. 136
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Grant Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|
| <u>U.S. Department of Education</u> | | | |
| Passed through State Department of Education: | | | |
| Title I - Basic | 84.010 | S010A130012 & S010A140012 | \$ 181,008 |
| Title I C - Migrant | 84.011 | S011A120012, S010A130012 & S010A140012 | 11,453 |
| Special Education - State Grants | 84.027 | H027A130133 & H027A140088 | \$ 127,381 |
| Special Education - Preschool Grants | 84.173 | H173A120030 & H173A120030 | <u>7,456</u> |
| Total Special Education Cluster | | | 134,837 |
| Vocational Education | 84.048 | V048A130012 | 20,263 |
| Rural Education | 84.358 | S358B130012 & S358B140012 | 19,683 |
| Title IIA - Improving Teacher Quality | 84.367 | S367A130011 & S367A140011 | <u>16,201</u> |
| Total U.S. Department of Education | | | <u>383,445</u> |
| <u>U.S. Department of Agriculture</u> | | | |
| Passed Through State Department of Education: | | | |
| School Breakfast | 10.553 | 2014IN109947 & 2015IN109947 | 28,556 |
| National School Lunch | 10.555 | 2014IN109947 & 2015IN109947 | 154,885 |
| Special Milk Program for Children | 10.556 | 2014IN109947 & 2015IN109947 | <u>88</u> |
| Total Child Nutrition Cluster | | | <u>183,529</u> |
| Total U.S. Department of Agriculture | | | <u>183,529</u> |
| Total Federal Financial Assistance Expended | | | <u>\$ 566,974</u> |
| Non-cash Commodities included above: | | | |
| Commodities | 10.555 | 2014IN109947 & 2015IN109947 | <u>\$ 11,519</u> |

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

FEDERAL REPORTS



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, 2015, 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 12, 2015.

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 12, 2015



Certified Public Accountants

James Washburn, CPA
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Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited **Melba Joint School District No. 136’s** (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2015. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

Opinion on Each Major Federal Program

In our opinion **Melba Joint School District No. 136** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of **Melba Joint School District No. 136** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bailey & Co.

Nampa, Idaho
October 12, 2015

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None reported.

Section III - Findings and Questioned Costs for Federal Awards

None reported.