JEFFERSON JOINT SCHOOL DISTRICT #251
RIGBY, IDAHO
ANNUAL FINANCIAL REPORT
and
COMPLIANCE REPORTS
with
INDEPENDENT AUDITORS' REPORT
For the Year Ended June 30, 2018

JEFFERSON JOINT SCHOOL DISTRICT #251
ANNUAL FINANCIAL AND COMPLIANCE REPORT
For the Year Ended June 30, 2018

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JEFFERSON JOINT SCHOOL DISTRICT #251
ANNUAL FINANCIAL AND COMPLIANCE REPORT
For the Year Ended June 30, 2018

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Searle Hart & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Jefferson Joint School District #251
Rigby, 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 Jefferson Joint School District #251, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Rexburg • Idaho Falls

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 Jefferson Joint School District #251 as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's share of net pension liability PERSI, schedule of employer contributions PERSI, and budgetary comparison information on pages 33 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson Joint School District #251's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the Statement of Changes in Assets and Liabilities-Agency Funds, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 statements, the Statement of Changes in Assets and Liabilities-Agency Funds, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Statement of Changes in Assets and Liabilities-Agency Funds, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 10, 2018, on our consideration of Jefferson Joint School District #251'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 the 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 Jefferson Joint School District #251's internal control over financial reporting and compliance.

Searle Hart & Associates PLLC
Rexburg, Idaho
October 10, 2018

FINANCIAL SECTION

JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF NET POSITION
June 30, 2018

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and equivalents	$	13,481,216
Accounts receivable		150,909
Taxes receivable		1,869,786
Due from other governmental agencies		1,380,735
Inventory		75,392
Postemployment benefit asset		1,029,050
Capital assets		
Land and improvements not being depreciated		2,633,214
Buildings		82,500,362
Equipment and vehicles		9,063,876
Less: Accumulated depreciation		(26,219,436)
Total Capital Assets		67,978,016
TOTAL ASSETS		85,965,104
DEFERRED OUTFLOWS OF RESOURCES		
Expenses unavailable for use		3,759,989
LIABILITIES		
Accounts payable		886,275
Other accrued expenses		3,391,417
Long-term liabilities		
Due within one year		
Bonds, capital leases and contracts		3,341,968
Accrued interest		92,525
Compensated absences		125,319
Postemployment benefit payable		924,099
Due in more than one year		
Bonds, capital leases and contracts		34,243,192
Net pension liability		8,641,556
TOTAL LIABILITIES		51,646,351
DEFERRED INFLOWS OF RESOURCES		
Revenue unavailable for use		1,552,088
NET POSITION		
Invested in capital assets, net of related debt		30,300,331
Restricted for:		
Capital Projects		2,201,381
Debt Service		4,858,825
Child Nutrition		598,775
Other Projects		350,196
Unrestricted		(1,782,854)
TOTAL NET POSITION	$	36,526,654

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

JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		Program Revenue		Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Primary government				
Governmental Activities:				
Instruction	$ 22,584,260	$ 38,632	$ 2,587,838	$ (19,957,790)
Support services	2,892,655	474,615	153,523	(2,264,517)
Plant maintenance & operations	3,533,331	-	-	(3,533,331)
General administration	3,262,520	-	-	(3,262,520)
Transportation	2,062,960	66,918	1,548,720	(447,322)
Food services	1,635,942	520,473	1,213,398	97,929
Interest on long-term debt	693,000	-	-	(693,000)
TOTAL GOVERNMENTAL ACTIVITIES	$ 36,664,668	$ 1,100,638	$ 5,503,479	(30,060,551)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	619,212
Property taxes, levied for debt service	2,614,826
Property taxes, levied for capital improvements	-
Grants and contributions not restricted to specific programs	2,465,380
State aid - formula grants	26,486,157
Unrestricted investment earnings	129,288
Miscellaneous	723,542
Special item - gain on sale of assets	11,300
Gain or loss on pension expense	906,008
Transfers	-
TOTAL GENERAL REVENUES	33,955,713
Change in net position	3,895,162
Net position - Beginning-Restated (See note 12)	32,631,492
NET POSITION - Ending	$ 36,526,654

JEFFERSON JOINT SCHOOL DISTRICT #251
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	GENERAL FUND	CHILD NUTRITION	SCHOOL PLANT FACILITIES
ASSETS			
Cash and cash equivalents	$ 6,441,917	$ 672,849	$ 2,264,961
Taxes receivable, net	218,739	-	-
Due from other funds	197,341	-	-
Receivable from other governments	773,835	24,331	-
Other receivables	150,909	-	-
Inventory	4,021	71,371	-
TOTAL ASSETS	7,786,762	768,551	2,264,961
DEFERRED OUTFLOWS OF RESOURCES			
Expenditures unavailable for use	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 7,786,762	$ 768,551	$ 2,264,961
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 599,468	$ 7,232	$ 65,069
Interfund payable	-	-	-
Other accrued expenses	2,906,433	162,544	-
TOTAL LIABILITIES	3,505,901	169,776	65,069
DEFERRED INFLOWS OF RESOURCES			
Revenue unavailable for use	52,595	-	-
FUND BALANCES			
Nonspendable:			
Inventories	4,021	71,371	-
Committed to:			
Board Policy 7100	1,900,947	-	-
Assigned:			
Debt service	-	-	-
Other purposes	591,921	527,404	2,199,892
Unassigned	1,731,377	-	-
TOTAL FUND BALANCES	4,228,266	598,775	2,199,892
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 7,786,762	$ 768,551	$ 2,264,961

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

DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 3,598,086	$ 1,489	$ 501,914	$ 13,481,216
1,651,047	-	-	1,869,786
-	-	-	197,341
-	-	582,569	1,380,735
-	-	-	150,909
-	-	-	75,392
5,249,133	1,489	1,084,483	17,155,379
-	-	-	-
$ 5,249,133	$ 1,489	$ 1,084,483	$ 17,155,379
$ -	$ -	$ 214,506	$ 886,275
-	-	197,341	197,341
-	-	322,440	3,391,417
-	-	734,287	4,475,033
390,308	-	-	442,903
-	-	-	75,392
-	-	-	1,900,947
4,858,825	-	-	4,858,825
-	1,489	350,196	3,670,902
-	-	-	1,731,377
4,858,825	1,489	350,196	12,237,443
$ 5,249,133	$ 1,489	$ 1,084,483	$ 17,155,379

JEFFERSON JOINT SCHOOL DISTRICT #251
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balance, governmental funds	$ 12,237,443
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	
Historical Cost	94,197,452
Accumulated Depreciation	(26,219,436)
Certain other expenses unavailable for use are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	3,759,989
Certain other revenues unavailable for use are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	(1,552,088)
Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable for use in the funds.	442,903
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:	
General obligation bonds	(37,585,160)
Postemployment benefit asset	1,029,050
Accrued compensated absences	(125,319)
Accrued interest payable	(92,525)
Postemployment benefit payable	(924,099)
Net pension liability	(8,641,556)
Net position of governmental activities in the Statement of Net Position	$ 36,526,654

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

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JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	GENERAL FUND	CHILD NUTRITION	SCHOOL PLANT FACILITIES
REVENUES			
Property taxes	$ 395,595	$ -	$ -
Food service	-	520,473	-
Other local	197,502	-	47,007
State apportionment base	23,449,323	-	-
State apportionment transportation	1,548,720	-	-
State apportionment benefits	3,036,834	-	-
Investment earnings	128,722	-	566
Other State revenue	1,406,496	-	447,203
Federal grants and assistance	-	1,213,398	-
TOTAL REVENUES	30,163,192	1,733,871	494,776
EXPENDITURES			
Instruction	18,892,387	-	-
Support services	1,609,785	-	-
Plant maintenance & operations	3,540,229	-	-
General administration	3,115,386	-	-
Transportation	1,839,682	-	-
Food service	-	1,635,942	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	545,150
TOTAL EXPENDITURES	28,997,469	1,635,942	545,150
Excess (deficiency) of revenues over expenditures	1,165,723	97,929	(50,374)
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	-	-
Proceeds from sale of bonds	-	-	-
Transfers in	32,624	37,556	174,317
Transfers out	(361,874)	(11,111)	-
TOTAL OTHER FINANCING SOURCES (USES)	(329,250)	26,445	174,317
SPECIAL ITEM			
Proceeds from sale of assets	-	-	11,300
Net change in fund balances	836,473	124,374	135,243
Fund balances - Beginning	3,391,793	474,401	2,064,649
FUND BALANCES - Ending	$ 4,228,266	$ 598,775	$ 2,199,892

DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 2,614,826	$ -	$ -	$ 3,010,421
-	-	-	520,473
-	-	250,244	494,753
-	-	-	23,449,323
-	-	-	1,548,720
-	-	-	3,036,834
-	-	-	129,288
1,139,179	-	764,022	3,756,900
-	-	2,258,795	3,472,193
3,754,005	-	3,273,061	39,418,905
-	-	1,838,491	20,730,878
-	-	1,282,870	2,892,655
-	-	-	3,540,229
-	-	85,017	3,200,403
-	-	-	1,839,682
-	-	-	1,635,942
3,276,968	-	-	3,276,968
951,294	-	-	951,294
-	-	-	545,150
4,228,262	-	3,206,378	38,613,201
(474,257)	-	66,683	805,704
-	-	-	-
-	-	-	-
-	-	150,000	394,497
-	-	(21,512)	(394,497)
-	-	128,488	-
-	-	-	11,300
(474,257)	-	195,171	817,004
5,333,082	1,489	155,025	11,420,439
$ 4,858,825	$ 1,489	$ 350,196	$ 12,237,443

JEFFERSON JOINT SCHOOL DISTRICT #251
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds:	$	817,004
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays $553,451 exceeded depreciation $2,036,326 in the current period.		(1,455,560)
Property tax revenues (including penalties and interest) in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		223,617
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.		3,276,968
Governmental funds do not report the pension contribution expense and revenue because it does not provide current financial resources. In contrast, the Statement of Activities reports the expense and revenue. Thus, the change in net position differs from the change in fund balance by this pension contribution expense and revenue.		750,381
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Accrued interest not reflected on Governmental funds		204,320
Postemployment benefit not reflected on Governmental funds		48,107
Amortization of bond costs		39,464
Compensated absences not reflected on Governmental funds		(9,139)
Change in net position of governmental activities	$	3,895,162

JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	PREMIUM STABILIZATION EXPENDABLE TRUST FUND	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	$ 327,651	$ 536,371
Receivables	-	-
TOTAL ASSETS	327,651	536,371
LIABILITIES		
Accounts payable	2,992	-
Interfund payable	-	-
Due to student groups	-	536,371
TOTAL LIABILITIES	2,992	536,371
NET POSITION		
Held in trust for employee benefits	$ 324,659	$ -

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

JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2018

	PREMIUM STABILIZATION EXPENDABLE TRUST FUND
ADDITIONS	
Contributions:	
District contributions	$ -
Plan members	139,555
Total contributions	139,555
Investment earnings:	
Interest	409
Total additions	139,964
DEDUCTIONS	
Benefits	224,516
Administrative	17,545
Total deductions	242,061
Change in net position	(102,097)
Net position - beginning	426,756
Net position - ending	$ 324,659

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

NOTES TO THE FINANCIAL STATEMENTS

JEFFERSON JOINT SCHOOL DISTRICT #251
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For the Year Ended June 30, 2018

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2. Cash and Cash Equivalents

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6. Payroll Expenditures and Related Liabilities

7. Risk Management

8. Nonmonetary Transactions

9. Interfund Transfers and Balances

10. OPEB-Jefferson School District Employee Group Benefits Plan

11. Deferred Outflows/Inflows of Resources

12. Prior Period Adjustment

13. OPEB-PERSI Sick Leave Insurance Reserve Fund-Schools Members

14. Subsequent Events

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jefferson Joint School District #251 (District) is the basic level of government exercising oversight responsibility for all activities related to public school education in Jefferson Joint School District, Jefferson County, Idaho. The Board of Trustees, a seven member group, is elected by the public and as such has governance responsibility over all activities related to public elementary and secondary school education within the jurisdiction of the school district. The Board of Trustees have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity."

The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement of Auditing Standards No.* 69 of the American Institute of Certified Public Accountants.

In 2003, the District implemented GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,* GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes. The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

A. Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are; that is has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The governmental activities are supported by tax revenues and intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support.

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 operational or capital requirements of a particular function. The District does not allocate general (indirect) expenses to other functions. Taxes and other items not properly included among program revenues are reported instead 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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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 all eligibility requirements imposed by the provider have been met.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by block grants, and then by general revenues.

Buildings, furniture, fixtures, equipment and vehicles of the District are depreciated using the straight line method over the following estimated useful lives:

Category of Asset	Estimated Useful Lives
Buildings and improvements	20-50
Equipment	5-20
Vehicles	8

D. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using vesting method, in which leave amounts for employees who currently are eligible to receive termination payments are included. The entire compensated absences owed are reported in the government-wide financial statements.

E. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as deferred outflows/inflows of resources in the applicable governmental activities statement of net position. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a deferred outflows/inflows of resources in a governmental fund. For bonds issued after June 30, 2004, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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 expenses during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Fund Accounting

According to generally accepted accounting principles for governmental units, the District's financial operations are accounted for in the following funds:

GOVERNMENTAL FUND TYPES

General Fund
This fund accounts for the general operating (sometimes called the Maintenance & Operations, or M&O) fund of the District. It is used to account for all financial resources except those required to be accounted for in any other fund.

Special Revenue Funds
These funds account for federal and state funded grants as well as locally funded educational programs whose expenditures are limited to specific purposes. Such grants have been awarded to the district with the purpose of accomplishing specified educational tasks defined in the grant agreements.

Debt Service Fund
This fund accounts for the use of taxes levied and other revenues collected for the retirement of debt principal, interest and related costs.

Capital Projects Fund
This fund is used to account for the school plant facility tax levied and other resources to be used for the construction, purchase and maintenance of school buildings, buses, and equipment.

Fiduciary Fund Types

Trust and Agency Funds
Trust and agency funds are used to account for assets held by the district in a trustee capacity or as an agent for student groups and employees.

H. Budgets

Annual budgets are prepared and adopted by the board of Trustees before the beginning of the fiscal year which is July 1st. Budgets are prepared on the GAAP basis of accounting. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. All annual appropriations lapse at fiscal yearend. The District amended it budgets during the year to adjust for updated information. The amended budgets were approved by the Board of Trustees.

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 of 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

I. Property Tax

Property taxes are collected by the County Treasurer and remitted to the District monthly. Taxes are payable in semi-annual installments due December 20 and June 20 of each year after which time they become delinquent. Taxes levied but not received by the district by June 30 have been accrued and taxes still unpaid after sixty days beyond the fiscal year are shown as deferred inflows of resources.

J. Nonspendable and Spendable Fund Balances

Fund balance is separated into nonspendable and spendable fund balance. Nonspendable fund balance includes amounts that cannot be spent because they are either: (1) not in spendable form; or (2) legally or contractually required to be maintained intact. Spendable amounts are classified into restricted, committed, assigned and unassigned. The following is a list of nonspendable and spendable fund balance designations for Jefferson School District #251.

Nonspendable for inventories. This fund balance cannot be spent. It is designated to be used for inventories.

Committed to Board Policy 7100. This fund balance is committed for 7% of gross revenue as mandated by Board Policy 7100.

Assigned for debt service. This designation was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The designation was established to satisfy restrictions imposed by various bond agreements.

Assigned for other purposes. This reserve indicates fund balances that can only be spent for purposes authorized by the funding source.

Unassigned. This fund balance is not assigned to any specific purpose. The District will use the unassigned fund balance for expenditures in the subsequent fiscal year.

K. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position invested in capital assets, net of related debt excluded unspent debt proceeds. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

The District first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

L. Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to deductions from the Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as those financial instruments which have a maturity date of three months or less from the date of acquisition.

Deposits
The carrying amount of the Districts deposits with financial institutions was $3,743,241 and the bank balance was $4,131,122. The amount not covered by FDIC insurance was $3,361,812.

Investments
Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies and repurchase agreements. The District's investments at year end consisted of $10,600,266 invested in the Idaho State Investment Pool and Zion's Bank with some collateralized by Federal Home Loan Seattle Bank's Standby Letters of Credit. The Idaho State Investment Pool is not covered by Federal Deposit Insurance, but is primarily invested in government-backed securities. The Idaho State Treasurer provides oversight for investments by or through any department or institution of the State of Idaho. Amounts held by the State Investment Pool were held in the following investments: government agency notes, commercial paper, corporate bonds, U.S. treasury notes, money market accounts, repurchase agreements, and purchased accrued interest. All investments for the State Investment Pool are not collateralized. The investments held by the State Investment Pool are carried at cost plus accrued interest which is the fair market value also. Information necessary to determine the level of collateralization for the State Investment Pool was unavailable. Of Zion's Bank investments, $2,606,170 was collateralized through Federal Home Loan Seattle Bank Standby LOC.

The District had the following accounts. All deposits are carried at cost plus accrued interest.

Depository Account:	Bank Balance
Insured	$769,310
Uninsured and uncollateralized	3,361,812
Total deposits	$4,131,122
Investments:	
Collateral held by Zions Bank through Federal Home Loan Seattle Bank's Standby Letters of Credit for safe-keeping in the Districts name AAA rated	$2,606,170
Uncollateralized and held by Idaho State Investment Pool in the pool's safekeeping agent in the pool's name unrated fund	$7,994,097
Uninsured and uncollateralized	-

3. CAPITAL ASSETS

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

	BALANCE 7/1/2017	ADDITIONS	DELETIONS	BALANCE 6/30/2018
Capital assets not being depreciated				
Construction in progress	$ 18,682	$ -	$ (18,682)	$ -
Land				
Elementary	830,675	-	-	830,675
Secondary	912,871	-	-	912,871
Other	889,668	-	-	889,668
Total capital assets not being depreciated	2,651,896	-	(18,682)	2,633,214
Capital assets being depreciated				
Buildings				
Elementary	19,571,803	24,800	-	19,596,603
Secondary	60,577,480	55,377	-	60,632,857
Admin.	2,270,903	-	-	2,270,903
	82,420,186	80,177	-	82,500,363
Accumulated depreciation	(17,989,246)	(1,689,896)	-	(19,679,142)
Net buildings	64,430,940	(1,609,719)	-	62,821,221
Equipment				
Elementary	697,814	36,896	-	734,710
Secondary	1,570,490	-	-	1,570,490
Admin.	497,329	12,067	-	509,396
	2,765,633	48,963	-	2,814,596
Accumulated depreciation	(1,386,052)	(185,009)	-	(1,571,061)
Net equipment	1,379,581	(136,046)	-	1,243,535
Vehicles	6,137,027	473,039	(360,785)	6,249,281
Accumulated depreciation	(5,165,868)	(164,151)	360,785	(4,969,234)
Net vehicles	971,159	308,888	-	1,280,047
Total capital assets being depreciated	66,781,680	(1,436,877)	-	65,344,803
Capital assets, net	$ 69,433,576	$ (1,436,877)	$ (18,682)	$ 67,978,017

In the government-wide Statement of Activities the column labeled "Expenses" includes charges for depreciation expense to the following functions or programs:

EXPENSE	
Instruction	$ 1,736,771
Transportation	223,278
General administration	46,210
Plant maintenance and operations	32,797
Total	$ 2,039,056

3. CAPITAL ASSETS (cont.)

The School District's capitalization policy is to capitalize equipment and buildings over $10,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

4. CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

The general obligation bond issue 2007 series was refunded by refunding bond 2015 series issued $4,950,000. The cash flows required to service the old debt are $12,287,750. The cash flows required to service the new debt are $9,393,250. This results in an economic gain of $2,894,500 over time from this advanced refunding transaction.

The debt balance at June 30, 2016 defeased through the 2015 advanced refunding was $9,655,000 and was called March 1, 2018.

In December 2007, the District issued $18,150,000 of general obligation bonds for the construction of a new elementary school, an addition to the middle school and safety and security upgrades district-wide.

In December 2009 and early 2010, the District issued $5,000,000 of Qualified School Construction Bonds, $21,805,000 general obligation Build America Bonds, and $3,195,000 general obligation bonds.

In December 2010, the District issued $15,000,000 general obligation QSCB bonds.

A summary of general long-term debt transactions of the District, for the year ended June 30, 2017, follows:

	BALANCE 7/1/2017	ADDITIONS	RETIREMENT	BALANCE 6/30/2018	DUE WITHIN ONE YEAR
General obligation bond	$ 40,862,128	$ -	$ 3,276,968	$ 37,585,160	$ 3,341,968
Pension Liability	11,080,255	-	2,438,699	8,641,556	-
Postemployment benefit	816,578	107,521	-	924,099	924,099
Compensated absences	116,180	9,139	-	125,319	125,319
Total	$ 52,875,141	$ 116,660	$ 5,715,667	$ 47,276,134	$ 4,391,386

4. CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS (cont.)

Debt service requirements to amortize bond and lease debt to maturity as of June 30, 2018, are as follows:

	PRINCIPAL	INTEREST	TOTAL
2019	$ 3,341,968	$ 814,427	$ 4,156,395
2020	3,406,968	751,701	$ 4,158,669
2021	3,461,968	686,597	$ 4,148,565
2022	3,526,968	619,489	$ 4,146,457
2023	3,326,968	554,397	$ 3,881,365
2024-2028	13,490,611	1,854,190	$ 15,344,801
2029-2033	7,029,709	192,535	$ 7,222,244
2034-2038	-	-	-
Total	$ 37,585,160	$ 5,473,336	$ 43,058,496

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

PRINCIPAL	Balance 7/1/2017	New Debt	Debt Retired	Balance 6/30/2018
2015 GO	$ 4,725,000	$ -	$ (205,000)	$ 4,520,000
2007 Series	665,000	-	(665,000)	-
2009 QSCB	3,461,538	-	(384,615)	3,076,923
2010 Series A, B & C	32,010,590	-	(2,022,353)	29,988,237
Lease Payable	-	-	-	-
Totals	$ 40,862,128	$ -	$ (3,276,968)	$ 37,585,160
INTEREST TO BE PROVIDED				
2015 GO	$ 469,725	$ -	$ (138,675)	331,050
2007 Series	13,300	-	(13,300)	-
2009 QSCB	658,750	-	(77,500)	581,250
2010 Series A, B & C	5,208,796	-	(647,760)	4,561,036
Lease Payable	-	-	-	-
Totals	$ 6,350,571	$ -	$ (877,235)	$ 5,473,336

5. PENSION PLANS

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The District's contributions were $2,085,435 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

5. PENSION PLANS (cont.)

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

liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the District's proportion was 0.5497774 percent.

For the year ended June 30, 2018, the District recognized pension expense (revenue) of $2,085,435. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 778,531
Changes in assumptions or other inputs	159,806	-
Net difference between projected and actual earnings on pension plan investments	-	517,571
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	1,311,066	-
District contributions subsequent to the measurement date	2,085,435	-
Total	$ 3,556,307	$ 1,296,102

$2,085,435 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, 2018.

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses (revenue) as follows:

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses (revenue) as follows:

5. PENSION PLANS (cont.)

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

Year ended June 30:	
2018	(469,785)
2019	811,877
2020	230,365
2021	(511,807)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

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

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

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

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

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

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

5. PENSION PLANS (cont.)

Actuarial Assumptions (cont.)

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on the 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 show 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

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return of net fees and expenses

Actuarial Assumptions:	
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.08%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investments Expenses	**7.10%**

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

5. PENSION PLANS (cont.)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	20,084,755	8,641,556	(868,045)

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.

Payables to the pension plan

At June 30, 2018, the District had no payables for the defined benefit pension plan.

6. PAYROLL EXPENDITURES AND RELATED LIABILITIES

Many employee contracts were signed for the nine-month period 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.

7. RISK MANAGEMENT

The District is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through commercial insurance carriers. Settled claims have not exceeded insurance coverage in any of the previous three years.

8. NONMONETARY TRANSACTIONS

The District received $152,471 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.

9. INTERFUND TRANSFERS AND BALANCES

During the course of its operations, the District had numerous transactions between funds to finance operations and provide services. 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 as of June 30, 2018, were as follows:

	Receivable	Payable
General Fund	$ 197,341	$ -
Capital Projects	-	-
Various Other Special Revenue Funds	-	197,341
TOTAL	$ 197,341	$ 197,341

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	TRANSFER IN	TRANSFER OUT
General Fund	$ 32,624	$ 361,874
Child Nutrition	37,556	11,111
School Plant Facilities	174,317	-
E-Rate	150,000	-
Other Special Revenue Funds	-	21,512
TOTAL	$ 394,497	$ 394,497

A transfer was made from the General Fund to various funds to provide for budgeted expenditures of $394,497. The funds went to School Plant Facilities and various Other Governmental Funds.

10. OPEB – JEFFERSON SCHOOL DISTRICT EMPLOYEE GROUP BENEFITS PLAN

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the District recognizes the cost of postemployment healthcare in the year when employee services are received. This reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. The District is adopting the requirements of GASB Statement No. 45 in 2009, recognition of the liability is included in the financial statement as a liability in 2018.

10. OPEB (Cont.)

Plan Descriptions. The School District provides continuation of medical insurance coverage to employees who retire at end of their service to the District before the age of 65.

The School District Plan is administered by District personnel. No separate financial statements are issued. The following is a summary of the Plan:

	Accrued Liability	Annual Required Contribution	Participant Counts
Active Participants	$ 830,808	$ 152,049	356
Retirees, Spouses, and Surviving Spouses	93,291	4,263	16
	$ 924,099	$ 156,312	372

Annual Required Contributions (ARC)	
Normal Cost as of July 1, 2018	$ 104,719
Actuarial accrued Liability (AAL)	$ 924,099
Actuarial Value of Assets	$ -
Unfunded Actuarial Accrued Liability (UAAL)	$ 924,099
Amortization Factor	20.0
Amortization of the Unfunded Actuarial Accrued Liability	$ 362,295
Annual Required Contribution for Fiscal Year Ending 6/30/18	$ 156,312
Annual OPEB Cost	
Annual Required Contribution as of 6/30/18	$ 156,312
Net OPEB Obligation at 7/1/18	$ 362,295
Interest on Net OPEB Obligation	$ -
Amortization Factor	20
ARC Adjustment	$ -
Annual OPEB Cost	$ 156,312
Schedule of Funding Progress	
Actuarial Valuation Date	7/1/2018
Actuarial Value of Assets	$ -
Actuarial accrued Liability (AAL)	$ 924,099
Unfunded Actuarial Accrued Liability (UAAL)	$ 924,099
Funded Ratio	0.00%

Three-year trend information is presented as follows: 2016 liability and unfunded amount was $822,564 and 2017 liability and unfunded amount was $816,578. The 2018 information is presented above.

10. OPEB (Cont.)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are "community-rated" and annual premiums for community-rated coverages were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 20 years on a level dollar open basis.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2018, actuarial valuation, the liabilities were computed using the projected unit credit method and level dollar amortization. The actuarial assumptions utilized a 3.57% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 3.57% rate. The valuation assumes an 7.0% healthcare cost trend increase for fiscal year 2017-18.

11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net 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's deferred outflows of resources consist of bond issue expenses from previous bond issues.

In addition to liabilities, the Statement of Net 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's deferred inflows of resources for the Statement of Net Position consists of bond premiums from outstanding bonds that will reduce the interest expense in future periods. 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, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A summary of deferred inflows and outflows follows:

	DEFERRED INFLOWS OF RESOURCES	DEFERRED OUTFLOWS OF RESOURCES
Bond Issue Expenses	$ 203,682	$ -
Bond Premiums	-	255,806
Pension Contributions	3,556,307	-
Pension Earnings	-	1,296,282
	$ 3,759,989	$ 1,552,088

Deferred inflows of resources at June 30, 2018, represent revenues that are not available for use by the District to liquidate current year liabilities. A summary of deferred inflows by fund follows:

	GENERAL	DEBT SERVICE	SCHOOL PLANT FACILITIES	OTHER GOVERNMENTAL	TOTAL
Property tax	$ 52,595	$ 390,308	$ -	$ -	$ 442,903
Other revenue	-	-	-	-	-
TOTAL	$ 52,595	$ 390,308	$ -	$ -	$ 442,903

See Note 5 Pension Plans for the pension plan deferred outflows of resources and deferred inflows of resources.

12. PRIOR PERIOD ADJUSTMENT

The District adopted GASB 74 and 75 for Other Postemployment Benefits (OPEB) in fiscal year 2017-2018. The result was a prior period adjustment that increased beginning net position in the amount of $873,422.

13. OPEB – PERSI SICK LEAVE INSURANCE RESERVE FUND – SCHOOL MEMBERS

The District's plan is a defined contribution plan administered by the PERSI Board with authority granted by the State of Idaho. The contribution rate for general employees is set by statute at 60% of the employer rate for employees which is 6.79%. The employer contribution rate for covered payroll is 11.32%. The District's contribution for the year ended June 30, 2018 was $155,628.

The amount of asset outstanding at June 30, 2018 was $1,029,050.

14. SUBSEQUENT EVENTS

Subsequent events have been considered through the report date of October 10, 2018. There was one item that will have a material impact on the operation of the District.

In August 2018 voters approved a bond levy in the amount of $36,000,000 for the construction of a new elementary school and additional classrooms in two other schools to accommodate student population growth.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON JOINT SCHOOL DISTRICT #251
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY PERSI – BASE PLAN
LAST 10 – FISCAL YEARS*

	2018	2017	2016	2015
Employer's portion of net the pension liability	0.5497774%	0.5465918%	0.5334703%	0.5348668%
Employer's proportionate share of the net pension liability	$ 8,641,556	$11,080,255	$7,024,936	$3,937,457
Employer's covered-employee payroll	$ 16,985,677	$15,826,184	$14,889,740	$14,457,157
Employer's proportional share of the net pension liability as a percentage of it's covered -employee payroll	50.88%	70.01%	47.18%	27.24%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%	94.95%

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

Data reported is measured as of June 30, 2017, 2016, 2015, and 2014.

JEFFERSON JOINT SCHOOL DISTRICT #251
SCHEDULE OF EMPLOYER CONTRIBUTIONS PERSI – BASE PLAN
LAST 10 – FISCAL YEARS*

	2018	**2017**	**2016**	**2015**
Statutorily required contribution	$ 1,853,916	$ 1,624,812	$ 1,744,992	$ 1,738,540
Contributions in relation to the statutorily required contribution	$ 1,959,227	$ 1,834,417	$ 1,713,723	$ 1,663,362
Contribution (deficiency) excess	$ (105,311)	$ (209,605)	$ 31,269	$ 75,178
Employer’s covered-employee payroll	$ 16,985,677	$ 15,826,184	$ 14,889,740	$ 14,457,157
Contributions as a percentage of covered-employee payroll	11.53%	11.59%	11.51%	11.51%

*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 use for which information is available.

Data is reported is measured as of June 30, 2017, 2016, 2015, and 2014.

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO PERSI PLAN SCHEDULES
For the Year Ended June 30, 2018

1. There were changes in benefit terms recognized immediately totaling $67,073 during the Plan year ended June 30, 2018.

2. There were no changes in composition of the population during the Plan year ended June 30, 2018

3. There were changes of amortization of changes of assumptions totaling $87,936 during the Plan year ended June 30, 2018.

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND
For the year ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE
	ORIGINAL	FINAL	AMOUNTS	(UNFAVORABLE)
REVENUES				
Property taxes	$ 635,000	$ 635,000	$ 395,595	$ (239,405)
Food service	-	-	-	-
Other local	72,000	127,942	197,502	69,560
State apportionment base	22,651,268	23,458,007	23,449,323	(8,684)
State apportionment transportation	1,426,376	1,532,188	1,548,720	16,532
State apportionment benefits	2,952,310	3,036,402	3,036,834	432
Investment earnings	20,000	20,000	128,722	108,722
Other State revenue	1,303,774	1,330,542	1,406,496	75,954
Federal grants and assistance	-	-	-	-
TOTAL REVENUES	29,060,728	30,140,081	30,163,192	23,111
EXPENDITURES				
Instruction	18,699,950	20,137,565	18,892,387	1,245,178
Support services	1,649,356	1,746,776	1,609,785	136,991
Plant maintenance and operation	3,630,013	3,776,233	3,540,229	236,004
General administration	2,969,196	3,099,227	3,115,386	(16,159)
Central services	-	-	-	-
Transportation	1,812,118	1,952,226	1,839,682	112,544
Food service	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	28,760,633	30,712,027	28,997,469	1,714,558
Excess (deficiency) of revenues over expenditures	300,095	(571,946)	1,165,723	1,737,669
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Transfers in	72,506	72,506	32,624	39,882
Transfers out	(302,000)	(302,000)	(361,874)	(59,874)
TOTAL OTHER FINANCING SOURCES (USES)	(229,494)	(229,494)	(329,250)	(19,992)
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	$ 70,601	$ (801,440)	836,473	$ 1,637,913
Fund balances - Beginning			3,391,793	
FUND BALANCES - Ending			$ 4,228,266	

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - CHILD NUTRITION
For the year ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE
	ORIGINAL	FINAL	AMOUNTS	(UNFAVORABLE)
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Food service	417,428	417,428	520,473	103,045
Transportation fees	-	-	-	-
Other local	-	-	-	-
State apportionment base	-	-	-	-
State apportionment transportation	-	-	-	-
State apportionment benefits	-	-	-	-
Investment earnings	1,000	1,000	-	(1,000)
Other State revenue	-	-	-	-
Federal grants and assistance	1,093,520	1,093,520	1,213,398	119,878
TOTAL REVENUES	1,511,948	1,511,948	1,733,871	221,923
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Plant maintenance and operation	-	-	-	-
General administration	-	-	-	-
Central services	-	-	-	-
Transportation	-	-	-	-
Food service	1,815,084	1,815,084	1,635,942	179,142
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	1,815,084	1,815,084	1,635,942	179,142
Excess (deficiency) of revenues over expenditures	(303,136)	(303,136)	97,929	401,065
OTHER FINANCING SOURCES (USES)				
Transfers in	32,000	32,000	37,556	(5,556)
Transfers out	(137,067)	(137,067)	(11,111)	125,956
TOTAL OTHER FINANCING SOURCES (USES)	(105,067)	(105,067)	26,445	120,400
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	$ (408,203)	$ (408,203)	124,374	$ 532,577
Fund balances - Beginning			474,401	
FUND BALANCES - Ending			$ 598,775	

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - SCHOOL PLANT FACILITIES
For the year ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE
	ORIGINAL	FINAL	AMOUNTS	(UNFAVORABLE)
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Food service	-	-	-	-
Transportation fees	-	-	-	-
Other local	10,000	10,000	47,007	37,007
State apportionment base	-	-	-	-
State apportionment transportation	-	-	-	-
State apportionment benefits	-	-	-	-
Investment earnings	5,000	5,000	566	(4,434)
Other State revenue	435,274	435,274	447,203	11,929
Federal grants and assistance	-	-	-	-
TOTAL REVENUES	450,274	450,274	494,776	44,502
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Plant maintenance and operation	1,584,448	1,345,836	-	1,345,836
General administration	-	-	-	-
Central services	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	609,000	609,000	545,150	63,850
TOTAL EXPENDITURES	2,193,448	1,954,836	545,150	1,409,686
Excess (deficiency) of revenues over expenditures	(1,743,174)	(1,504,562)	(50,374)	1,454,188
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	120,000	174,317	(54,317)
Transfers out	-	(238,612)	-	238,612
TOTAL OTHER FINANCING SOURCES (USES)	120,000	(118,612)	174,317	184,295
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	11,300	(11,300)
Net change in fund balances	$ (1,623,174)	$ (1,623,174)	135,243	$ 1,758,417
Fund balances - Beginning			2,064,649	
FUND BALANCES - Ending			$ 2,199,892	

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - DEBT SERVICE
For the year ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE
	ORIGINAL	FINAL	AMOUNTS	(UNFAVORABLE)
REVENUES				
Property taxes	$ 4,233,306	$ 4,233,306	$ 2,614,826	$ (1,618,480)
Food service	-	-	-	-
Transportation fees	-	-	-	-
Other local	-	-	-	-
State apportionment base	-	-	-	-
State apportionment transportation	-	-	-	-
State apportionment benefits	-	-	-	-
Investment earnings	300	300	-	(300)
Other State revenue	1,200,000	1,200,000	1,139,179	(60,821)
Federal grants and assistance	-	-	-	-
TOTAL REVENUES	5,433,606	5,433,606	3,754,005	(1,679,601)
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Plant maintenance and operation	-	-	-	-
General administration	-	-	-	-
Central services	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Debt Service:				
Principal	3,276,968	3,276,968	3,276,968	-
Interest and other charges	1,023,387	1,023,387	951,294	72,093
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	4,300,355	4,300,355	4,228,262	72,093
Excess (deficiency) of revenues over expenditures	1,133,251	1,133,251	(474,257)	(1,607,508)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(4,402,352)	(4,402,352)	-	4,402,352
TOTAL OTHER FINANCING SOURCES (USES)	(4,402,352)	(4,402,352)	-	4,402,352
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	$ (3,269,101)	$ (3,269,101)	(474,257)	$ 2,794,844
Fund balances - Beginning			5,333,082	
FUND BALANCES - Ending			$ 4,858,825	

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - CAPITAL PROJECTS
For the year ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE
	ORIGINAL	FINAL	AMOUNTS	(UNFAVORABLE)
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Food service	-	-	-	-
Transportation fees	-	-	-	-
Other local	-	-	-	-
State apportionment base	-	-	-	-
State apportionment transportation	-	-	-	-
State apportionment benefits	-	-	-	-
Investment earnings	-	-	-	-
Other State revenue	-	-	-	-
Federal grants and assistance	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Plant maintenance and operation	-	-	-	-
General administration	-	-	-	-
Central services	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	$ -	$ -	-	$ -
Fund balances - Beginning			1,489	
FUND BALANCES - Ending			$ 1,489	

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO THE BUDGET AND ACTUAL COMPARISON SCHEDULES
For the Year Ended June 30, 2018

1. The legally adopted budget for Jefferson Joint School District #251is based on the modified accrual basis of accounting.

2. Actual expenditures did not exceed the budget in any of the major funds.

SUPPLEMENTARY INFORMATION

JEFFERSON JOINT SCHOOL DISTRICT #251
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	ED FOUNDATION FUND	DRIVER'S ED	PRO TECHNICAL
ASSETS			
Cash and cash equivalents	$ 124,633	$ -	$ -
Receivable from other governments	-	51,380	29,525
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
TOTAL ASSETS	124,633	51,380	29,525
DEFERRED OUTFLOWS OF RESOURCES			
Expenditures unavailable for use	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 124,633	$ 51,380	$ 29,525
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 565	$ 20,991
Other accrued expenses	-	13,311	7,819
Interfund payable	-	8,355	715
TOTAL LIABILITIES	-	22,231	29,525
DEFERRED INFLOWS OF RESOURCES			
Revenue unavailable for use	-	-	-
FUND BALANCES			
Assigned - other purposes	124,633	29,149	-
Unassigned	-	-	-
TOTAL FUND BALANCES	124,633	29,149	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 124,633	$ 51,380	$ 29,525

STATE TECHNOLOGY	IDAHO SUBSTANCE ABUSE	TITLE I BASIC	MIGRANT ED	TITLE VI-B SCHOOL-AGE
$ 196,414	$ 70,794	$ -	$ -	$ -
-	-	161,705	2,897	262,152
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
196,414	70,794	161,705	2,897	262,152
-	-	-	-	-
$ 196,414	$ 70,794	$ 161,705	$ 2,897	$ 262,152
$ -	$ 70,794	$ 41,536	$ 8	$ 394
-	-	120,169	2,452	114,793
-	-	-	437	146,965
-	70,794	161,705	2,897	262,152
-	-	-	-	-
196,414	-	-	-	-
-	-	-	-	-
196,414	-	-	-	-
$ 196,414	$ 70,794	$ 161,705	$ 2,897	$ 262,152

JEFFERSON JOINT SCHOOL DISTRICT #251
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	TITLE VI-B PRESCHOOL	TITLE-V INNOVATION	PERKINS PRO TECHNICAL
ASSETS			
Cash and cash equivalents	$ -	$ -	$ -
Receivable from other governments	-	-	53,654
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
	-	-	53,654
DEFERRED OUTFLOWS OF RESOURCES			
Expenditures unavailable for use	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -	$ 53,654
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ 11,725
Other accrued expenses	-	-	1,060
Interfund payable	-	-	40,869
TOTAL LIABILITIES	-	-	53,654
DEFERRED INFLOWS OF RESOURCES			
Revenue unavailable for use	-	-	-
FUND BALANCES			
Assigned - other purposes	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ -	$ -	$ 53,654

LANGUAGE INSTRUCTION	IMPROVING TEACHER QUALITY	MEDICAID	E-RATE	TOTAL NONMAJOR SPECIAL REVENUE
$ -	$ -	$ 44,052	$ 66,021	$ 501,914
8,109	13,147	-	-	582,569
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,109	13,147	44,052	66,021	1,084,483
-	-	-	-	-
$ 8,109	$ 13,147	$ 44,052	$ 66,021	$ 1,084,483
$ -	$ 2,472	$ -	$ 66,021	214,506
8,109	10,675	44,052	-	322,440
-	-	-	-	197,341
8,109	13,147	44,052	66,021	734,287
-	-	-	-	-
-	-	-	-	350,196
-	-	-	-	-
-	-	-	-	350,196
$ 8,109	$ 13,147	$ 44,052	$ 66,021	$ 1,084,483

JEFFERSON JOINT SCHOOL DISTRICT #251
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

	ED FOUNDATION FUND	DRIVER'S ED	PRO TECHNICAL
REVENUES			
Property taxes	$ -	$ -	$ -
Intergovernmental-State	-	23,875	185,682
Intergovernmental-Federal	-	-	-
Transportation fees	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Other local	115,594	35,595	-
TOTAL REVENUES	115,594	59,470	185,682
EXPENDITURES			
Instruction	103,932	52,920	185,682
Support services	-	-	-
General administration	159	-	-
Transportation	-	-	-
Food service	-	-	-
Capital outlay	-	-	-
Debt service-principal	-	-	-
Debt service-interest	-	-	-
TOTAL EXPENDITURES	104,091	52,920	185,682
Excess (deficiency) of revenues over expenditures	11,503	6,550	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
SPECIAL ITEM			
Proceeds from sale of equipment	-	-	-
Net change in fund balances	11,503	6,550	-
Fund balance - Beginning	113,130	22,599	-
FUND BALANCES - Ending	$ 124,633	$ 29,149	$ -

STATE TECHNOLOGY	IDAHO SUBSTANCE ABUSE	TITLE I BASIC	MIGRANT ED	TITLE VI-B SCHOOL-AGE
$ -	$ -	$ -	$ -	$ -
483,671	70,794	-	-	-
-	-	688,331	15,788	810,303
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
483,671	70,794	688,331	15,788	810,303
-	-	521,826	15,586	659,189
306,553	70,794	75,235	-	140,768
-	-	82,505	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
306,553	70,794	679,566	15,586	799,957
177,118	-	8,765	202	10,346
-	-	-	-	-
-	-	(8,765)	(202)	(10,346)
-	-	(8,765)	(202)	(10,346)
-	-	-	-	-
177,118	-	-	-	-
19,296	-	-	-	-
$ 196,414	$ -	$ -	$ -	$ -

JEFFERSON JOINT SCHOOL DISTRICT #251
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

	TITLE VI-B PRESCHOOL	TITLE-V INNOVATION	PERKINS PRO TECHNICAL
REVENUES			
Property taxes	$ -	$ -	$ -
Intergovernmental-State	-	-	-
Intergovernmental-Federal	30,656	12,751	53,654
Transportation fees	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Other local	-	-	-
	30,656	12,751	53,654
EXPENDITURES			
Instruction	30,656	12,751	53,654
Support services	-	-	-
General administration	-	-	-
Transportation	-	-	
Food service	-	-	-
Capital outlay	-	-	-
Debt service-principal	-	-	-
Debt service-interest	-	-	-
	30,656	12,751	53,654
Excess (deficiency) of revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	-	-	-
SPECIAL ITEM			
Proceeds from sale of equipment	-	-	-
Net change in fund balances	-	-	-
Fund balance - Beginning	-	-	-
FUND BALANCES - Ending	$ -	$ -	$ -

LANGUAGE INSTRUCTION	IMPROVING TEACHER QUALITY	MEDICAID	E-RATE	TOTAL NONMAJOR SPECIAL REVENUE
$ -	$ -	$ -	$ -	$ -
-	-	-	-	764,022
30,712	141,985	474,615	-	2,258,795
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	99,055	250,244
30,712	141,985	474,615	99,055	3,273,061
30,321	4,605	167,369	-	1,838,491
-	133,219	307,246	249,055	1,282,870
-	2,353	-	-	85,017
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
30,321	140,177	474,615	249,055	3,206,378
391	1,808	-	(150,000)	66,683
-	-	-	150,000	150,000
(391)	(1,808)	-	-	(21,512)
(391)	(1,808)	-	150,000	128,488
-	-	-	-	-
-	-	-	-	195,171
-	-	-	-	155,025
$ -	$ -	$ -	$ -	$ 350,196

JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2018

	BALANCE 07/01/17	RECEIPTS	DISBURSEMENTS	BALANCE 06/30/18
ASSETS				
Cash and cash equivalents	$ 508,343	$ 1,461,531	$ 1,433,503	$ 536,371
Receivable from general fund	-	-	-	-
Receivables	-	-	-	-
Inventory of house for sale	-	-	-	-
TOTAL ASSETS	$ 508,343	$ 1,461,531	$ 1,433,503	$ 536,371
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Interfund payable	-	-	-	-
Due to student organizations				
Elementary Schools:				
Harwood	5,465	6,582	2,114	9,933
Jefferson	11,845	10,992	8,636	14,201
Midway	13,571	23,519	17,987	19,103
Roberts	2,410	10,943	8,300	5,053
South Fork	15,297	12,700	10,687	17,310
Farnsworth	-	-	-	-
Middle Schools:				
Rigby	202,159	257,287	243,516	215,930
High Schools				
Rigby High School	255,881	1,132,352	1,137,457	250,776
Rigby High School-Student Activities	-			-
Jefferson High School	1,715	7,156	4,806	4,065
TOTAL LIABILITIES	$ 508,343	$ 1,461,531	$ 1,433,503	$ 536,371

OTHER SUPPLEMENTARY INFORMATION

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Searle Hart & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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*

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Jefferson Joint School District #251
Rigby, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jefferson Joint School District #251, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson Joint School District #251'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 Jefferson Joint School District #251's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson Joint School District #251's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Joint School District #251's financial statements

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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.

Searle Hart & Associates PLLC

Rexburg, Idaho
October 10, 2018

Searle Hart & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Jefferson Joint School District #251
Rigby, Idaho

Report on Compliance for Each Major Federal Program

We have audited Jefferson Joint School District #251's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Jefferson Joint School District #251's major federal programs for the year ended June 30, 2018. Jefferson Joint School District #251'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 federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jefferson Joint School District #251's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* part 200, *Uniform Administrative Requirements, 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 Jefferson Joint School District #251'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 on Jefferson Joint School District #251's compliance.

Opinion on Each Major Federal Program

In our opinion, Jefferson Joint School District #251 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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Report on Internal Control over Compliance

Management of Jefferson Joint School District #251 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jefferson Joint School District #251's internal control over compliance with types of requirements that could have a direct and material effect on a 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 the 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 Jefferson Joint School District #251'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 the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Searle Hart + Associates PLLC

Rexburg, Idaho

October 10, 2018

JEFFERSON JOINT SCHOOL DISTRICT #251
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

U.S. DEPARTMENT OF AGRICULTURE	**FEDERAL CFDA NUMBER**	**PASS THROUGH ENTITY ID#**	**PASS THROUGH TO SUBRECIPIENTS**	**FEDERAL EXPENDITURES**
Passed Through State Department of Education:				
School Breakfast Program	10.553	201717N109947	$ -	$ 154,795
National School Lunch Program	10.555	201717N109947	-	1,010,190
Summer Food Service Program for Children	10.559	201717N109947	-	55,606
Total School Lunch Cluster			-	1,220,591
USDA Distribution Rebate	10.560	201717N253347	-	914
Fresh Fruit and Vegetable Program	10.582	201818L160347	-	20,606
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	1,242,111
U.S. DEPARTMENT OF INTERIOR				
Passed Through Jefferson County:				
Federal Forest Funds Distribution	10.665		-	-
U.S. DEPARTMENT OF EDUCATION				
Passed Through State Department of Education:				
Title VI-B School Age	84.027	H027A170088	-	812,387
Title VI-B Preschool	84.173	H173A170030	-	30,656
Total Special Education Cluster (IDEA)			-	843,043
Title I-A Basic	84.010	S010A170012	-	688,331
Title I-C Migrant	84.011	S011A170012	-	11,618
English Language Acquisition	84.365	S365A170012	-	30,712
Title II-A Teacher Quality	84.367	S367A170011	-	141,985
Migrant State Data Quality	84.144	S144G150062	-	4,169
Perkins Vocational Education	84.048	V048A160012	-	53,654
Title IV-Student Support	84.424	S424A170013	-	12,751
TOTAL U.S. DEPARTMENT OF EDUCATION			-	1,786,263
TOTAL			$ -	$ 3,028,374

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditurres of federal awards (the schedule) includes the federal award activity of Jefferson Joint School District #251 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Jefferson Joint School District #251, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jefferson Joint School District #251.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3- NONMONETARY TRANSACTIONS

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

NOTE 4- DE MINIMIS INDIRECT COST RATE

Jefferson Joint School District #251 has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

JEFFERSON JOINT SCHOOL DISTRICT #251
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements
Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weaknesses Identified	____ YES	X NO
Significant Deficiencies Identified that are not considered to be material weaknesses	____ YES	X None Reported
Noncompliance Material to financial statements noted	____ YES	X NO

Federal Awards

Internal Control Over Major Programs:

Material Weaknesses Identified	____ YES	X NO
Significant Deficiencies Identified that are not considered to be material weaknesses	____ YES	X None Reported

Type of Auditor's Report Issued on Compliance For Major Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ YES	X NO

Identification of Major Programs:

84.010 Title I-A Basic

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee Qualified as Low-Risk Auditee	X YES	____ NO

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

JEFFERSON JOINT SCHOOL DISTRICT #251
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported last year.