

Shelley Joint School District #60

Financial Statements and
Supplementary Information

Year Ended June 30, 2018



WIPFLi^{LLP}
CPAs and Consultants

Shelley Joint School District #60

Contents June 30, 2018

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Shelley Joint School District #60

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Shelley Joint School District #60

Management's Discussion and Analysis *Fiscal Year Ended June 30, 2018*

The discussion and analysis of Shelley Joint School District #60's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

In total, net position increased \$654,781 which represents a 15.73 percent increase from 2017-restated. This was largely due to the change in the pension liability.

General revenues accounted for \$12,871,621 in revenue, or 77.9 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,644,403 or 22.1 percent of total revenues of \$16,516,024.

Total assets of governmental activities decreased by \$427,395 as cash and cash equivalents increased by \$568,852, receivables increased by \$41,277, and capital assets decreased by \$1,037,524.

The District had \$15,861,243 in expenses; only \$3,644,403 of these expenses were offset by program specific charges for services, grants, or contributions. These expenses were decreased by \$366,891 from the pension adjustment. General revenues (primarily taxes and state aid) of \$12,871,621 were adequate to provide for these programs.

Among major funds, the General Fund had \$12,516,754 in revenues and \$12,169,472 in expenditures. The General Fund's balance increased \$230,918 from 2017. State support in the General Fund is broken down as follows: Base Support - \$9,502,242, state salary and benefits apportionment of \$1,246,951 and Transportation of \$406,024; and Revenue in Lieu of Taxes of \$39,428 from agriculture replacement and personal property tax replacement. There was also Bond Levy Equalization money received from the state in the Debt Service Fund of \$225,515 during the fiscal year.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Shelley Joint School District #60 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole school district, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Shelley Joint School District #60, the General Fund is by far the most significant fund.

Shelley Joint School District #60

Management's Discussion and Analysis *Fiscal Year Ended June 30, 2018*

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Idaho restricting revenue growth, facility condition, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities. The District does not have any business-like activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's major funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General, Debt Service, and Capital Projects Funds.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District serves as a trustee, or fiduciary, for student organizations and programs. The assets of these organizations and programs do not directly benefit nor are they under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

Shelley Joint School District #60

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,818,564 at the close of the most recent fiscal year. The following table provides a summary of the District's net position for 2018 compared to 2017:

	<u>2018</u>	<u>2017 - restated</u>
Assets		
Current and other assets	5,646,704	5,036,575
Capital assets	14,406,180	15,443,704
Total assets	20,052,884	20,480,279
Deferred outflows of resources	2,361,055	4,562,749
Liabilities		
Long-term liabilities	14,964,880	17,060,936
Other liabilities	1,891,285	1,885,246
Total liabilities	16,856,165	18,946,182
Deferred inflows of resources	739,210	1,933,063
Net position		
Net investment in capital assets	4,655,215	4,861,679
Restricted	2,540,048	2,175,319
Unrestricted	(2,376,699)	(2,873,215)
Total net position	4,818,564	4,163,783

Total assets of governmental activities decreased by \$427,395 as cash and cash equivalents increased by \$568,852, receivables increased by \$41,277, and capital assets decreased by \$1,037,524. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,818,564 at the close of the most recent fiscal year. The deficit in unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the District decreased by \$496,516 from prior year as restated.

Shelley Joint School District #60

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

The following table shows the changes in net position for fiscal year 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Revenues		
Program revenues		
Charges for services	308,709	251,878
Operating grants and contributions	3,335,694	3,215,023
General revenues		
Property taxes	1,847,687	1,742,140
State aid	10,952,462	10,075,497
Other	71,472	59,933
Total revenues	<u>16,516,024</u>	<u>15,344,471</u>
Program Expenses		
Instruction	9,664,043	9,492,322
Support services	1,176,960	967,188
Administrative	1,547,694	1,571,610
Operations	1,299,561	1,336,158
Transportation	679,729	643,687
Noninstructional	843,936	797,364
Interest and fiscal charges	293,797	303,632
Capital improvements	355,523	233,144
Total expenses	<u>15,861,243</u>	<u>15,345,105</u>
Increase (decrease) in net position	<u>654,781</u>	<u>(634)</u>

GOVERNMENTAL ACTIVITIES

State aid of \$12,816,659 included in program and general revenues that consists of the Idaho base support, salary based apportionment, transportation, bond levy equalization, revenue in lieu of taxes, other state revenue, and benefit apportionment, makes up 77.6 percent of revenues from governmental activities. Federal grants and assistance of \$1,471,497 makes up 8.91 percent of total revenues from governmental activities. Property taxes of \$1,847,687 make up 8.91 percent of total revenues from governmental activities.

Instruction expenditures including the support activities of support services, administrative, operations, and transportation comprise 90.6 percent of District expenses.

Shelley Joint School District #60

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

	Total cost of services 2018	Net cost of services 2018
Instruction	9,664,043	8,143,013
Support services	1,176,960	873,361
Administrative	1,547,694	1,463,236
Operations	1,299,561	1,118,367
Transportation	679,729	256,938
Noninstructional	843,936	(2,325)
Interest and fiscal charges	293,797	68,282
Capital improvements	355,523	295,968
Total expenses	15,861,243	12,216,840

Instruction: Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Support Services: Support services provide personnel services, activities, and programs for the administration, management, technical, and logistical support to facilitate and enhance the function of instruction and shall provide for the general operation of the schools.

Administration: The personnel, activities, and services for directing and managing the operation of the schools in the District. (Principals, assistant principals, secretaries, and clerks charged with responsibility for a school's administration.) Board of Education, administration, fiscal, and business includes expenses associated with administrative and financial supervision of the District.

Business Operations: The program concerned with the fiscal operations of the District. This program may include budgeting, receiving and disbursing, purchasing, financial and property accounting, payroll, internal auditing, and the prudent management of District resources.

Operations: Operations and maintenance includes the personnel, activities, and programs concerned with keeping the physical plant operational and keeping the grounds, buildings, and equipment in effective working condition and in an adequate and safe state of repair.

Transportation: Transportation includes the personnel, activities, and services for providing student transportation to school and to activities and to provide for the general administrative and maintenance needs of school district vehicles.

Non-instructional: Non-instructional services include the preparation, delivery and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

Interest and Fiscal Charges: Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to the debt of the District.

Capital Improvements: Capital improvements include capital expenditures for the schools that are not capitalized under the District's capitalization policy.

Shelley Joint School District #60

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

THE DISTRICT'S FUNDS

Information about the District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$16,515,592 and expenditures of \$15,920,736. The net change in fund balance for the year in the General Fund, Debt Service and the Capital Projects Fund was an increase of \$230,918, an increase of \$8,816 and an increase of \$190,530, respectively.

At year's end, the General Fund balance increased by \$230,918 resulting in a fund balance of \$1,296,856 at the end of FY18. The majority of the increase was due to decreased expenditures compared with the increases seen in state apportionment funds. All funds ended the year in sound financial shape. Our District is positioned well financially to meet the needs of students for the foreseeable future.

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to Idaho Law and is based on accounting for certain transactions on the modified basis of accounting. The most significant budgeted fund is the General Fund.

For the General Fund, the budget basis revenue estimate was \$12,358,707.

CAPITAL ASSETS

At the end of the fiscal year 2018, the District had \$14,406,180 invested in land, buildings, furniture and equipment, and vehicles (net of accumulated depreciation).

	2018	2017
Land	402,635	402,635
Construction in progress		51,351
Buildings and improvements	13,103,398	13,974,272
Equipment	256,220	282,229
Vehicles	643,927	733,217
Total capital assets, net	14,406,180	15,443,704

Overall capital assets decreased \$1,037,524 from fiscal year 2017 to fiscal year 2018. Increases in capital assets (primarily land, equipment, and vehicles) were offset by depreciation expense for the year.

DEBT ADMINISTRATION

At June 30, 2018, the District had two general obligation bond issues. The outstanding bonds are as follows:

	Total	Due within one year
2007 Series Bond	1,520,000	740,000
2015 Series Bond	7,520,000	
Total	9,040,000	740,000

At June 30, 2018, the District's overall legal debt margin was \$ 28,986,061.

Shelley Joint School District #60

Management's Discussion and Analysis *Fiscal Year Ended June 30, 2018*

CURRENT FINANCIAL ISSUES AND CONCERNS

The Shelley Joint School District #60 continues to be financially stable. In Fiscal Year 2018, the District was able to fund operating expenditures in the General Fund without deficit spending. This was due in part to an increase in state funding for k-12 education in 2017-18.

The State Department of Education increased funding to school districts to include continued support for the career ladder. It also included an increase in college and career advisors, IT staffing, limited English proficiency, professional development, and remediation.

One of the challenges and concerns for the District continues to be the increasing need to fund extra services for students in special programs. As the State Department continues to work on a new funding formula for education, it is the District's hope that additional funding will be available to help defray these increasing costs. Shelley School District #60 is committed to helping all students acquire the skills and knowledge necessary to meet the challenges of today's world.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Lanell Farmer, Business Manager at Shelley Joint School District #60, 545 Seminary Avenue, Shelley, Idaho 83274 or email at lfarmer@shelleyschools.org.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Shelley Joint School District #60
Shelley, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shelley Joint School District #60 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States; 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 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Shelley Joint School District #60, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States.

Change in Accounting Principle

As discussed in Note A to the financial statements, in 2018 the District adopted new accounting guidance, GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedule of employer's share of net pension liability for PERSI-Base plan last 10 fiscal years, and schedule of employer contributions PERSI-Base plan for last 10 fiscal years as listed in the table of contents on pages 1 through 7 and pages 37 through 43 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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The accompanying supplementary information, such as the combining and individual nonmajor fund financial schedules, the agency funds combining schedule of changes in assets and liabilities, and other schedules listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial schedules, the agency funds combining schedule of changes in assets and liabilities and other schedules listed in the table of contents 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining and individual nonmajor fund financial schedules, the agency funds combining schedule of changes in assets and liabilities and other schedules listed in the table of contents 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, on our consideration of Shelley Joint School District #60's internal control over financial reporting and 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.



Wipfli LLP
CPAs and Consultants

Idaho Falls, Idaho
October 15, 2018

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Shelley Joint School District #60

Statement of Net Position

June 30, 2018

	Governmental Activities
ASSETS	
Cash and investments	4,203,611
Property tax receivable, net	696,768
Other receivables	746,325
Capital assets, non depreciable	402,635
Capital assets, net of depreciation	14,003,545
Total assets	20,052,884
DEFERRED OUTFLOWS OF RESOURCES	
Changes of assumptions and other inputs - OPEB	35,925
Deferred charge on refunding	591,360
Related to pensions	1,733,770
Total deferred outflows of resources	2,361,055
LIABILITIES	
Accounts payable	156,753
Accrued wages	1,196,212
Accrued employee benefits	437,586
Interest payable	100,734
Long-term liabilities	
Portion due or payable within one year	
General obligation bonds/premium	861,060
Portion due or payable after one year	
General obligation bonds/premium	8,889,905
Net pension liability	4,367,452
Other liabilities	846,463
Total liabilities	16,856,165
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	739,210
Total deferred inflows of resources	739,210
NET POSITION	
Net investment in capital assets	4,655,215
Restricted for	
Capital improvements	410,932
Debt service	1,277,936
Child nutrition	157,973
Other	693,207
Unrestricted	(2,376,699)
Total net position	4,818,564

The accompanying notes and an integral part of these statements.

Shelley Joint School District #60

Statement of Activities Fiscal Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Total governmental activities
Governmental activities					
Instruction	9,664,043	27,595	1,493,435		(8,143,013)
Support services	1,176,960		303,599		(873,361)
Administrative	1,547,694		84,458		(1,463,236)
Operations	1,299,561	38,072	143,122		(1,118,367)
Transportation	679,729	16,767	406,024		(256,938)
Noninstructional	843,936	226,275	619,986		2,325
Interest on long-term debt	293,797		225,515		(68,282)
Capital improvements	355,523		59,555		(295,968)
Total governmental activities	<u>15,861,243</u>	<u>308,709</u>	<u>3,335,694</u>	<u>0</u>	<u>(12,216,840)</u>
General revenues					
Taxes					
Property taxes					1,847,687
Property tax replacement					39,428
State aid - formula grants					10,749,193
Other state revenues					163,841
Unrestricted investments earnings					13,175
Other local					58,297
Total general revenues					<u>12,871,621</u>
Change in net position					654,781
Net position - beginning					4,825,449
Prior period adjustment					(661,666)
Net position - beginning (as restated)					<u>4,163,783</u>
Net position - ending					<u>4,818,564</u>

The accompanying notes and an integral part of these statements.

Shelley Joint School District #60

Combined Balance Sheet Governmental Funds June 30, 2018

	General	Debt Service	Capital Projects	All Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	2,037,132	957,817	270,067	938,595	4,203,611
Receivables					
Taxes - current	209,003	298,565	137,048		644,616
Taxes - delinquent	19,249	21,554	11,349		52,152
State apportionment	298,856				298,856
Federal grants				313,098	313,098
Other				134,371	134,371
Interfund receivable	236,228				236,228
Total assets	<u>2,800,468</u>	<u>1,277,936</u>	<u>418,464</u>	<u>1,386,064</u>	<u>5,882,932</u>
LIABILITIES					
Accounts payable	83,012		7,532	66,209	156,753
Accrued wages	1,038,563			157,649	1,196,212
Accrued employee benefits	362,788			74,798	437,586
Interfund payable				236,228	236,228
Total liabilities	<u>1,484,363</u>	<u>0</u>	<u>7,532</u>	<u>534,884</u>	<u>2,026,779</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>19,249</u>	<u>21,554</u>	<u>11,349</u>	<u>0</u>	<u>52,152</u>
FUND BALANCES					
Restricted for					
Debt service		1,256,382			1,256,382
Child nutrition				157,973	157,973
Other fund activities			399,583	693,207	1,092,790
Unassigned	<u>1,296,856</u>				<u>1,296,856</u>
Total fund balances	<u>1,296,856</u>	<u>1,256,382</u>	<u>399,583</u>	<u>851,180</u>	<u>3,804,001</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>2,800,468</u>	<u>1,277,936</u>	<u>418,464</u>	<u>1,386,064</u>	<u>5,882,932</u>

The accompanying notes and an integral part of these statements.

Shelley Joint School District #60

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2018

Total fund balances - governmental funds	3,804,001
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Governmental funds report the effect of premiums, discounts, and similar items when the bonds are first issued by the District whereas these amounts are deferred and amortized in the statement of activities.	(119,605)
The net pension liability (asset) and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position. The deferred outflows related to OPEB are only reported in the Statement of Net Position.	(3,336,967)
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$33,943,735, and the accumulated depreciation is \$19,537,555.	14,406,180
Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	52,152
Long-term liabilities, including 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 consisted of:	
Bonds payable	(9,040,000)
Accrued interest on the bonds	(100,734)
OPEB/Compensated absences	<u>(846,463)</u>
	<u>(9,987,197)</u>
Total net position - governmental activities	<u><u>4,818,564</u></u>

The accompanying notes and an integral part of these statements.

Shelley Joint School District #60

Governmental Fund Types
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Fiscal Year Ended June 30, 2018

	General	Debt Service	Capital Projects	All Nonmajor Funds	Total Governmental Funds
REVENUES					
Property taxes	596,547	850,978	391,184		1,838,709
Penalties and interest on delinquent tax	2,901	3,733	1,912		8,546
Earnings on investments	12,931			244	13,175
Food service				226,275	226,275
Other local	113,136			27,595	140,731
State apportionment					
Base	9,502,242				9,502,242
Transportation	406,024				406,024
Benefits	1,246,951				1,246,951
Property tax replacement	39,428				39,428
Other state revenue	596,594	225,515		799,905	1,622,014
Federal grants and assistance				1,471,497	1,471,497
Total revenues	12,516,754	1,080,226	393,096	2,525,516	16,515,592
EXPENDITURES					
Current					
Instruction	7,830,074			1,160,933	8,991,007
Support services	1,069,772			140,115	1,209,887
Administration	1,500,351			55,028	1,555,379
Operations	1,188,587			112,968	1,301,555
Transportation	580,688				580,688
Noninstructional				855,287	855,287
Debt service		1,071,410			1,071,410
Facility acquisition			295,968	59,555	355,523
Total expenditures	12,169,472	1,071,410	295,968	2,383,886	15,920,736
Revenues over (under) expenditures	347,282	8,816	97,128	141,630	594,856

The accompanying notes are and integral part of these statements.

Shelley Joint School District #60

Governmental Fund Types
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Fiscal Year Ended June 30, 2015

	General	Debt Service	Capital Projects	All Nonmajor Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Operating transfers, net	(116,364)		93,402	22,962	0
Total other financing sources (uses)	(116,364)	0	93,402	22,962	0
Revenues and other financing sources over (under) expenditures	230,918	8,816	190,530	164,592	594,856
Fund balance - July 1, 2017	1,065,938	1,247,566	209,053	686,588	3,209,145
Fund balance - June 30, 2018	1,296,856	1,256,382	399,583	851,180	3,804,001

The accompanying notes are and integral part of these statements.

Shelley Joint School District #60

Reconciliation of the Governmental Funds Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities *For Fiscal Year Ended June 30, 2018*

Total net change in fund balances - governmental funds:	594,856
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period.	(1,037,524)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	710,000
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered 'available' revenues in the governmental funds. Unearned tax revenues increased by \$432 this year.	432
Governmental funds report the effect of premiums, discounts, and similar items when debt is issued whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.	58,811
Vested employee benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year. Change in OPEB obligation (\$28,746). Change in net pension liability \$1,309,521. Change in deferred outflows related to OPEB (\$2,962). Change in deferred outflows of resources related to pensions (\$2,136,483). Change in deferred inflows of resources related to pensions \$1,193,853. Change in compensated absences (\$15,779).	319,404
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the fund when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrued, regardless of when it is due. The decrease in interest expense reported in the Statement of Activities is the net result of the decrease in accrued interest on bonds by \$8,802.	8,802
Change in net position of governmental activities	<u><u>654,781</u></u>

The accompanying notes are and integral part of these statements.

Shelley Joint School District #60

Fiduciary Funds Statement of Fiduciary Net Position *June 30, 2018*

	Agency Funds
ASSETS	
Cash	<u>136,701</u>
Total assets	<u><u>136,701</u></u>
LIABILITIES	
Due to student groups	<u>136,701</u>
Total liabilities	<u><u>136,701</u></u>

The accompanying notes are and integral part of these statements.

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Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General. The basic financial statements listed in the table of contents have been prepared in accordance with the American Institute of Certified Public Accountants' Industry Audit Guide for Audits of State and Local Government Units.
2. Reporting Entity. The Shelley Joint School District #60 (the District) is the basic level of government, which has financial accountability and control over all activities related to the public school education in the area served. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncement, since board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14 that should be included in the District's reporting entity.
3. Government-wide and Fund Financial Statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

4. Fund Accounting. The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental funds, each reported in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources and for the repayment of general long term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt service.

Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Projects Fund - The Capital Projects Fund is used to account for the financial resources used to acquire school facilities, renovate existing facilities, or as otherwise provided in the Idaho Code.

Additionally, the District reports the following fund types:

Special Revenue Fund - The purpose of the Special Revenue Funds is to account for federal, state, and locally funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks as defined in the Grant Awards. Special Revenue Fund types include the Child Nutrition Fund. The purpose of the Child Nutrition Fund is to account for all federal support and student charges which are received by the District for the purpose of providing students with a nutritional, inexpensive meal.

Fiduciary Fund Types

Agency Fund (School Activity Funds) - Activity Funds are monies collected principally through fund raising efforts of the individual schools or school sponsored groups. The school principal is responsible, under the authority of the Board of Trustees, for collecting, controlling, disbursing, and accounting for all school activity funds.

5. Basis of Accounting. The District applies the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This Statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the District's financial outlook.

Government-wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for its fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other internally directed revenues are reported instead as general revenues.

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation has been allocated specifically to functional areas with the majority of it being allocated to instructional. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

6. Budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service, and Capital Projects Funds. All annual appropriations lapse at fiscal year-end. The District did not amend its budgets in the current fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year end are reported as assigned fund balance to indicate an obligation to the District.

The District budgets transfers from the General Fund to other funds to cover the costs incurred by these funds in excess of the revenues generated. Certain indirect costs are charged to several Special Revenue Funds through budgeted transfers from the Special Revenue Funds to the General Fund.

7. Cash and Investments. Cash includes amounts in demand as well as short-term investments with a maturity date within three months of the date acquired by the District. The District pools cash of all funds into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Idaho Law, and national banks having their principal offices in Idaho.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, Idaho municipal bonds, and repurchase agreements. The District has elected to deposit cash in excess of immediate needs into United States Government Agency bonds. It also uses the Local Government Investment Pool (LGIP).

Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Local Government Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. An annual audit of the LGIP is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the LGIP.

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk outside of the deposit and investment agreements. The District is authorized to invest in the State of Idaho Local Government Investment Pool. This pooling is intended to improve administrative efficiency and increase investment yield.

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation and is commonly expressed in terms of the credit quality rating issued by nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The investments of the District are not rated and the District's policy does not restrict them to rated investments.

8. Short-term Interfund Receivables / Payables. During the course of operations, numerous transactions occur between individual funds and the General Fund for goods provided or services rendered. These receivables and payables are classified as 'due from other funds' or 'due to other funds' on the balance sheet.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

9. Inventories. Supplies inventory consists of paper and other supplies and equipment received at the end of the fiscal year, which had not yet been consumed. The cost is recorded as an expenditure at the time the item is consumed. Other supplies inventory on hand at year end has not been recorded as inventory and was treated as expended when purchased.
10. Compensated Absences. Employees are entitled to certain compensated absences based on their length of employment. The entire compensated absences owed are reported in the government-wide financial statements.
11. Other Post-Employment Benefits. PERSI employees who retire and have not yet become eligible for Federal Medicare coverage are eligible to purchase insurance through the District's healthcare plan. Although retirees pay their own premium, there is an implicit cost due to increased group premiums when retirees are included in District insurance plans. For the purpose of measuring the net other post-employment benefit liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and other post-employment benefit expenses, information about fiduciary net position of the implicit medical benefit Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Benefit payments are recognized when due and payable in accordance with the benefit terms. GASB Statement 75 has been implemented as of July 1, 2017 resulting in a restatement of the District's beginning net position.

Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

12. Pensions. For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
13. Capital Assets. Capital assets, including land, buildings, improvements, and equipment assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Buildings, improvements, and equipment assets are depreciated using straight-line and accelerated depreciation methods over the following estimated useful lives:

Assets	Years
Buildings	20-30
Equipment	5-20
Vehicles	3-16

14. Long-term Obligations. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The entire portion of such obligations is reported in the government-wide financial statements.
15. Deferred Outflows / Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category and they occur on the government-wide statement of net position. The first item is a deferred charge on refunding that results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability. The OPEB obligation results from changes of assumptions and other inputs.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue from property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions.

Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

16. Net Position Flow Assumption. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted – net position is applied.
17. Fund Balance Flow Assumptions. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balances). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

18. Fund Balance Policies. Fund balance of governmental funds is reported in various categories based on the nature of any limitation requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The School Board is the highest level of decision-making authority for the District that can, by board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The School Board has by resolution authorized management to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

19. Risk Management. The District is exposed to a considerable number of risks of loss, including: (a) damage to and loss of property and contents; (b) employee torts; (c) professional liability, i.e. errors and omissions; (d) environmental damage; (e) workers' compensation, i.e. employee injuries; and (f) medical insurance costs of employees. Commercial policies, transferring the risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.
20. Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Shelley Joint School District #60

Notes to Financial Statements June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

21. New Accounting Pronouncements. The District adopted the provisions of Governmental Accounting Standards Board Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The objective of this statement is to improve the usefulness of information about other postemployment benefits included in the financial reports of state and local governments for making decision and assessing accountability. The implementation of this statement required a restatement of beginning net position as described more fully in Note M.

NOTE B CASH AND INVESTMENTS

At June 30, 2018, the carrying amount of the District's deposits was \$3,626,275 and the bank balance was as follows:

Insured by Federal Depository Insurance	500,000
Uninsured and uncollateralized	<u>3,361,144</u>
Total	<u><u>3,861,144</u></u>

Interest rate risk - The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk - The District's deposits and investments at year end are limited to the U.S. Treasury, commercial paper, corporate bonds, bank deposits, Idaho municipal bonds, and certificates of deposits with various banks located in Idaho. The District has reduced its concentration of credit risk by using several financial institutions at times.

Custodial credit risk - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$3,361,144 of the District's deposits and certificates of deposit were exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

At June 30, 2018, the cost and fair market value of the District's investments in Zion's Bank Liquid Asset Management fund were \$586,623 and \$577,162, respectively. Investments consisted of U.S. government securities and U.S. agency bonds, and are not insured or guaranteed by the FDIC.

The District invests in the Local Government Investment Pool (LGIP) through the Idaho State Treasurer. All funds are invested by the Idaho State Treasurer's office in accordance with Sections 67-1210 and 67-1210A of the Idaho Code. All investments for the LGIP are collateralized with securities held by the LGIP's safekeeping agent in the LGIP's name. The investments held by the LGIP are carried at cost, which is not materially different than fair value (determined by the Idaho State Treasurer's office). The investments are subject to risk from market and interest rate fluctuations.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the District's investments that are measured or disclosed at fair value fall within Level 1.

Shelley Joint School District #60

Notes to Financial Statements June 30, 2018

NOTE C INTERFUND RECEIVABLES AND PAYABLES

During the course of its operations, the District had numerous transactions between funds to finance operations, provide services, construct assets, and service debt. The District transferred \$22,962 to the Child Nutrition Fund as required by state law. The District also transferred \$93,402 from the General Fund to the Capital Projects Fund as required for depreciation.

To the extent that certain transactions between funds had not been paid or received as of June 30, 2018, balances of interfund amounts receivable or payable have been recorded. The interfund balances at June 30, 2018, were as follows:

	Receivable	Payable
General Fund	236,228	
Nonmajor Funds		236,228
Total	<u>236,228</u>	<u>236,228</u>

NOTE D PROPERTY TAXES

In accordance with Idaho State Law, ad valorem property tax is levied in dollars in September for each calendar year. Taxes are recorded by the District using the modified accrual basis of accounting. Levies are made on the second Monday of September. All of the personal property tax and one-half of the real property tax are due on or before December 20. The remaining one-half of the real property tax is due on or before June 20 of the following year. Property taxes attach as an enforceable lien on property as of January 1 of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year.

Bingham and Bonneville counties act as agents for the District in both the assessment and collection areas. The counties remit tax revenues to the District periodically, with the majority of the collections being remitted in January and July.

NOTE E NONMONETARY TRANSACTIONS

The District received \$87,400 in USDA Commodities during the 2017-2018 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as revenue and expense of the fund receiving the commodities.

NOTE F PAYROLL EXPENDITURES AND RELATED LIABILITIES

Teacher contracts were signed for the nine-month period of September 1, 2017, through May 31, 2018, to be paid over the twelve months of September 1, 2017, through August 31, 2018. The financial statements reflect the salary expense for this period. The accrued payroll reflects the final two months of these contracts.

Shelley Joint School District #60

Notes to Financial Statements June 30, 2018

NOTE G CAPITAL ASSETS

Following is a summary of the capital assets at June 30, 2018:

	Balance July 1, 2017	Additions	Deductions	Transfers	Balance June 30, 2018
Capital assets, not being depreciated					
Land					
Elementary	52,635				52,635
Secondary	350,000				350,000
Construction in Progress	51,351		(51,351)		0
Total capital assets, not being depreciated	453,986		(51,351)		402,635
Capital assets, being depreciated					
Buildings					
Elementary	20,807,667			(2,804,711)	18,002,956
Secondary	9,276,585			2,804,711	12,081,296
Administration	454,840				454,840
Total buildings	30,539,092			0	30,539,092
Equipment					
Elementary	575,055			(67,017)	508,038
Secondary	254,212			67,639	321,851
Administration	177,402	20,198		(622)	196,978
Total equipment	1,006,669	20,198	0	0	1,026,867
Vehicles	2,041,475	16,245	(82,579)		1,975,141
Total capital assets, being depreciated	33,587,236	36,443	(82,579)	0	33,541,100
Less accumulated depreciation for:					
Buildings	(16,564,820)	(870,874)			(17,435,694)
Equipment	(724,440)	(46,207)			(770,647)
Vehicles	(1,308,258)	(105,535)	82,579		(1,331,214)
Total accumulated depreciation	(18,597,518)	(1,022,616)	82,579		(19,537,555)
Total capital assets being depreciated, net	14,989,718	(986,173)	0	0	14,003,545
Governmental activities capital assets, net	15,443,704	(986,173)	(51,351)	0	14,406,180

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities	
Instruction	897,393
Operations	19,688
Transportation	105,535
Total depreciation expense – governmental activities	1,022,616

Shelley Joint School District #60

Notes to Financial Statements June 30, 2018

NOTE H GENERAL OBLIGATION BOND ISSUES

The District has one general obligation bond issue and one refunding bond series (2007 and 2015 Series) outstanding with interest rates ranging from 2.5 to 5.0 percent. The scheduled maturity dates for the 2007 and 2015 Series bonds are September 2019, and September 2027, respectively.

Future debt service requirements are as follows:

Fiscal Year Ended June 30,	Total	Interest	Principal
2019	1,066,875	326,875	740,000
2020	1,068,875	288,875	780,000
2021	1,068,075	253,075	815,000
2022	1,069,775	219,775	850,000
2023	1,070,075	185,075	885,000
2024-2028	5,355,313	385,313	4,970,000
Total	10,698,988	1,658,988	9,040,000

Changes to bond principal payable and future interest payable are summarized as follows:

Principal	2007 Series	2015 Series	Combined Total
Balances at July 1, 2017	2,230,000	7,520,000	9,750,000
Reductions	710,000		710,000
Balances at June 30, 2018	1,520,000	7,520,000	9,040,000
 Interest to be provided			
Balances at July 1, 2017	168,088	1,851,363	2,019,451
Reductions	91,088	269,375	360,463
Balances at June 30, 2018	77,000	1,581,988	1,658,988

NOTE I LONG-TERM LIABILITIES

Following is a summary of the changes in the general long-term debt for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Bonds payable	9,750,000		710,000	9,040,000
Premium on issuance	832,025		121,060	710,965
Total bonds payable	10,582,025		831,060	9,750,965
Net pension liability	5,676,973		1,309,521	4,367,452
GASB 75(restated)	768,959	28,746		797,705
Employee benefits	32,979	15,779		48,758
Total	17,060,936	44,525	2,140,581	14,964,880

Payment on the general obligation bonds are made by the debt service fund from property taxes and state bond levy equalization funds. Payment on the employment benefits is from the fund in which the employee works.

Shelley Joint School District #60

Notes to Financial Statements June 30, 2018

NOTE J LEGAL DEBT MARGIN

The District is subject to a statutory limitation by the Idaho Code for bonded indebtedness payable principally from property taxes. The limit of bonded indebtedness is 5% of property market value for assessment purposes less the aggregate outstanding debt. At June 30, 2018, the limit for the District was 5% of \$735,393,578 or \$36,769,679. The Debt Service Fund had \$1,256,382 available and general obligation debt of \$9,040,000 leaving a legal debt margin of \$28,986,061.

NOTE K OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. Shelley Joint School District #60's Employee Group Benefits Plan is a single-employer defined benefit healthcare plan administered by Blue Cross of Idaho, Delta Dental, and Willamette Dental. Blue Cross provides medical, prescription drug, and vision insurance benefits to eligible retirees and their eligible dependents. Delta Dental and Willamette Dental provide dental insurance benefits to eligible retirees and their eligible dependents. As of July 1, 2017, there were 187 active participants and 18 inactive participants.

A retiree who retires with the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the District's medical and vision insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Dental and life benefits continue for life. Retirement eligibility is determined based on a minimum of reaching age 55 with at least 5 years of membership with a PERSI employer. The retiree is on the same medical with vision and dental plan as the District's active employees.

Funding Policy. The contribution requirement of plan members is established by the District's insurance committee in conjunction with our insurance provider. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2018 the District contributed approximately \$70,496 of the annual required contribution of \$76,510. Retirees are required to pay 100% of the premiums based on the combined active and retiree pool.

Net Other Post-employment benefit Liability. The Net other post-employment benefit liability (NOL) was measured as of June 30, 2018, and the total other post-employment benefit liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Methods and Assumptions. The District does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the July 1, 2017 accounting valuation:

Valuation Timing	Actuarial valuations are performed biennially as of July 1 for accounting purposes only. The most recent valuation was performed as of July 1, 2017.
Actuarial Cost Method	Entry Age Normal
Inflation	3.75%
Salary Increases	3.75% general wage growth plus increases due to promotions and longevity.
Discount Rate	3.54%

Shelley Joint School District #60

Notes to Financial Statements June 30, 2018

NOTE K OTHER POSTEMPLOYMENT BENEFITS (OPEB) , continued

Health Cost Trend Rates	Medical with vision trend is 7.0% from year ending June 30, 2017, to year ending June 30, 2018, 6.5% from year ending June 30, 2018 to June 30, 2019, then gradually decreasing to an ultimate rate of 3.8% for 2074 and beyond. Dental trend is 3.5% from year ending June 30, 2017, to year ending June 30, 2018. 3.0% from year ending June 30, 2018, to June 30, 2019, then gradually lowering to 2.0% for 2021 and beyond, as shown in the July 1, 2017, valuation report.
Retirement	Based on PERSI with 19% of Males and 10% of Females eligible at age 55, 30% of Males and 26% of Females first year eligible at age 60, and 36% of Males and 49% of Females eligible at age 65.
Turnover	45% of future retirees are assumed to elect medical coverage, 5.3% of future retirees are assumed to elect dental coverage, and 70% of the future retirees who elect medical or dental coverage and are married are assumed to elect spousal coverage as well.
Mortality	RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA with adjustments, set back three years for both males and females.
Retiree Contributions	The retiree contributions are a weighted average of all retiree contributions for the period July 1, 2017, to June 30, 2018. The cost of Medical and Prescription Drug was \$6,189 for a retiree or surviving spouse, and \$7,517 for a spouse. For Dental it was \$394 for a retiree or surviving spouse, and \$367 for a spouse.

Total OPEB Liability	June 30, 2018
Actuarially Determined Contribution (ADC)	122,337
Total OPEB liability	797,705
Covered employee payroll	8,101,016
Total OPEB liability as a % of covered employee payroll	9.49%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end. Any significant changes during this period must be reflected as prescribed by GASB 75.

Discount Rate	
Discount Rate	3.54%
20-year Municipal Bond Index	3.54%

The discount rate was based on the 20 year Municipal Bond Index on 1/11/2018.

Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE K OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Other Key Actuarial Assumptions

The total OPEB liability as of July 1, 2017, and June 30, 2018, were based on the 2015 PERSI Experience study for demographic assumptions and the July 1, 2017, OPEB Valuation for the economic and OPEB specific assumptions.

Changes in total OPEB liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2017	768,959
Changes for the year:	
Service cost	79,706
Interest on total OPEB liability	30,043
Expected benefit payments	(81,003)
Balance as of June 30, 2018	<u>797,705</u>

Sensitivity Analysis

The following presents the total OPEB liability of the school district, calculated using the discount rate of 3.54%, as well as what the school district's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current rate.

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total June 30, 2017, OPEB liability	<u>\$810,574</u>	<u>\$768,959</u>	<u>\$728,847</u>

The following presents the total OPEB liability of the school district, calculated using the current healthcare cost trend rates as well as what the school district's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total June 30, 2017, OPEB liability	<u>\$701,482</u>	<u>\$768,959</u>	<u>\$847,072</u>

OPEB Expense	July 1, 2017 to June 30, 2018
Service cost	79,706
Interest on total OPEB liability	30,043
Recognition of Deferred Inflows/Outflows of Resources	
Difference between expected and actual experience	858
Recognition of assumption changes or inputs	2,104
OPEB expense	<u>112,012</u>

Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE K OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Other Post-Employment benefits Expense and Deferred Outflows of Resources and Deferred Inflows for Resources Related to Other Post-employment Benefits

Schedule of Deferred Inflow/Outflows of Resources

	<u>Original Amount</u>	<u>Date Established</u>	<u>Original Recognition Period</u>	<u>Amount Recognized</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	11,266	June 30, 2017	13.13	858	10,408
Changes of assumptions or other inputs	<u>27,621</u>	June 30, 2017	13.13	<u>2,104</u>	<u>25,517</u>
Total	<u>38,887</u>			<u>2,962</u>	<u>35,925</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	
2019	2,962
2020	2,962
2021	2,962
2022	2,962
2023	2,962
Thereafter	21,115

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

NOTE L PENSION PLAN

Plan Description

The District contributes to the Base Plan which is a cost sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death, and survivor benefits for 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).

Shelley Joint School District #60

Notes to Financial Statements June 30, 2018

NOTE L **PENSION PLAN**, continued

Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The District's contributions were \$1,047,974 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the District's proportion was .2778581 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$677,045. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Shelley Joint School District #60

Notes to Financial Statements June 30, 2018

NOTE L PENSION PLAN, continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	605,030	393,471
Changes in assumptions or other inputs	80,766	
Net difference between projected and actual earnings on pension plan investments		261,672
Changes in the employer's proportion and difference between the employer's contributions and the employer's proportionate contributions		84,067
District contributions subsequent to the measurement date	1,047,974	
Total	1,733,770	739,210

\$1,047,974 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determine at July 1, 2016, the beginning of the measurement period ended June 30, 2017, is 4.9 years and 5.5 years for the measurement period ended June 30, 2016.

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:	
2018	(266,005)
2019	381,749
2020	96,176
2021	(265,334)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 50-1322, Idaho Code, is 25 years.

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

Inflation	3.25%
Salary increases	4.25 – 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net investment expenses
Cost-of-living adjustments	1%

Shelley Joint School District #60

Notes to Financial Statements June 30, 2018

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

An experience study was performed for the period July 1, 2007, through June 30, 2013, which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009, through June 30, 2013. The Total Pension Liability as of June 30, 2017, is based on the results of an actuarial valuation date of July 1, 2017.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate rates or 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, 2017.

Capital Market Assumptions

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
			Expected	
Total Fund	Expected	Expected	Real	Expected
	Return	Inflation	Return	Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of fees and expenses.

Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE L PENSION PLAN, continued

Actuarial Assumptions:

Assumed Inflation – Mean	3.25%
Assumed Inflation – Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	<u>0.40%</u>
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	<u><u>7.10%</u></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 period 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 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	10,150,857	4,367,452	(438,711)

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.

At June 30, 2018, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Shelley Joint School District #60

Notes to Financial Statements
June 30, 2018

NOTE M PRIOR PERIOD ADJUSTMENT

The District implemented GASB Statement 75 for the year ended June 30, 2018. This statement requires the District to recognize total OPEB liabilities, and the related deferred inflows and outflows for its actuarially determined unfunded liabilities of postemployment plans available to retirees. Amounts that would have been reported as OPEB expense in prior periods are reported as a restatement as required. The prior period adjustment necessary to implement GASB Statement 75 was \$661,666, increasing the net June 30, 2017, OPEB obligation from \$68,406 to \$768,959, adding deferred outflows of \$38,887.

NOTE N POST RETIREMENT BENEFITS

The District funds post-retirement benefits on a current basis through PERSI. The District paid 1.26% of the wages covered by PERSI to the state for the 2017-2018 school year. At the time of retirement, a sum equal to one-half of the monetary value of unused sick leave, calculated at the rate of pay at that time, is transferred from the sick leave account to the employee's retirement account. This money shall then be used to pay premiums for health, dental, and life insurance.

NOTE O COMMITMENTS AND CONTINGENT LIABILITIES

The District is involved in claims arising from the ordinary course of operations. Among these matters, a suit has been filed against Pocatello and Bonneville school districts, namely *Zeyen v. ALL DISTRICTS AND CHARTER SCHOOLS*. The plaintiff asserts that fees charged by all public schools throughout the state of Idaho are unconstitutional. The U.S District Court has not yet certified this matter as a class action and discovery has not yet commenced. The estimated possible loss to the District for these claims is uncertain, as the likelihood of an unfavorable outcome is unknown. No accrual has been reflected in the financial statements for these matters. In the opinion of the District's management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial condition.

NOTE P SUBSEQUENT EVENTS

Management of the District evaluated subsequent events through October 15, 2018, which was the date the financial statements were available to be issued. There were no subsequent type events, identified by management of the District, that are required to be disclosed.

REQUIRED FINANCIAL INFORMATION

Shelley Joint School District #60

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget to Actual-
Fiscal Year Ended June 30, 2018

	Original & Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	594,770	596,547	1,777
Penalties and interest on delinquent taxes	2,500	2,901	401
Earnings on investments	8,000	12,931	4,931
Other local	72,000	113,136	41,136
State apportionment			
Base	9,451,298	9,502,242	50,944
Transportation	375,000	406,024	31,024
Benefits	1,244,148	1,246,951	2,803
Property tax replacement	39,428	39,428	0
Other state revenue	571,563	596,594	25,031
Total revenues	12,358,707	12,516,754	158,047
EXPENDITURES			
Instruction			
Elementary	3,397,168	3,409,320	(12,152)
Secondary	3,264,152	3,290,684	(26,532)
Exceptional child	867,553	845,869	21,684
Gifted and talented	66,668	64,552	2,116
Interscholastic program	223,121	219,649	3,472
Total instruction	7,818,662	7,830,074	(11,412)
Support services			
Attendance, guidance, and health	430,240	404,326	25,914
Special education support services	273,399	264,664	8,735
Instructional improvement	114,000	67,431	46,569
Educational media	173,328	175,724	(2,396)
Instruction related technology	172,831	157,627	15,204
Total support services	1,163,798	1,069,772	94,026

See Independent Auditor's Report.

Shelley Joint School District #60

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget to Actual-
Fiscal Year Ended June 30, 2018

	Original & Final Budget	Actual	Favorable (Unfavorable) Variance
EXPENDITURES, continued			
Administration			
Board of Education	99,331	77,800	21,531
District administration	319,350	295,770	23,580
School administration	902,603	900,644	1,959
Business administrative services	225,690	226,137	(447)
	<u>1,546,974</u>	<u>1,500,351</u>	<u>46,623</u>
Operations			
Building care (custodial)	891,580	798,650	92,930
Maintenance	225,542	362,901	(137,359)
Security	27,892	27,036	856
	<u>1,145,014</u>	<u>1,188,587</u>	<u>(43,573)</u>
Transportation	<u>571,972</u>	<u>580,688</u>	<u>(8,716)</u>
	<u>12,246,420</u>	<u>12,169,472</u>	<u>76,948</u>
Revenues over (under) expenditures	<u>112,287</u>	<u>347,282</u>	<u>234,995</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers, net	<u>(112,287)</u>	<u>(116,364)</u>	<u>(4,077)</u>
Revenues and other financing sources over (under) expenditures	<u><u>0</u></u>	<u>230,918</u>	<u><u>230,918</u></u>
Fund balance - July 1, 2017		<u>1,065,938</u>	
Fund balance - June 30, 2018		<u><u>1,296,856</u></u>	

See Independent Auditor's Report.

Shelley Joint School District #60

Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget to Actual-
Fiscal Year Ended June 30, 2018

	Original & Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	850,000	850,978	978
Penalty and interest on delinquent taxes	3,000	3,733	733
Earnings on investments			
Other state revenue	217,962	225,515	7,553
Total revenues	1,070,962	1,080,226	9,264
EXPENDITURES			
Debt service			
Principal	710,000	710,000	0
Interest	360,462	360,460	2
Fees	500	950	(450)
Total expenditures	1,070,962	1,071,410	(448)
Revenues over (under) expenditures	0	8,816	8,816
Fund balance - July 1, 2017		1,247,566	
Fund balance - June 30, 2018		1,256,382	

See Independent Auditor's Report.

Shelley Joint School District #60

Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget to Actual-
Fiscal Year Ended June 30, 2018

	Original & Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	390,000	391,184	1,184
Penalties and interest on delinquent taxes	2,000	1,912	(88)
Total revenues	392,000	393,096	1,096
EXPENDITURES			
Facility acquisition	483,287	295,968	187,319
Total expenditures	483,287	295,968	187,319
Revenues over (under) expenditures	(91,287)	97,128	188,415
OTHER FINANCING SOURCES (USES)			
Operating transfers, net	91,287	93,402	2,115
Revenues and other financing sources over (under) expenditures	0	190,530	190,530
Fund balance - July 1, 2017		209,053	
Fund balance - June 30, 2018		399,583	

See Independent Auditor's Report.

Shelley Joint School District #60

Required Supplementary Information
Fiscal Year Ended June 30, 2018

Schedule of Changes in Total OPEB Liability and Related Ratios

As of the measurement date of June 30, 2017	<u>#NAME?</u>
Total OPEB Liability	
Service cost	79,706
Interest on total OPEB liability	30,043
Changes of benefit terms	
Effect of economic/demographic gains or (losses)	
Effect of assumption changes or inputs	
Expected benefit payments	<u>(81,003)</u>
Net change in total OPEB liability	28,746
Total OPEB liability, beginning	768,959
Total OPEB liability, ending	<u>797,705</u>
Covered employee payroll	8,101,016
Total OPEB liability as a % of covered employee payroll	9.49%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See Independent Auditor's Report.

Shelley Joint School District #60

Required Supplementary Information

Fiscal Year Ended June 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of net pension liability	0.2778581%	0.2800465%	0.2817416%	0.2867965%
Employers proportionate share of the net pension liability	4,367,452	5,676,973	3,710,079	2,111,271
Employer's covered payroll	8,665,714	8,194,628	7,891,503	7,769,695
Employer's proportional share of the net pension liability as a percentage of its covered payroll	50.40%	69.28%	47.01%	27.17%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	91.38%	94.95%

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

Data reported is measured as of June 30, 2017 (measurement date).

Schedule of Employer Contributions PERSI-Base Plan Last 10-Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	1,047,975	980,960	927,632	893,318
Contributions in relation to the statutorily required contribution	1,047,974	980,960	927,632	891,937
Contribution (deficiency) excess	(1)	0	0	(1,381)
Employer's covered payroll	9,257,727	8,665,714	8,194,628	7,891,503
Contributions as a percentage of covered payroll	11.3200%	11.3200%	11.3200%	11.3025%

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

Data reported is measured as of June 30, 2018 (reporting date).

See Independent Auditor's Report.

Shelley Joint School District #60

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2018

NOTE A BUDGET ADOPTION

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at year end.

NOTE B EXCESS OF ACTUAL EXPENDITURES OVER BUDGETED IN THE MAJOR FUNDS

Actual expenditures for the fiscal year ended June 30, 2018, exceeded the budgeted expenditures in the Debt Service Fund.

NOTE C CHANGES OF ASSUMPTIONS

The discount rate was updated to the January 11, 2018, 20-year municipal bond index. The rate for PERSI was updated as of their July 1, 2017, pension valuation.

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OTHER FINANCIAL INFORMATION

Shelley Joint School District #60

All Nonmajor Funds
Combining Balance Sheet
June 30, 2018

	Federal Forest	Driver's Ed	Common Core	Professional Technical	State Technology	Idaho Substance Abuse	Title I	Migrant Education	IDEA School Age	IDEA Preschool	Medicaid	Title IV	Perkins Professional Technical	Title III Language Acquisition	Supporting Effective Instruction	Child Nutrition	Building Maintenance	All Nonmajor Funds
ASSETS																		
Cash and investments	1,550	7,294	1,515	40,613	193,948	46,397										200,106	447,172	938,595
Receivables																		
Federal grants receivable	347						91,456	10,040	101,314	19,978		5,080	20,694	2,797	41,052	20,340		313,098
State agencies		16,934									117,437							134,371
Total assets	1,897	24,228	1,515	40,613	193,948	46,397	91,456	10,040	101,314	19,978	117,437	5,080	20,694	2,797	41,052	220,446	447,172	1,386,064
LIABILITIES AND FUND EQUITY																		
LIABILITIES																		
Accounts payable		416		34,914	17,335		4,193	152		1,789			1,518	302	1,172	2,972	1,446	66,209
Accrued wages		7,075					29,770	2,811	38,909	1,823	36,607		144	750	625	39,135		157,649
Accrued employee benefits		1,377					13,422	1,741	19,454	375	17,781		27	137	118	20,366		74,798
Interfund payable							44,071	5,336	42,951	15,991	63,049	5,080	19,005	1,608	39,137			236,228
Total liabilities	0	8,868	0	34,914	17,335	0	91,456	10,040	101,314	19,978	117,437	5,080	20,694	2,797	41,052	62,473	1,446	534,884
FUND EQUITY																		
Restricted	1,897	15,360	1,515	5,699	176,613	46,397										157,973	445,726	851,180
Total fund equity	1,897	15,360	1,515	5,699	176,613	46,397	0	0	0	0	0	0	0	0	0	157,973	445,726	851,180
Total liabilities and fund equity	1,897	24,228	1,515	40,613	193,948	46,397	91,456	10,040	101,314	19,978	117,437	5,080	20,694	2,797	41,052	220,446	447,172	1,386,064

Shelley Joint School District #60

All Nonmajor Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Year Ended June 30, 2018

	Federal Forest	Driver's Ed	Common Core	Professional Technical	State Technology	Idaho Substance Abuse	Title I	Migrant Education	IDEA School Age	IDEA Preschool	Medicaid	Title IV	Perkins Professional Technical	Title III Language Acquisition	Supporting Effective Instruction	Child Nutrition	Building Maintenance	All Nonmajor Funds
REVENUES																		
Earnings on investments																244		244
Food service																226,275		226,275
Other local		27,595																27,595
Other state revenue		13,604		95,354	248,143	30,537					273,306						138,961	799,905
Federal grants and assistance	347						305,142	29,907	392,919	26,155		6,131	20,694	10,142	60,030	620,030		1,471,497
Total revenues	347	41,199	0	95,354	248,143	30,537	305,142	29,907	392,919	26,155	273,306	6,131	20,694	10,142	60,030	846,549	138,961	2,525,516
EXPENDITURES																		
Instruction																		
Elementary						1,388	226,851	29,907			236,936	1,131		10,142	29,700			536,055
Secondary		28,720		92,489		750	65,578					5,000	20,694		24,392			237,623
Exceptional Child									358,966									358,966
Special educ preschool program										18,465								18,465
Driver's education		9,824																9,824
Support services																		
Special educ support services									33,953	7,690								41,643
Instructional improvement															384			384
Instructional related technology					98,088													98,088
School administration							12,713				36,370				5,945			55,028
Business administrative services					29,430													29,430
Operations					63,538	20,000												83,538
Noninstructional services																855,287		855,287
Facility acquisition																	59,555	59,555
Total expenditures	0	38,544	0	92,489	191,056	22,138	305,142	29,907	392,919	26,155	273,306	6,131	20,694	10,142	60,421	855,287	59,555	2,383,886
Revenues over (under) expenditures	347	2,655	0	2,865	57,087	8,399	0	0	0	0	0	0	0	0	(391)	(8,738)	79,406	141,630
OTHER FINANCING SOURCES (USES)																		
Net transfers																22,962		22,962
Total other financing sources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22,962	0	22,962
Revenues and other financing sources over (under) expenditures and other financing sources (uses)	347	2,655		2,865	57,087	8,399									(391)	14,224	79,406	164,592
Fund balance - July 1, 2017	1,550	12,705	1,515	2,834	119,526	37,998	0	0	0	0	0	0	0	0	391	143,749	366,320	686,588
Fund balance - June 30, 2018	1,897	15,360	1,515	5,699	176,613	46,397	0	0	0	0	0	0	0	0	0	157,973	445,726	851,180

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Shelley Joint School District #60

All Agency Funds
Combining Schedule of Changes in Assets and Liabilities
Fiscal Year Ended June 30, 2018

	Balance			Balance
	June 30, 2017	Receipts	Disbursements	June 30, 2018
ASSETS				
Cash				
Shelley High School	132,772	782,587	856,313	59,046
Donald J. Hobbs Middle School	47,452	71,359	73,888	44,923
Riverview Elementary School	5,594	22,687	20,215	8,066
Sunrise Elementary School	4,917	26,985	22,422	9,480
Stuart Elementary School	15,588	26,591	26,993	15,186
Total assets	206,323	930,209	999,831	136,701
LIABILITIES				
Due to student groups				
Shelley High School	132,772	782,587	856,313	59,046
Donald J. Hobbs Middle School	47,452	71,359	73,888	44,923
Riverview Elementary School	5,594	22,687	20,215	8,066
Sunrise Elementary School	4,917	26,985	22,422	9,480
Stuart Elementary School	15,588	26,591	26,993	15,186
Total liabilities	206,323	930,209	999,831	136,701

See Independent Auditor's Report.

Shelley Joint School District #60

Taxes Receivable
Fiscal Year Ended June 30, 2018

	General Fund		
	Total	2017	2016 and prior
Unearned balance at July 1, 2017	19,608	0	19,608
ADDITIONS			
Roll charges applicable to 2017	597,071	597,071	
Subsequent additions and cancellations	(882)	(907)	25
Total additions	596,189	596,164	25
DEDUCTIONS			
Collections received	387,545	378,810	8,735
Current amount due on taxes collected by the counties	209,003	208,236	767
Total deductions	596,548	587,046	9,502
Unearned balance at June 30, 2018	19,249	9,118	10,131

See Independent Auditor's Report.

Shelley Joint School District #60

Taxes Receivable
Fiscal Year Ended June 30, 2018

Debt Service Fund			Capital Projects Fund		
Total	2017	2016 and prior	Total	2017	2016 and prior
20,509	0	20,509	11,603	0	11,603
853,289	853,289		391,509	391,509	
(1,266)	(1,297)	31	(579)	(595)	16
852,023	851,992	31	390,930	390,914	16
552,413	541,367	11,046	254,136	248,392	5,744
298,565	297,595	970	137,048	136,543	505
850,978	838,962	12,016	391,184	384,935	6,249
21,554	13,030	8,524	11,349	5,979	5,370

See Independent Auditor's Report.

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Single Audit Section

Shelley Joint School District #60

June 30, 2018

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Shelley Joint School District #60
Shelley, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in the *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 Shelley Joint School District #60 as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shelley Joint School District #60 '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 Shelley Joint School District #60 '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 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 controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls 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 Shelley Joint School District #60 's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP
CPAs and Consultants

Idaho Falls, Idaho
October 15, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Trustees
Shelley Joint School District #60
Shelley, Idaho

Report on Compliance for Each Major Federal Program

We have audited Shelley Joint School District #60 's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Shelley Joint School District #60 's major federal programs for the year ended June 30, 2018. Shelley Joint School District #60 '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 each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Shelley Joint School District #60 '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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Shelley Joint School District #60 '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 Shelley Joint School District #60 's compliance.

Opinion

In our opinion, the District 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 and state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Shelley Joint School District #60 is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Shelley Joint School District #60'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 Uniform Guidance, 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 Shelley Joint School District #60'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP
CPAs and Consultants

Idaho Falls, Idaho
October 15, 2018

Shelley Joint School District #60

Schedule of Findings and Questioned Costs Fiscal Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified Opinion.

Internal control over financial reporting:

- Material weakness (es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X No

Type of auditor's report issued on compliance for major programs: Unmodified Opinion.

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)?

_____ Yes X No

Identification of major programs:

CFDA Number(s)

84.027/84.173

10.553/10.555/10.556/10.559

Name of Federal Program or Cluster

IDEA Cluster

Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Shelley Joint School District #60

Schedule of Findings and Questioned Costs *Fiscal Year Ended June 30, 2018*

SECTION II - FINDINGS - FINANCIAL STATEMENT AUDITS

None.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

Shelley Joint School District #60

Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2018

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
United States Department of Agriculture			
Passed through Idaho State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	2016IN109947	14,448
		2017IN109947	103,658
National School Lunch Program – cash	10.555	2016IN109947	53,134
		2017IN109947	337,872
Special Milk Program for Children	10.556	2016IN109947	20
		2017IN109947	400
Summer Food Service Program for Children	10.559	2018IN109947	22,338
			531,870
Non-Cash Assistance (Commodities)			
National School Lunch Program-commodities	10.555		87,400
Total Child Nutrition Cluster			619,270
State Administrative Expense for Child Nutrition	10.560		759
Total Passed Through Idaho State Department of Education			620,029
Total U. S. Department of Agriculture			620,029
United States Department of Education			
Passed through Idaho State Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A160012	72,681
		S010A170012	232,461
Migrant Education - Basic State Grant Program	84.011	S011A160012	3,833
		S010A170012	25,574
Migrant Education – Coordination Program	84.144	S144G150062	500
Supporting Effective Instruction	84.367	S367A160011	7,893
		S367A170011	52,137
Title III – Language Acquisition	84.365A	S365A150012	1,546
		S365A160012	8,596
Title IV Student Support and Academic Enrichment	84.424	S424A170013	6,131
IDEA Cluster			
Special Education - School-age	84.027	H027A160088	137,399
		H027A170088	255,520
Special Education - Preschool	84.173	H173A160030	3,009
		H173A170030	23,146
Total IDEA Cluster			419,074
Total Passed through Idaho State Department of Education			830,426

Shelley Joint School District #60

Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2018

United States Department of Education

Passed through Idaho State Division of Professional Technical
Vocational Education

84.048A V048A170012 20,693

Total U. S. Department of Education 851,119

Total Federal Financial Assistance 1,471,148

Shelley Joint School District #60

Notes to Schedule of Expenditures of Federal Awards *Fiscal Year Ended June 30, 2018*

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance issued by the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net assets of the District.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified basis of accounting as described in Note A to the District's financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C NONMONETARY TRANSACTIONS

Nonmonetary assistance is reported for the Food Distribution Program at fair market value of commodities received which is established by the State Department of Education. The District held an undetermined amount of those commodities in inventory at June 30, 2018.

NOTE D INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

Shelley Joint School District #60

Summary Schedule of Prior Audit Findings *Fiscal Year Ended June 30, 2018*

None