

MELBA JOINT SCHOOL DISTRICT NO. 136

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2022

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	11
Statement of Fiduciary Net Position	12
Statement of Changes in Fiduciary Net Position	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	27
Emergency Connectivity Fund	28
Schedule of Employer's Share of Net Pension Liability (Asset) PERSI – Base Plan	29
Schedule of Employer Contributions PERSI – Base Plan	30
Notes to Required Supplementary Information	31
SUPPLEMENTARY INFORMATION	
Supplementary Schedule of Revenues by Source - Budget (GAAP Basis) and Actual - General Fund	32
Supplementary Schedule of Expenditures by Object of Expenditure - Budget (GAAP Basis) and Actual - General Fund	33

	<u>Page</u>
Combining Balance Sheet – Nonmajor Governmental Funds	37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	41
Schedule of Expenditures of Federal Awards	45
Notes to Schedule of Expenditures of Federal Awards	46
INTERNAL CONTROL AND COMPLIANCE REPORTS	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	47
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	49
Schedule of Findings and Questioned Costs	51



Certified Public Accountants

James Washburn, CPA
Weston Flamm, CPA
Cassie Zattiero, CPA

812-B 12th Ave. South
P.O. Box 876
Nampa, ID 83653-0876
208 466-2493
FAX 208 467-2000
www.BaileyCPAs.com

Independent Auditor’s Report

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Melba Joint School District No. 136 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Melba Joint School District No. 136 (the District), as of June 30, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Melba Joint School District No. 136, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Management has not performed the actuarial calculations for other post-employment benefits for the governmental activities and, accordingly, has not considered the District’s other post-employment benefit liability. Accounting principles generally accepted in the United States of America require that a liability be recorded for other post-employment benefits, which would initially decrease net position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities is not reasonably determinable.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, in 2022 the District adopted new accounting guidance, GASBS No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Melba Joint School District No. 136’s ability to

continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Melba Joint School District No. 136's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Melba Joint School District No. 136's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Melba Joint School District No. 136's basic financial statements. The accompanying combining balance sheet – nonmajor governmental funds and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the supplementary schedule of revenues by source – budget and actual – General fund and the supplementary schedule of expenditures by object of expenditure – budget and actual – General fund but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022, on our consideration of Melba Joint School District No. 136's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bailey & Co.

Nampa, Idaho
October 25, 2022

Melba Joint School District No. 136
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 4,642,726
Receivables, Net	
Property Taxes	398,952
Intergovernmental	300,726
Other	137
Interest	2,913
Prepaid Items	1,876
Inventory	25,100
Capital Assets:	
Land	759,486
Buildings and Improvements, Net	13,162,706
Equipment and Vehicles, Net	710,785
Net Pension Asset	76,276
Total Assets	20,081,683
Deferred Outflows	
Pension	1,504,125
Liabilities	
Accounts Payable and Other Current Liabilities	107,523
Salaries and Benefits Payable	662,050
Unearned Revenues	11,129
Accrued Interest	87,788
Long-Term Liabilities:	
Due Within One Year:	
Bonds Payable	495,000
Due in More Than One Year:	
Bonds Payable	6,287,644
Total Liabilities	7,651,134
Deferred Inflows	
Pension	2,486,816
Net Position	
Net Investment in Capital Assets	7,850,333
Restricted for:	
Debt Service	1,280,514
Capital Projects	110,795
Special Revenue	415,506
Unrestricted	1,790,710
Total Net Position	\$ 11,447,858

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

Melba Joint School District No. 136
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Instruction	\$ 3,765,034	\$ 4,603	\$ 264,970	\$ 179,700	\$ (3,315,761)
Support Services	3,388,019	331,468	410,478	0	(2,646,073)
Food Service	314,415	4,979	421,003	0	111,567
Interest	197,884	0	0	0	(197,884)
Debt Fees	314	0	0	0	(314)
Total Governmental Activities	<u>\$ 7,665,666</u>	<u>\$ 341,050</u>	<u>\$ 1,096,451</u>	<u>\$ 179,700</u>	<u>(6,048,465)</u>
		General Revenues:			
					1,151,604
					6,585,528
					10,849
					687
		Special Items:			
					(27,717)
					<u>7,720,951</u>
					1,672,486
					<u>9,775,372</u>
					<u>\$ 11,447,858</u>

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

Melba Joint School District No. 136

Balance Sheet -
Governmental Funds
June 30, 2022

	General	Debt Service	Emergency Connectivity	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 2,410,416	\$ 968,749	\$ 0	\$ 1,263,561	\$ 4,642,726
Receivables, Net:					
Property Taxes	94	398,858	0	0	398,952
Intergovernmental	24,580	0	90,000	186,146	300,726
Other	137	0	0	0	137
Interest	1,819	695	0	399	2,913
Internal Balances	140,885	0	0	0	140,885
Prepaid Items	0	0	0	1,876	1,876
Inventory	0	0	0	25,100	25,100
Total Assets	<u>2,577,931</u>	<u>1,368,302</u>	<u>90,000</u>	<u>1,477,082</u>	<u>5,513,315</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 2,577,931</u>	<u>\$ 1,368,302</u>	<u>\$ 90,000</u>	<u>\$ 1,477,082</u>	<u>\$ 5,513,315</u>
Liabilities					
Accounts Payable	\$ 17,326	\$ 0	\$ 90,000	\$ 197	\$ 107,523
Internal Balances	0	0	0	140,885	140,885
Salaries and Benefits Payable	603,229	0	0	58,821	662,050
Unearned Revenues	0	0	0	11,129	11,129
Total Liabilities	<u>620,555</u>	<u>0</u>	<u>90,000</u>	<u>211,032</u>	<u>921,587</u>
Deferred Inflows					
Unavailable Property Taxes	<u>94</u>	<u>40,259</u>	<u>0</u>	<u>0</u>	<u>40,353</u>
Fund Balances					
Nonspendable:					
Inventory	0	0	0	25,100	25,100
Prepaid Items	0	0	0	1,876	1,876
Restricted	0	1,328,043	0	526,301	1,854,344
Committed	0	0	0	225,787	225,787
Assigned	0	0	0	486,986	486,986
Unassigned	1,957,282	0	0	0	1,957,282
Total Fund Balances	<u>1,957,282</u>	<u>1,328,043</u>	<u>0</u>	<u>1,266,050</u>	<u>4,551,375</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,577,931</u>	<u>\$ 1,368,302</u>	<u>\$ 90,000</u>	<u>\$ 1,477,082</u>	<u>\$ 5,513,315</u>

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

Melba Joint School District No. 136
 Reconciliation of the Balance Sheet of the Governmental
 Funds to the Statement of Net Position
 June 30, 2022

Total Fund Balances - Governmental Funds \$ 4,551,375

Amounts reported for governmental activities in the statement of net position are different because of the following:

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

Land	\$	759,486	
Buildings and Improvements, Net of \$6,109,815 Accumulated Depreciation		13,162,706	
Equipment and Vehicles, Net of \$1,704,105 Accumulated Depreciation		710,785	
Total Capital Assets			14,632,977

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period expenditures and, therefore, are deferred inflows in the funds. These amounts are not considered deferred inflows in the government-wide statements. 40,353

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

Deferred Outflows Related to Net Pension Liability (Asset)		1,504,125	
Deferred Inflows Related to Net Pension Liability (Asset)		(2,486,816)	
			(982,691)

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

Accrued Interest on Long-term Debt			(87,788)
------------------------------------	--	--	----------

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

Net Pension Asset		76,276	
Bonds Payable (Including Bond Premium)		(6,782,644)	
Total Long-Term Liabilities			(6,706,368)

Total Net Position - Governmental Activities \$ 11,447,858

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

Melba Joint School District No. 136
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2022

	General	Debt Service	Emergency Connectivity	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 0	\$ 1,147,754	\$ 0	\$ 0	\$ 1,147,754
State Support	6,306,188	232,012	0	47,328	6,585,528
Charges for Services	0	0	0	341,050	341,050
Grants and Contributions	3,475	0	179,700	1,092,976	1,276,151
Earnings on Investments	7,116	2,033	0	1,700	10,849
Other	687	0	0	0	687
Total Revenues	6,317,466	1,381,799	179,700	1,483,054	9,362,019
Expenditures					
Current:					
Instruction	3,649,394	0	0	310,964	3,960,358
Support Services	2,200,983	0	0	726,030	2,927,013
Food Service	6,357	0	0	316,266	322,623
Debt Service:					
Principal	0	830,000	0	0	830,000
Interest	0	270,796	0	0	270,796
Debt Fees	0	314	0	0	314
Capital Outlay	122,938	0	179,700	95,094	397,732
Total Expenditures	5,979,672	1,101,110	179,700	1,448,354	8,708,836
Excess (Deficiency) of Revenues Over Expenditures	337,794	280,689	0	34,700	653,183
Other Financing Sources (Uses)					
Transfers In	0	0	0	277,406	277,406
Transfers Out	(277,406)	0	0	0	(277,406)
Loss on Bond Defeasance	0	(27,717)	0	0	(27,717)
Total Other Financing Sources (Uses)	(277,406)	(27,717)	0	277,406	(27,717)
Net Change in Fund Balances	60,388	252,972	0	312,106	625,466
Fund Balances - Beginning	1,896,894	1,075,071	0	953,944	3,925,909
Fund Balances - Ending	\$ 1,957,282	\$ 1,328,043	\$ 0	\$ 1,266,050	\$ 4,551,375

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

Melba Joint School District No. 136
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of the
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022

Total Net Change in Fund Balance - Governmental Funds	\$	625,466
---	----	---------

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

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

Capital Outlay	\$	203,158	
Depreciation Expense		<u>(563,337)</u>	
Net			(360,179)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as unavailable tax revenues. They are, however, recorded as revenues in the statement of activities.	3,850
--	-------

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

Net Pension Liability (Asset) and Related Deferral Changes	500,437	
Change in Accrued Interest on Long-term Debt	<u>10,190</u>	
		510,627

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

Amortization of Bond Premium	62,722	
Principal Payments Made	<u>830,000</u>	
		<u>892,722</u>

Change in Net Position of Governmental Activities	\$	<u><u>1,672,486</u></u>
---	----	-------------------------

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

Melba Joint School District No. 136
Statement of Fiduciary Net Position
June 30, 2022

	Private Purpose Trust Fund
Assets	
Cash and Cash Equivalents	\$ 74,906
Interest Receivable	39
Total Assets	74,945
Deferred Outflows	0
Liabilities	0
Deferred Inflows	0
Net Position	
Restricted for Scholarships and Others	74,945
Total Net Position	\$ 74,945

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

Melba Joint School District No. 136
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Private Purpose Trust Fund
Additions	
Contributions	\$ 6,086
Investment Income	144
Total Additions	6,230
Deductions	
Donations to Others	2,500
Total Deductions	2,500
Changes in Net Position	3,730
Net Position - Beginning	71,215
Net Position - Ending	\$ 74,945

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- *Debt Service fund.* This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.
- *Emergency Connectivity fund.* This fund accounts for resources to be used for eligible equipment and broadband connections used to help students, staff, and patrons who otherwise lack access to be able to engage in remote learning.

The District reports the following fiduciary fund types:

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

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

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

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide statement of net position and in the governmental fund balance sheet. The District uses the following fund balance categories in the governmental fund balance sheet:

- *Nonspendable*. Balances in inventories or prepaid expenditures that are permanently precluded from conversion to cash.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Committed*. Balances obligated to a specific purpose by a formal action of the Board of Trustees, the District's highest level of decision-making authority. \$225,787 in the Plant Facilities fund is committed for future plant facilities.
- *Assigned*. Balances the District intends to obligate, but has not been formally committed. The Board of Trustees has authorized the Superintendent to assign fund balance. \$486,986 is assigned for future technology replacements.
- *Unassigned*. Balances available for any purpose.

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

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Special revenue funds are generally restricted by either the federal government or the State of Idaho and must be spent according to the stipulations of the corresponding federal or state program. The State of Idaho also requires that capital projects and debt service be accounted for in their own funds, and therefore, are also restricted. Some special revenue funds have been established to account for certain commitments and assignments. In the current year, this includes the Plant Facilities fund and the Technology State fund.

Cash and Investments

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

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

Investments are stated at fair value as determined by the fair value hierarchy, except certificates of deposit (which are non-participating contracts and are, therefore, carried at amortized cost).

Inventories

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

Property Taxes

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

The counties are responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the District by the counties as of June 30, 2022, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2022, are not considered available for use by the District and are recorded as deferred inflows in the fund financial statements.

Pensions

For purposes of measuring the net pension liability (asset) and pension expense (offset), 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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Capital Assets

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

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

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	\$5,000	Straight-Line	15 - 50 Years
Equipment and Vehicles	\$5,000	Straight-Line	5 - 20 Years

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

The District has no infrastructure to report.

Compensated Absences

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

Estimates

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

2. CASH AND INVESTMENTS

Deposits

As of June 30, 2022, the carrying amount of the District's deposits was \$694,782 and the respective bank balances totaled \$847,892. The total bank balances were insured or collateralized with securities held by the pledging financial institutions' trust department or agent but not in the District's name.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2022, the District's bank balances were covered by federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department, and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

2. CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Investments

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

Interest Rate Risk

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

Investments

The State Treasurer must operate and invest the funds of the pool for the benefit of the participants. They make investments in accordance with Idaho Code, Sections 67-1210 and 67-1210A. The pool is not rated and is not registered with the Securities and Exchange Commission or any other regulatory body. The pool is valued using the Net Asset Value (NAV) per share method. Investments using the NAV per share method do not have readily obtainable fair values and are, instead, valued based on the District's pro-rata share of the pool's net position. The District values these investments based on the State of Idaho Treasurer's Office. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants. Participants have overnight availability to their funds up to \$10 million. Withdrawals of more than \$10 million require 3 business day's notification.

The District's investments at June 30, 2022 are as follows:

Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
External Investment Pool	\$ 4,022,850	\$ 4,022,850	\$ 0

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

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 673,385	\$ 21,397	\$ 694,782
Investments categorized as cash	3,969,341	53,509	4,022,850
	\$ 4,642,726	\$ 74,906	\$ 4,717,632

3. RECEIVABLE – INTERGOVERNMENTAL

Amounts due from other governments consists of \$24,580 from the State of Idaho Department of Education for school support, \$69,791 from the State of Idaho Department of Health and Welfare for Medicaid reimbursements, \$90,000 of federal money from the Federal Communications Commission, and \$116,355 passed through the State for federal programs for a total of \$300,726. These amounts are all considered collectible.

4. RISK MANAGEMENT

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	06/30/2021	Additions	Disposals	06/30/2022
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 759,486	\$ 0	\$ 0	\$ 759,486
Capital Assets Being Depreciated:				
Buildings and Improvements	19,175,565	96,956	0	19,272,521
Equipment and Vehicles	2,308,688	106,202	0	2,414,890
Total Historical Cost	<u>21,484,253</u>	<u>203,158</u>	<u>0</u>	<u>21,687,411</u>
Less: Accumulated Depreciation				
Buildings and Improvements	5,655,804	454,011	0	6,109,815
Equipment and Vehicles	1,594,779	109,326	0	1,704,105
Total Acc. Depr.	<u>7,250,583</u>	<u>563,337</u>	<u>0</u>	<u>7,813,920</u>
Net Depreciable Assets	<u>14,233,670</u>	<u>(360,179)</u>	<u>0</u>	<u>13,873,491</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 14,993,156</u>	<u>\$ (360,179)</u>	<u>\$ 0</u>	<u>\$ 14,632,977</u>

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

Instruction	\$ 4,264
Support Services	<u>559,073</u>
	<u>\$ 563,337</u>

6. TRANSFERS TO/FROM OTHER FUNDS

Transfer activity for the year ended June 30, 2022, is as follows:

\$ 26,967	From the General fund to the nonmajor School-Based Medicaid fund to cover costs of expenditures in excess of Medicaid reimbursements.
4,000	From the General fund to the nonmajor Student Activity fund for seed money for certain student activities.
200,000	From the General fund to the nonmajor Technology fund to provide initial funding for the technology replacement plan.
<u>46,439</u>	From the General fund to the nonmajor Bus Depreciation fund for bus depreciation.
<u>\$ 277,406</u>	

7. INTERFUND BALANCES AND ACTIVITY

Internal balances at June 30, 2022, consist of the following:

<u>\$ 140,885</u>	Due to the General fund from nonmajor governmental funds representing cash overdrafts.
-------------------	--

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

8. SALARIES AND BENEFITS PAYABLE

The District follows the practice of paying contracted salaries and related benefits over a 12-month period which differs from the 9-month earned school-year period, which runs from approximately September 1 to May 31 of each year. Teacher contracts payable, as reflected at June 30, 2022, represent amounts unpaid at that date on teacher contracts and related benefits. Since the amount of salaries and related benefits due to teachers are pertinent to the school year, such amounts have been accrued as salaries payable and related liabilities with related expenditures recorded in the current fiscal year's operations.

9. COMPENSATED ABSENCES

Vacation leave is granted to all full-time administrative employees of the District. The District awards all vacation leave to employees on July 1st. The District's policy is "use or lose" unless carryover is granted by the Superintendent.

10. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

10. PENSION PLAN (continued)

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, 2022, it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The District's employer contributions were \$470,022 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported an asset for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) 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, 2021, the District's proportion was 0.0965785%.

For the year ended June 30, 2022, the District recognized a pension offset of \$30,363. At June 30, 2022, 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	\$ 112,382	\$ 44,337
Changes in assumptions or other inputs	875,547	0
Net difference between projected and actual earnings on pension plan investments	0	2,395,761
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	46,174	46,718
District contributions subsequent to the measurement date	470,022	0
Total	\$ 1,504,125	\$ 2,486,816

\$470,022 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 (increase to a net pension asset) in the year ending June 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020, the beginning of the measurement period ended June 30, 2021 is 4.6 years and 4.7 years for the measurement period June 30, 2020.

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

10. PENSION PLAN (continued)

Year Ended June 30,	
2023	\$ (327,809)
2024	\$ (307,969)
2025	\$ (275,455)
2026	\$ (541,480)

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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary inflation/increases	3.05%
Investment rate of return, net of investment fees	6.35%
Cost-of-living adjustments	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service, and beneficiaries. These rates were adopted for the valuation dated July 1, 2021 using the following tables:

- General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%
- General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%
- Teachers - Males Pub-2010 Teacher Tables, increased 12%
- Teachers - Females Pub-2010 Teacher Tables, increased 21%
- Fire & Police - Males Pub-2010 Safety Tables, increased 21%
- Fire & Police - Females Pub-2010 Safety Tables, increased 26%
- Disabled Members - Males Pub-2010 Disabled Tables, increased 38%
- Disabled Members - Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period 2015 through 2020, which reviewed all economic assumptions. Demographic assumptions, including mortality, were studied for the period 2011 through 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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

10. PENSION PLAN (continued)

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

Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

Investment Policy Assumptions from PERSI Board November 2019

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2021

Valuation Assumptions Chosen by PERSI Board

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	2.30%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	6.35%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. 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 plan's 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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

10. PENSION PLAN (continued)

payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.35%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (5.35%) or 1% higher (7.35%) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
District's proportionate share of the net pension liability (asset)	\$ 2,651,506	\$ (76,276)	\$ (2,312,293)

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.

11. LEASE COMMITMENTS

The District entered into a lease agreement with Fisher's Technology for printers beginning February 2020 for 60 months at \$468.36 per month. It is expected the equipment will be returned at the end of the lease. All other leases had terms of less than one year. Future minimum payments are as follows:

Year Ending June 30,	Amount
2023	\$ 5,620
2024	5,620
2025	2,810
	\$ 14,050

The District evaluated the effects of implementing *GASBS No. 87, Leases* and has determined that the effects of applying this new standard to its only long-term lease is immaterial to the government-wide financial statements. The net effect of recording the above long-term lease under this standard in the fund financial statements would be zero, as capital outlay of \$18,489 and a corresponding other financing source would have been recorded in the current year. For the government-wide statements, the effects would have been as follows:

Reclassify Principal Portion of Lease Payments	\$ 5,054
Amortization of Lease Asset Recorded as Depreciation Expense	(7,396)
Net Effect on Net Position (Reduction)	\$ (2,342)

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

12. CONTINGENT LIABILITIES

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

13. UNUSED CREDIT

The District office has nine credit cards and the high school has four credit cards. Total credit available at June 30, 2022, was \$43,500, of which \$1,613 was in use.

14. LONG-TERM LIABILITIES

In prior years, the District issued General Obligation Bonds to provide funds for the acquisition, construction, and remodel of major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the District. \$197,884 of interest expense was incurred during the year, all of which was expensed.

On August 25, 2021, the District defeased a portion of the 2015 Series General Obligation Bonds by placing cash of \$11,800 and U.S. Treasury SLGS of \$389,025 in a trust account with US Bank, the escrow agent for the defeasance. Both cash and the SLGS have been irrevocably pledged to the payment of the outstanding bonds. Principal and interest from the cash and SLGS have been deemed sufficient to retire the principal and interest on \$350,000 of the outstanding balance of the 2015 Series General Obligation Bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. Similar defeasances have occurred in prior years on these bonds. At June 30, 2022, \$1,075,000 of bonds remained outstanding and are considered defeased.

Annual estimated cash flows after June 30, 2022, in the escrow accounts for the defeasances are summarized below:

	Debt Payments	Investment Earnings	Trust Account Ending Balance
2023	\$ 30,027	\$ 8,123	\$ 1,151,299
2024	30,162	7,989	1,113,148
2025	1,105,314	7,834	0
	<u>\$ 1,165,503</u>	<u>\$ 23,946</u>	

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

	<u>Maturity</u>	<u>Interest</u>	<u>06/30/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/2022</u>	<u>Current</u>
Governmental Activities:							
<u>Direct Borrowings</u>							
2015 Series Bond	2034	3.0%-4.0%	7,200,000	0	(830,000)	6,370,000	495,000
Unamortized Bond Premium			475,366	0	(62,722)	412,644	0
Total			<u>\$ 7,675,366</u>	<u>\$ 0</u>	<u>\$ (892,722)</u>	<u>\$ 6,782,644</u>	<u>\$ 495,000</u>

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2022

14. LONG-TERM LIABILITIES (continued)

Debt service requirements on long-term debt at June 30, 2022, are as follows:

Year Ending June 30,	Bonds and Notes		
	Principal	Interest	Total
2023	\$ 495,000	\$ 226,675	\$ 721,675
2024	510,000	211,600	721,600
2025	525,000	196,075	721,075
2026	540,000	180,100	720,100
2027	560,000	160,800	720,800
2028 - 2032	3,140,000	443,800	3,583,800
2033	600,000	12,000	612,000
	<u>\$ 6,370,000</u>	<u>\$ 1,431,050</u>	<u>\$ 7,801,050</u>

The debt is backed by the District's ability to pay and the pledge of property taxes. Therefore, none of the District's assets are held as collateral for the debt. Due to general obligation bonds typically not going into default and the District's covenant to levy a tax sufficient to repay the bonds in the event funds are not available, use of other lawful resources of the District in the event of a default and remedies are not needed.

REQUIRED SUPPLEMENTARY INFORMATION

Melba Joint School District No. 136
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 26,784	\$ 0	\$ 0	\$ 0
State Support	5,862,408	6,135,466	6,306,188	170,722
Grants and Contributions	2,987	3,475	3,475	0
Earnings on Investments	40,000	33	7,116	7,083
Other	600	600	687	87
Total Revenues	5,932,779	6,139,574	6,317,466	177,892
Expenditures				
Current:				
Instruction	3,696,670	3,720,921	3,649,394	71,527
Support Services	2,461,004	2,386,879	2,200,983	185,896
Non-Instruction	6,105	7,575	6,357	1,218
Capital Outlay	136,250	121,250	122,938	(1,688)
Total Expenditures	6,300,029	6,236,625	5,979,672	256,953
Excess (Deficiency) of Revenues Over Expenditures	(367,250)	(97,051)	337,794	434,845
Other Financing Sources (Uses)				
Transfers In	19,111	0	0	0
Transfers Out	(71,294)	(276,439)	(277,406)	(967)
Total Other Financing Sources (Uses)	(52,183)	(276,439)	(277,406)	(967)
Net Change in Fund Balances	(419,433)	(373,490)	60,388	433,878
Fund Balances - Beginning	374,513	373,490	1,896,894	1,523,404
Fund Balances - Ending	\$ (44,920)	\$ 0	\$ 1,957,282	\$ 1,957,282

Melba Joint School District No. 136
 Budgetary (GAAP Basis) Comparison Schedule
 Emergency Connectivity Fund
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Grants and Contributions	\$ 658,441	\$ 89,700	\$ 179,700	\$ 90,000
Total Revenues	<u>658,441</u>	<u>89,700</u>	<u>179,700</u>	<u>90,000</u>
Expenditures				
Current:				
Instruction	153,748	0	0	0
Support Services	104,993	0	0	0
Capital Outlay	<u>399,700</u>	<u>89,700</u>	<u>179,700</u>	<u>(90,000)</u>
Total Expenditures	<u>658,441</u>	<u>89,700</u>	<u>179,700</u>	<u>(90,000)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability (asset)	0.0965785%	0.0997022%	0.0967626%	0.0953534%	0.0903432%	0.0929609%	0.0973470%	0.0994615%
Employer's proportionate share of the net pension liability (asset)	\$ (76,276)	\$ 2,315,217	\$ 1,427,265	\$ 1,406,479	\$ 1,420,040	\$ 1,884,460	\$ 1,281,902	\$ 732,192
Employer's covered payroll	\$ 3,604,183	\$ 3,564,231	\$ 3,286,449	\$ 3,067,864	\$ 2,805,391	\$ 2,728,597	\$ 2,726,664	\$ 2,721,329
Employer's proportional share of the net pension liability (asset) as a percentage of its covered payroll	-2.12%	64.96%	43.43%	45.85%	50.62%	69.06%	47.01%	26.91%
Plan fiduciary net position as a percentage of the total pension liability	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%	94.95%

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

Data reported is measured as of June 30, 2021.

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

	2022	2021	2020	2019	2018	2017	2016	2015
Statorily required contribution	\$ 470,022	\$ 430,339	\$ 423,903	\$ 372,026	\$ 347,282	\$ 317,570	\$ 308,877	\$ 308,658
Contributions in relation to the statorily required contribution	(470,022)	(430,339)	(423,903)	(372,026)	(347,282)	(317,570)	(308,877)	(308,658)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered payroll	\$ 3,936,536	\$ 3,604,183	\$ 3,564,231	\$ 3,286,449	\$ 3,067,864	\$ 2,805,391	\$ 2,728,597	\$ 2,726,664
Contributions as a percentage of covered payroll	11.94%	11.94%	11.89%	11.32%	11.32%	11.32%	11.32%	11.32%

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

Data is reported as of June 30, 2022.

Melba Joint School District No. 136
Notes to Required Supplementary Information
For the Year Ended June 30, 2022

1. BUDGETS AND BUDGETARY ACCOUNTING

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

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

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

In the Emergency Connectivity Fund, expenditures exceed appropriations in the current year by \$90,000.

SUPPLEMENTARY INFORMATION

Melba Joint School District No. 136
 Supplementary Schedule of Revenues by Source -
 Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended June 30, 2022

	Budget	Actual	Variance
Local Sources			
Property Taxes	\$ 0	\$ 0	\$ 0
Grants and Contributions	3,475	3,475	0
Earnings on Investments	33	7,116	7,083
Other	600	687	87
Total Local Sources	<u>4,108</u>	<u>11,278</u>	<u>7,170</u>
State Sources			
State Support	5,118,451	5,129,862	11,411
State Paid Benefits	656,654	655,911	(743)
Revenue in Lieu of Taxes	70,383	70,383	0
Other Support	289,978	450,032	160,054
Total State Sources	<u>6,135,466</u>	<u>6,306,188</u>	<u>170,722</u>
Total Revenues	<u>\$ 6,139,574</u>	<u>\$ 6,317,466</u>	<u>\$ 177,892</u>

Melba Joint School District No. 136
 Supplementary Schedule of Expenditures by Object of Expenditure -
 Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended June 30, 2022

	Budget	Actual	Variance
Instruction			
Elementary:			
Salaries	\$ 1,093,220	\$ 1,094,706	\$ (1,486)
Benefits	365,631	353,049	12,582
Services	3,224	2,146	1,078
Supplies	22,920	22,415	505
	<u>1,484,995</u>	<u>1,472,316</u>	<u>12,679</u>
Secondary:			
Salaries	1,314,298	1,311,412	2,886
Benefits	412,705	401,383	11,322
Services	23,060	12,382	10,678
Supplies	108,425	94,106	14,319
	<u>1,858,488</u>	<u>1,819,283</u>	<u>39,205</u>
Exceptional Child:			
Salaries	138,982	139,197	(215)
Benefits	45,499	45,043	456
	<u>184,481</u>	<u>184,240</u>	<u>241</u>
Preschool Exceptional Child:			
Salaries	3,391	5,391	(2,000)
Benefits	664	1,044	(380)
Supplies	0	145	(145)
	<u>4,055</u>	<u>6,580</u>	<u>(2,525)</u>
Interscholastic:			
Salaries	139,655	128,063	11,592
Benefits	35,247	26,381	8,866
Services	7,000	9,531	(2,531)
Supplies	7,000	3,000	4,000
	<u>188,902</u>	<u>166,975</u>	<u>21,927</u>
Total Instruction	<u>3,720,921</u>	<u>3,649,394</u>	<u>71,527</u>
Support Services			
Attendance, Guidance, and Health:			
Salaries	92,737	92,737	0
Benefits	23,585	23,987	(402)
Services	47,752	48,307	(555)
Supplies	2,500	2,367	133
	<u>166,574</u>	<u>167,398</u>	<u>(824)</u>
Special Services:			
Salaries	3,133	(280)	3,413
Benefits	614	0	614
Services	18,865	51,354	(32,489)
	<u>22,612</u>	<u>51,074</u>	<u>(28,462)</u>

Melba Joint School District No. 136
 Supplementary Schedule of Expenditures by Object of Expenditure -
 Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended June 30, 2022
 (continued)

	Budget	Actual	Variance
Instruction Improvement:			
Salaries	13,138	12,913	225
Benefits	12,988	12,261	727
Services	500	0	500
	<u>26,626</u>	<u>25,174</u>	<u>1,452</u>
Educational Media:			
Salaries	22,249	20,083	2,166
Benefits	10,218	10,131	87
Supplies	2,000	1,972	28
	<u>34,467</u>	<u>32,186</u>	<u>2,281</u>
Instruction-Related Tech:			
Salaries	82,914	82,968	(54)
Benefits	28,030	27,453	577
Services	35,124	25,761	9,363
Supplies	94,000	90,546	3,454
Capital Outlay	30,000	30,522	(522)
	<u>270,068</u>	<u>257,250</u>	<u>12,818</u>
Board of Education:			
Salaries	8,366	4,907	3,459
Benefits	1,639	482	1,157
Services	82,000	61,341	20,659
Supplies	2,500	2,440	60
	<u>94,505</u>	<u>69,170</u>	<u>25,335</u>
District Administration:			
Salaries	115,163	111,690	3,473
Benefits	32,709	32,377	332
Services	7,050	2,985	4,065
Supplies	4,000	1,096	2,904
	<u>158,922</u>	<u>148,148</u>	<u>10,774</u>
School Administration:			
Salaries	243,050	211,482	31,568
Benefits	70,624	65,522	5,102
Services	375	27	348
Supplies	100	0	100
	<u>314,149</u>	<u>277,031</u>	<u>37,118</u>
Business Operation:			
Salaries	104,462	86,944	17,518
Benefits	27,060	14,030	13,030
Services	17,000	12,833	4,167
Supplies	6,500	3,849	2,651
	<u>155,022</u>	<u>117,656</u>	<u>37,366</u>

Melba Joint School District No. 136
 Supplementary Schedule of Expenditures by Object of Expenditure -
 Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended June 30, 2022
 (continued)

	Budget	Actual	Variance
Building Care:			
Salaries	114,698	82,248	32,450
Benefits	34,531	34,697	(166)
Services	279,490	250,640	28,850
Supplies	35,000	34,115	885
Capital Outlay	1,000	0	1,000
	<u>464,719</u>	<u>401,700</u>	<u>63,019</u>
Building Maintenance (Non-Student):			
Salaries	54,400	53,106	1,294
Benefits	21,037	21,352	(315)
Services	17,500	10,891	6,609
Supplies	10,000	5,192	4,808
	<u>102,937</u>	<u>90,541</u>	<u>12,396</u>
Building Maintenance (Student):			
Salaries	84,917	91,324	(6,407)
Benefits	26,938	20,933	6,005
Services	31,486	26,898	4,588
Supplies	30,456	32,225	(1,769)
Capital Outlay	90,000	92,416	(2,416)
	<u>263,797</u>	<u>263,796</u>	<u>1</u>
Maintenance - Grounds:			
Services	13,000	6,949	6,051
Supplies	25,000	22,397	2,603
	<u>38,000</u>	<u>29,346</u>	<u>8,654</u>
Safe Schools:			
Services	20,400	20,400	0
School Transportation:			
Salaries	136,879	138,971	(2,092)
Benefits	42,011	39,346	2,665
Services	14,146	4,878	9,268
Supplies	57,728	65,080	(7,352)
Capital Outlay	250	0	250
	<u>251,014</u>	<u>248,275</u>	<u>2,739</u>
Activity Transportation:			
Salaries	4,500	5,063	(563)
Benefits	881	972	(91)
Services	200	49	151
Supplies	8,100	8,056	44
Capital Outlay	0	0	0
	<u>13,681</u>	<u>14,140</u>	<u>(459)</u>

Melba Joint School District No. 136
 Supplementary Schedule of Expenditures by Object of Expenditure -
 Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended June 30, 2022
 (continued)

	Budget	Actual	Variance
Other Support Services:			
Benefits	59,036	59,036	0
Insurance	51,600	51,600	0
	<u>110,636</u>	<u>110,636</u>	<u>0</u>
 Total Support Services	 <u>2,508,129</u>	 <u>2,323,921</u>	 <u>184,208</u>
 Non-Instruction			
Food Service	7,575	6,357	1,218
	<u>7,575</u>	<u>6,357</u>	<u>1,218</u>
 Total Expenditures	 <u>\$ 6,236,625</u>	 <u>\$ 5,979,672</u>	 <u>\$ 256,953</u>

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	Special Revenue				
	Student Activity	Driver's Education	Professional Technical	Technology State	Title I-A Basic
Assets					
Cash and Cash Equivalents	\$ 145,402	\$ 15,623	\$ 4,605	\$ 486,839	\$ 0
Receivables, Net					
Intergovernmental	0	0	0	0	25,698
Interest	0	0	0	147	0
Prepaid Items	0	0	1,876	0	0
Inventory	0	0	0	0	0
Total Assets	145,402	15,623	6,481	486,986	25,698
Deferred Outflows	0	0	0	0	0
Total Assets and Deferred Outflows	\$ 145,402	\$ 15,623	\$ 6,481	\$ 486,986	\$ 25,698
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 132	\$ 0	\$ 0
Internal Balances	0	0	0	0	10,713
Salaries and Benefits Payable	0	0	3,452	0	14,985
Unearned Revenues	0	0	0	0	0
Total Liabilities	0	0	3,584	0	25,698
Deferred Inflows	0	0	0	0	0
Fund Balances					
Nonspendable:					
Inventory	0	0	0	0	0
Prepaid Items	0	0	1,876	0	0
Restricted	145,402	15,623	1,021	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	486,986	0
Total Fund Balances	145,402	15,623	2,897	486,986	0
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 145,402	\$ 15,623	\$ 6,481	\$ 486,986	\$ 25,698

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022
(continued)

	Special Revenue				
	ESSER I	Title I-C Migrant	ESSER II	IDEA Part B	IDEA Part B Preschool
Assets					
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivables, Net					
Intergovernmental	0	7,775	20,865	34,324	722
Interest	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	<u>0</u>	<u>7,775</u>	<u>20,865</u>	<u>34,324</u>	<u>722</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 0</u>	<u>\$ 7,775</u>	<u>\$ 20,865</u>	<u>\$ 34,324</u>	<u>\$ 722</u>
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65
Internal Balances	0	3,705	20,865	28,816	423
Salaries and Benefits Payable	0	4,070	0	5,508	234
Unearned Revenues	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>7,775</u>	<u>20,865</u>	<u>34,324</u>	<u>722</u>
Deferred Inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Nonspendable:					
Inventory	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 0</u>	<u>\$ 7,775</u>	<u>\$ 20,865</u>	<u>\$ 34,324</u>	<u>\$ 722</u>

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022
(continued)

	Special Revenue					
	School-Based Medicaid	Title IV-A	Title IV Perkins	Title II-A	Covid Relief	Child Nutrition
Assets						
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 274,665
Receivables, Net						
Intergovernmental	69,791	0	8,676	18,295	0	0
Interest	0	0	0	0	0	97
Prepaid Items	0	0	0	0	0	0
Inventory	0	0	0	0	0	25,100
Total Assets	<u>69,791</u>	<u>0</u>	<u>8,676</u>	<u>18,295</u>	<u>0</u>	<u>299,862</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 69,791</u>	<u>\$ 0</u>	<u>\$ 8,676</u>	<u>\$ 18,295</u>	<u>\$ 0</u>	<u>\$ 299,862</u>
Liabilities						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Internal Balances	49,392	0	8,676	18,295	0	0
Salaries and Benefits Payable	20,399	0	0	0	0	10,173
Unearned Revenues	0	0	0	0	0	11,129
Total Liabilities	<u>69,791</u>	<u>0</u>	<u>8,676</u>	<u>18,295</u>	<u>0</u>	<u>21,302</u>
Deferred Inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances						
Nonspendable:						
Inventory	0	0	0	0	0	25,100
Prepaid Items	0	0	0	0	0	0
Restricted	0	0	0	0	0	253,460
Committed	0	0	0	0	0	0
Assigned	0	0	0	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>278,560</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 69,791</u>	<u>\$ 0</u>	<u>\$ 8,676</u>	<u>\$ 18,295</u>	<u>\$ 0</u>	<u>\$ 299,862</u>

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022
(continued)

	Capital Projects		Total
	Plant Facilities	Bus Depreciation	
Assets			
Cash and Cash Equivalents	\$ 225,632	\$ 110,795	\$ 1,263,561
Receivables, Net			
Intergovernmental	0	0	186,146
Interest	155	0	399
Prepaid Items	0	0	1,876
Inventory	0	0	25,100
Total Assets	<u>225,787</u>	<u>110,795</u>	<u>1,477,082</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 225,787</u>	<u>\$ 110,795</u>	<u>\$ 1,477,082</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 197
Internal Balances	0	0	140,885
Salaries and Benefits Payable	0	0	58,821
Unearned Revenues	0	0	11,129
Total Liabilities	<u>0</u>	<u>0</u>	<u>211,032</u>
Deferred Inflows	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable:			
Inventory	0	0	25,100
Prepaid Items	0	0	1,876
Restricted	0	110,795	526,301
Committed	225,787	0	225,787
Assigned	0	0	486,986
Total Fund Balances	<u>225,787</u>	<u>110,795</u>	<u>1,266,050</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 225,787</u>	<u>\$ 110,795</u>	<u>\$ 1,477,082</u>

Melba Joint School District No. 136

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue				
	Student Activity	Driver's Education	Professional Technical	Technology State	Title I-A Basic
Revenues					
State Support	\$ 0	\$ 2,700	\$ 44,628	\$ 0	\$ 0
Charges for Services	319,868	4,603	0	11,600	0
Grants and Contributions	18,721	0	0	0	95,513
Earnings on Investments	243	0	0	537	0
Total Revenues	338,832	7,303	44,628	12,137	95,513
Expenditures					
Instruction:					
Salaries	0	4,255	15,880	0	59,619
Benefits	0	891	4,736	0	27,585
Services	0	168	10,733	0	0
Supplies	0	1,158	10,382	0	112
Total Instruction	0	6,472	41,731	0	87,316
Support Services:					
Salaries	0	0	0	0	8,197
Benefits	0	0	0	0	0
Services	214,590	0	0	0	0
Supplies	117,056	0	0	0	0
Total Support Services	331,646	0	0	0	8,197
Food Service	0	0	0	0	0
Capital Outlay	30,721	0	0	0	0
Total Expenditures	362,367	6,472	41,731	0	95,513
Excess (Deficiency) of Revenues Over Expenditures	(23,535)	831	2,897	12,137	0
Other Financing Sources (Uses)					
Transfers In	4,000	0	0	200,000	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	4,000	0	0	200,000	0
Net Change in Fund Balances	(19,535)	831	2,897	212,137	0
Fund Balances - Beginning	164,937	14,792	0	274,849	0
Fund Balances - Ending	\$ 145,402	\$ 15,623	\$ 2,897	\$ 486,986	\$ 0

Melba Joint School District No. 136

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

For the Year Ended June 30, 2022

(continued)

	Special Revenue				
	ESSER I	Title I-C Migrant	ESSER II	IDEA Part B	IDEA Part B Preschool
Revenues					
State Support	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0
Grants and Contributions	7,096	38,219	67,363	103,084	4,847
Earnings on Investments	0	0	0	0	0
Total Revenues	7,096	38,219	67,363	103,084	4,847
Expenditures					
Instruction:					
Salaries	0	15,133	0	20,801	3,328
Benefits	0	5,865	0	12,109	1,058
Services	3,334	5,182	0	65,648	151
Supplies	0	3,250	0	2,707	310
Total Instruction	3,334	29,430	0	101,265	4,847
Support Services:					
Salaries	0	8,789	11,890	1,819	0
Benefits	0	0	1,688	0	0
Services	457	0	0	0	0
Supplies	3,305	0	32,920	0	0
Total Support Services	3,762	8,789	46,498	1,819	0
Food Service	0	0	0	0	0
Capital Outlay	0	0	20,865	0	0
Total Expenditures	7,096	38,219	67,363	103,084	4,847
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0	0
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	0	0	0	0	0
Fund Balances - Beginning	0	0	0	0	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Melba Joint School District No. 136

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2022
 (continued)

	Special Revenue					
	School-Based Medicaid	Title IV-A	Title IV Perkins	Title II-A	Covid Relief	Child Nutrition
Revenues						
State Support	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0	4,979
Grants and Contributions	168,865	12,148	8,676	18,295	129,146	421,003
Earnings on Investments	0	0	0	0	0	354
Total Revenues	168,865	12,148	8,676	18,295	129,146	426,336
Expenditures						
Instruction:						
Salaries	0	0	0	0	0	0
Benefits	0	0	0	0	0	0
Services	0	0	2,058	17,954	0	0
Supplies	0	12,148	4,409	0	0	0
Total Instruction	0	12,148	6,467	17,954	0	0
Support Services:						
Salaries	89,466	0	0	341	107,990	0
Benefits	31,718	0	0	0	21,156	0
Services	74,648	0	0	0	0	0
Supplies	0	0	0	0	0	0
Total Support Services	195,832	0	0	341	129,146	0
Food Service	0	0	0	0	0	316,266
Capital Outlay	0	0	2,209	0	0	22,856
Total Expenditures	195,832	12,148	8,676	18,295	129,146	339,122
Excess (Deficiency) of Revenues Over Expenditures	(26,967)	0	0	0	0	87,214
Other Financing Sources (Uses)						
Transfers In	26,967	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	26,967	0	0	0	0	0
Net Change in Fund Balances	0	0	0	0	0	87,214
Fund Balances - Beginning	0	0	0	0	0	191,346
Fund Balances - Ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 278,560

Melba Joint School District No. 136

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

For the Year Ended June 30, 2022

(continued)

	Capital Projects		Total
	Plant Facilities	Bus Depreciation	
Revenues			
State Support	\$ 0	\$ 0	\$ 47,328
Charges for Services	0	0	341,050
Grants and Contributions	0	0	1,092,976
Earnings on Investments	566	0	1,700
Total Revenues	566	0	1,483,054
Expenditures			
Instruction:			
Salaries	0	0	119,016
Benefits	0	0	52,244
Services	0	0	105,228
Supplies	0	0	34,476
Total Instruction	0	0	310,964
Support Services:			
Salaries	0	0	228,492
Benefits	0	0	54,562
Services	0	0	289,695
Supplies	0	0	153,281
Total Support Services	0	0	726,030
Food Service	0	0	316,266
Capital Outlay	18,443	0	95,094
Total Expenditures	18,443	0	1,448,354
Excess (Deficiency) of Revenues Over Expenditures	(17,877)	0	34,700
Other Financing Sources (Uses)			
Transfers In	0	46,439	277,406
Transfers Out	0	0	0
Total Other Financing Sources (Uses)	0	46,439	277,406
Net Change in Fund Balances	(17,877)	46,439	312,106
Fund Balances - Beginning	243,664	64,356	953,944
Fund Balances - Ending	\$ 225,787	\$ 110,795	\$ 1,266,050

Melba Joint School District No. 136
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Program Title	Assistance Listing Number	Pass-through Grant Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Idaho Department of Education:			
School Breakfast	10.553		\$ 66,652
COVID-19 School Breakfast Program	10.553		31,678
Total School Breakfast			<u>98,330</u>
National School Lunch	10.555		112,052
COVID-19 National School Lunch	10.555		98,707
National School Lunch - Noncash	10.555		25,054
Total National School Lunch			<u>235,813</u>
		202121N109947/	
<i>Total Child Nutrition Cluster</i>		202222N119947	<u>\$ 334,143</u>
Total U.S. Department of Agriculture			<u>334,143</u>
<u>U.S. Department of the Treasury</u>			
Passed through the Idaho Office of the Governor:			
COVID-19 - Coronavirus Relief Fund	21.019	20-1892-01-1-806	29,754
Passed through Idaho Department of Education:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0142	99,391
Total U.S. Department of the Treasury			<u>129,145</u>
<u>Federal Communications Commission</u>			
COVID-19 Emergency Connectivity Fund	32.009	N/A	<u>179,700</u>
<u>U.S. Department of Education</u>			
Passed through Idaho Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	S010A210012	63,601
COVID-19 Title I - Grants to Local Educational Agencies	84.010	S010A210012	31,911
Total Title I - Grants to Local Educational Agencies			<u>95,512</u>
Migrant Education State Grant	84.011	S011A210012	25,116
COVID-19 Migrant Education State Grant	84.011	S011A210012	13,102
Total Migrant Education State Grant			<u>38,218</u>
Special Education Grants to States (IDEA, Part B)	84.027	H027A210088	76,156
COVID-19 Special Education Grants to States (IDEA, Part B)	84.027	H027A210088	26,928
Total Special Education Grants to States (IDEA, Part B)			<u>103,084</u>
Special Education Preschool Grants (IDEA Preschool)	84.173	H173A210030	4,847
<i>Total Special Education Cluster (IDEA)</i>			<u>107,931</u>
Career and Technical Education - Basic Grants to States	84.048	V048A200012	8,677
Supporting Effective Instruction State Grants	84.367	S367A210011	18,295
Student Support and Academic Enrichment	84.424	S424A210013	12,148
COVID-19 - Education Stabilization Fund	84.425D	S425D210043	74,460
Total U.S. Department of Education			<u>355,241</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Idaho Department of Health and Welfare:			
		5NUF2CE002504- 03/	
Injury Prevention and Control Research and State Community Based Programs	93.136	5NUF2CE002504- 04	2,740
Total Federal Financial Assistance Expended			<u>\$ 1,000,969</u>

See Notes to Schedule of Expenditures of Federal Awards

Melba Joint School District No. 136
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Melba Joint School District No. 136 (the District) under programs of the federal government for the year ended June 30, 2022. 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Expenditures reported on the Schedule are reported on the 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.

2. DE MINIMIS INDIRECT COST RATE

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

3. SUBRECIPIENTS

No awards were passed through to subrecipients.

INTERNAL CONTROL AND COMPLIANCE REPORT



Certified Public Accountants

James Washburn, CPA
Weston Flamm, CPA
Cassie Zattiero, CPA

812-B 12th Ave. South
P.O. Box 876
Nampa, ID 83653-0876
208 466-2493
FAX 208 467-2000
www.BaileyCPAs.com

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Melba Joint School District No. 136 (the District), as of and for the year ended June 30, 2022, 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 25, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bailey & Co.

Nampa, Idaho
October 25, 2022



Certified Public Accountants

James Washburn, CPA
Weston Flamm, CPA
Cassie Zattiero, CPA

812-B 12th Ave. South
P.O. Box 876
Nampa, ID 83653-0876
208 466-2493
FAX 208 467-2000
www.BaileyCPAs.com

**Independent Auditor’s Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Melba Joint School District No. 136’s (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2022. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Melba Joint School District No. 136, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Bailey & Co.

Nampa, Idaho
October 25, 2022

Melba Joint School District No. 136
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified - Governmental Activities; Unmodified - Major Funds and Aggregate Remaining Fund Information

Internal control over financial reporting:

Significant deficiency(ies) disclosed? yes none reported
Material weakness(es) disclosed? yes none reported
Noncompliance material to financial statements noted? yes none reported

Federal Awards

Internal control over major programs:

Significant deficiency(ies) disclosed? yes none reported
Material weakness(es) disclosed? yes 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 section 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>Name of Federal Programs</u>	<u>Assistance Listing Number</u>
Child Nutrition Cluster	10.553, 10.555
Emergency Connectivity Fund	32.009
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee? <input type="checkbox"/> yes <input checked="" type="checkbox"/> no	

Section II - Financial Statement Findings

None reported.

Section III - Findings and Questioned Costs for Federal Awards

None reported.