

**MELBA JOINT SCHOOL DISTRICT NO. 136**

---

Report on Audited  
Basic  
Financial Statements  
and  
Additional Information

---

For the Year Ended June 30, 2021

## Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
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
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	27
Schedule of Employer's Share of Net Pension Liability PERSI – Base Plan	28
Schedule of Employer Contributions PERSI – Base Plan	29
Notes to Required Supplementary Information	30
<b>SUPPLEMENTARY INFORMATION</b>	
Supplementary Schedule of Revenues by Source - Budget (GAAP Basis) and Actual - General Fund	31
Supplementary Schedule of Expenditures by Object of Expenditure - Budget (GAAP Basis) and Actual - General Fund	32

	<u>Page</u>
Combining Balance Sheet – Nonmajor Governmental Funds	36
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	40
Schedule of Expenditures of Federal Awards	44
Notes to Schedule of Expenditures of Federal Awards	45
<b>INTERNAL CONTROL AND COMPLIANCE REPORTS</b>	
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>	46
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	48
Schedule of Findings and Questioned Costs	50



Certified Public Accountants

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

---

812-B 12<sup>th</sup> 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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Melba Joint School District No. 136 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Basis for Qualified Opinion on Governmental Activities*

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

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the

financial position of the governmental activities of Melba Joint School District No. 136, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Melba Joint School District No. 136, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 15 to the financial statements, in 2021, the District adopted new accounting guidance, GASBS No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Melba Joint School District No. 136's basic financial statements. The supplementary schedule of revenues by source – budget and actual – General fund, the supplementary schedule of expenditures by object of expenditure – budget and actual – General fund, the combining balance sheet – nonmajor governmental funds, and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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.

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 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021, 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 8, 2021

**Melba Joint School District No. 136**  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 4,116,849
Receivables, Net	
Property Taxes	338,560
Intergovernmental	205,700
Interest	388
Inventory	23,460
Capital Assets:	
Land	759,486
Buildings and Improvements, Net	13,519,761
Equipment and Vehicles, Net	713,908
Total Assets	19,678,112
<b>Deferred Outflows</b>	
Pension	991,949
<b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	14,858
Salaries and Benefits Payable	695,411
Unearned Revenues	12,275
Accrued Interest	97,978
Long-Term Liabilities:	
Due Within One Year:	
Bonds Payable	480,000
Due in More Than One Year:	
Bonds Payable	7,195,366
Net Pension Liability	2,315,217
Total Liabilities	10,811,105
<b>Deferred Inflows</b>	
Pension	83,584
<b>Net Position</b>	
Net Investment in Capital Assets	7,317,789
Restricted for:	
Debt Service	1,013,502
Capital Projects	64,356
Special Revenue	347,617
Unrestricted	1,032,108
Total Net Position	\$ 9,775,372

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, 2021

	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	
<b>Primary Government:</b>					
Governmental Activities:					
Instruction	\$ 4,030,755	\$ 9,352	\$ 266,898	\$ 0	\$ (3,754,505)
Support Services	3,621,602	280,039	772,772	0	(2,568,791)
Food Service	309,318	22,578	351,999	0	65,259
Interest	225,151	0	0	0	(225,151)
Debt Fees	400	0	0	0	(400)
Total Governmental Activities	<u>\$ 8,187,226</u>	<u>\$ 311,969</u>	<u>\$ 1,391,669</u>	<u>\$ 0</u>	<u>(6,483,588)</u>
		General Revenues:			
					1,013,422
					6,235,367
					11,667
					2,468
		Special Items:			
					(40,913)
					<u>7,222,011</u>
					<u>738,423</u>
					<u>8,950,678</u>
					<u>86,271</u>
					<u>9,036,949</u>
					<u>\$ 9,775,372</u>

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



**Melba Joint School District No. 136**

Balance Sheet -  
Governmental Funds  
June 30, 2021

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,386,516	\$ 772,928	\$ 957,405	\$ 4,116,849
Receivables, Net:				
Property Taxes	94	338,466	0	338,560
Intergovernmental	135,724	0	69,976	205,700
Interest	239	86	63	388
Internal Balances	31,271	0	0	31,271
Inventory	0	0	23,460	23,460
Total Assets	<u>2,553,844</u>	<u>1,111,480</u>	<u>1,050,904</u>	<u>4,716,228</u>
<b>Deferred Outflows</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 2,553,844</u>	<u>\$ 1,111,480</u>	<u>\$ 1,050,904</u>	<u>\$ 4,716,228</u>
<b>Liabilities</b>				
Accounts Payable	\$ 11,385	\$ 0	\$ 3,473	\$ 14,858
Internal Balances	0	0	31,271	31,271
Salaries and Benefits Payable	645,472	0	49,939	695,411
Unearned Revenues	0	0	12,275	12,275
Total Liabilities	<u>656,857</u>	<u>0</u>	<u>96,958</u>	<u>753,815</u>
<b>Deferred Inflows</b>				
Unavailable Property Taxes	<u>94</u>	<u>36,409</u>	<u>0</u>	<u>36,503</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	0	0	23,460	23,460
Restricted	0	1,075,071	411,973	1,487,044
Committed	0	0	235,000	235,000
Assigned	0	0	283,513	283,513
Unassigned	1,896,893	0	0	1,896,893
Total Fund Balances	<u>1,896,893</u>	<u>1,075,071</u>	<u>953,946</u>	<u>3,925,910</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,553,844</u>	<u>\$ 1,111,480</u>	<u>\$ 1,050,904</u>	<u>\$ 4,716,228</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, 2021

Total Fund Balances - Governmental Funds \$ 3,925,910

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 \$5,655,804 Accumulated Depreciation		13,519,761	
Equipment and Vehicles, Net of \$1,594,779 Accumulated Depreciation		713,908	
Total Capital Assets			14,993,155

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. 36,503

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		991,949	
Deferred Inflows Related to Net Pension Liability		(83,584)	
			908,365

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 (97,978)

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

Net Pension Liability		(2,315,217)	
Bonds Payable (Including Bond Premium)		(7,675,366)	
Total Long-Term Liabilities			(9,990,583)

Total Net Position - Governmental Activities \$ 9,775,372

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, 2021

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 0	\$ 1,015,248	\$ 0	\$ 1,015,248
State Support	5,837,834	213,939	183,594	6,235,367
Charges for Services	0	0	311,969	311,969
Grants and Contributions	9,920	0	1,381,749	1,391,669
Earnings on Investments	9,546	946	1,175	11,667
Other	2,468	0	0	2,468
<b>Total Revenues</b>	<b>5,859,768</b>	<b>1,230,133</b>	<b>1,878,487</b>	<b>8,968,388</b>
<b>Expenditures</b>				
Current:				
Instruction	3,381,001	0	350,226	3,731,227
Support Services	1,787,777	0	787,464	2,575,241
Food Service	5,760	0	296,788	302,548
Debt Service:				
Principal	0	595,000	0	595,000
Interest	0	297,489	0	297,489
Debt Fees	0	400	0	400
Capital Outlay	124,386	0	505,242	629,628
<b>Total Expenditures</b>	<b>5,298,924</b>	<b>892,889</b>	<b>1,939,720</b>	<b>8,131,533</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>560,844</b>	<b>337,244</b>	<b>(61,233)</b>	<b>836,855</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	15,334	0	395,440	410,774
Transfers Out	(395,440)	0	(15,334)	(410,774)
Loss on Bond Defeasance	0	(40,913)	0	(40,913)
<b>Total Other Financing Sources (Uses)</b>	<b>(380,106)</b>	<b>(40,913)</b>	<b>380,106</b>	<b>(40,913)</b>
<b>Net Change in Fund Balances</b>	<b>180,738</b>	<b>296,331</b>	<b>318,873</b>	<b>795,942</b>
Fund Balances - Beginning, Previously	1,716,155	778,740	548,802	3,043,697
Prior Period Adjustment	0	0	86,271	86,271
Fund Balances - Beginning, Restated	1,716,155	778,740	635,073	3,129,968
<b>Fund Balances - Ending</b>	<b>\$ 1,896,893</b>	<b>\$ 1,075,071</b>	<b>\$ 953,946</b>	<b>\$ 3,925,910</b>

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, 2021

Total Net Change in Fund Balance - Governmental Funds	\$	795,942
---	----	---------

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	\$	228,989	
Depreciation Expense		(539,143)	
Net			(310,154)

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.	(1,826)
--	---------

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

Net Pension Liability and Related Deferral Changes	(412,877)	
Change in Accrued Interest on Long-term Debt	7,406	
		(405,471)

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	64,932	
Principal Payments Made	595,000	
		659,932

Change in Net Position of Governmental Activities	\$	738,423
---	----	---------

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

**Melba Joint School District No. 136**  
Statement of Fiduciary Net Position  
June 30, 2021

	Private Purpose Trust Fund
<b>Assets</b>	
Cash and Cash Equivalents	\$ 71,209
Interest Receivable	6
Total Assets	71,215
<b>Deferred Outflows</b>	
	0
<b>Liabilities</b>	
Accounts Payable	0
Total Liabilities	
<b>Deferred Inflows</b>	
	0
<b>Net Position</b>	
Restricted for Scholarships and Others	71,215
Total Net Position	\$ 71,215

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, 2021

	Private Purpose Trust Fund
<b>Additions</b>	
Contributions	\$ 8,715
Investment Income	218
Total Additions	8,933
<b>Deductions</b>	
Donations to Others	0
Total Deductions	0
Changes in Net Position	8,933
Net Position - Beginning	62,282
Net Position - Ending	\$ 71,215

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, 2021

---

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.

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, 2021

---

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 capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

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

- *Nonspendable*. Balances in inventories or prepaid expenditures that are permanently precluded from conversion to cash.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Committed*. Balances obligated to a specific purpose by a formal action of the Board of Trustees, the District's highest level of decision-making authority. \$235,000 in the Plant Facilities fund is committed for future plant facilities and a scoreboard.
- *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. \$8,664 in the Plant Facilities fund is assigned for future plant facilities. \$274,849 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, 2021

---

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 Student Activity 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.

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 2<sup>nd</sup> 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, 2021, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2021, are not considered available for use by the District and are recorded as deferred inflows in the fund financial statements.

Pensions

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

**Melba Joint School District No. 136**  
Notes to Financial Statements  
For the Year Ended June 30, 2021

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

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

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	\$5,000	Straight-Line	15 - 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, 2021, the carrying amount of the District's deposits was \$1,130,026 and the respective bank balances totaled \$1,337,211. 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, 2021, the District's bank balances were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department, and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

**Melba Joint School District No. 136**  
Notes to Financial Statements  
For the Year Ended June 30, 2021

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, 2021 are as follows:

Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
External Investment Pool	\$ 3,058,032	\$ 3,058,032	\$ 0

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

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 1,112,295	\$ 17,731	\$ 1,130,026
Investments categorized as cash	3,004,554	53,478	3,058,032
	\$ 4,116,849	\$ 71,209	\$ 4,188,058

3. RISK MANAGEMENT

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

4. RECEIVABLE - INTERGOVERNMENTAL

Amounts due from other governments consists of \$135,724 from the State of Idaho Department of Education for school support, \$25,655 from the State of Idaho Department of Health and Welfare for Medicaid reimbursements, and \$44,321 of federal money passed through the State for federal programs for a total of \$205,700. These amounts are all considered collectible.

**Melba Joint School District No. 136**  
Notes to Financial Statements  
For the Year Ended June 30, 2021

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	06/30/2020	Additions	Disposals	06/30/2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 759,486	\$ 0	\$ 0	\$ 759,486
Capital Assets Being Depreciated:				
Buildings and Improvements	19,073,782	101,783	0	19,175,565
Equipment and Vehicles	2,181,482	127,205	0	2,308,687
Total Historical Cost	21,255,264	228,988	0	21,484,252
Less: Accumulated Depreciation				
Buildings and Improvements	5,206,036	449,768	0	5,655,804
Equipment and Vehicles	1,505,404	89,375	0	1,594,779
Total Acc. Depr.	6,711,440	539,143	0	7,250,583
Net Depreciable Assets	14,543,824	(310,155)	0	14,233,669
Governmental Activities				
Capital Assets - Net	\$ 15,303,310	\$ (310,155)	\$ 0	\$ 14,993,155

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

Instruction	\$ 2,294
Support Services	536,849
	\$ 539,143

6. TRANSFERS TO/FROM OTHER FUNDS

Transfer activity for the year ended June 30, 2021, is as follows:

\$ 32,902	From the General fund to the nonmajor School-Based Medicaid fund for the District match.	
15,334	From the nonmajor Health Services fund to the General fund to close out the Health Services fund.	
5,000	From the General fund to the nonmajor Student Activity fund for seed money for certain student activities.	
265,000	From the General fund to the nonmajor Technology fund to provide initial funding for the technology replacement plan.	
35,000	From the General fund to the nonmajor Plant Facilities fund to fund a future scoreboard.	
57,538	From the General fund to the nonmajor Bus Depreciation fund for bus depreciation.	
\$ 410,774		

**Melba Joint School District No. 136**  
Notes to Financial Statements  
For the Year Ended June 30, 2021

---

7. INTERFUND BALANCES AND ACTIVITY

Internal balances at June 30, 2021, consist of the following:

\$ 31,271 Due to the General fund from nonmajor governmental funds representing cash overdrafts.

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, 2021, 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 1<sup>st</sup>. 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](http://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

**Melba Joint School District No. 136**  
Notes to Financial Statements  
For the Year Ended June 30, 2021

10. PENSION PLAN (continued)

cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2021, 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 \$430,339 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020, the District's proportion was 0.0997022%.

For the year ended June 30, 2021, the District recognized pension expense of \$843,215. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 180,890	\$ 75,597
Changes in assumptions or other inputs	39,155	0
Net difference between projected and actual earnings on pension plan investments	265,367	0
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	76,198	7,987
District contributions subsequent to the measurement date	<u>430,339</u>	<u>0</u>
Total	<u>\$ 991,949</u>	<u>\$ 83,584</u>

\$430,339 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

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, 2019, the beginning of the

**Melba Joint School District No. 136**  
Notes to Financial Statements  
For the Year Ended June 30, 2021

---

10. PENSION PLAN (continued)

measurement period ended June 30, 2020 is 4.7 years and 4.8 years for the measurement period June 30, 2019.

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

Year Ended June 30,			
2022	\$	29,515	
2023	\$	124,294	
2024	\$	145,224	
2025	\$	178,993	

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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary inflation/increases	3.75%
Investment rate of return, net of investment fees	7.05%
Cost-of-living adjustments	1.00%

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

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

An experience study was performed for the period July 1, 2011 through June 30, 2017, which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2020 is based on the results of an actuarial valuation date July 1, 2020.

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, 2021

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. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of the System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The assumptions are as follows:

**Capital Market Assumptions from Callan 2020**

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%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%

**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 2018**

<b>Valuation Assumptions Chosen by PERSI Board</b>	
Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b><u>7.05%</u></b>



**Melba Joint School District No. 136**  
Notes to Financial Statements  
For the Year Ended June 30, 2021

10. PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.05%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.05%) or 1% higher (8.05%) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
District's proportionate share of the net pension liability (asset)	<u>\$ 4,747,876</u>	<u>\$ 2,315,217</u>	<u>\$ 303,805</u>

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](http://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
2022	\$ 5,620
2023	5,620
2024	5,620
2025	2,810
	\$ 19,670

Lease expense for the year ended June 30, 2021 totaled \$5,620.

**Melba Joint School District No. 136**  
Notes to Financial Statements  
For the Year Ended June 30, 2021

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 ten credit cards and the high school has four credit cards. Total credit available at June 30, 2021 was \$47,500 and no balances were outstanding.

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. \$225,151 of interest expense was incurred during the year, all of which was expensed.

On August 26, 2020, the District defeased a portion of the 2015 Series General Obligation Bonds by placing cash of \$11,912 and U.S. Treasury SLGS of \$435,340 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 \$380,000 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. A similar defeasance occurred in the prior year. At June 30, 2021, \$725,000 of bonds remained outstanding and are considered defeased.

Annual estimated cash flows after June 30, 2021, in the escrow accounts for the defeasances are summarized below:

	Debt Payments	Investment Earnings	Trust Account Ending Balance
2022	\$ 18,784	\$ 6,591	\$ 801,125
2024	18,907	6,468	775,750
2025	19,027	6,349	750,374
2025	<u>744,150</u>	<u>6,224</u>	0
	<u>\$ 800,868</u>	<u>\$ 25,632</u>	

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

	<u>Maturity</u>	<u>Interest</u>	<u>06/30/2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/2021</u>	<u>Current</u>
Governmental Activities:							
<u>Direct Borrowings</u>							
2015 Series Bond	2034	3.0%-4.0%	7,795,000	0	(595,000)	7,200,000	480,000
Unamortized Bond Premium			<u>540,298</u>	<u>0</u>	<u>(64,932)</u>	<u>475,366</u>	<u>0</u>
Total			<u>\$ 8,335,298</u>	<u>\$ 0</u>	<u>\$ (659,932)</u>	<u>\$ 7,675,366</u>	<u>\$ 480,000</u>

**Melba Joint School District No. 136**  
Notes to Financial Statements  
For the Year Ended June 30, 2021

14. LONG-TERM LIABILITIES (continued)

Debt service requirements on long-term debt at June 30, 2021, are as follows:

Year Ending June 30,	Bonds and Notes		
	Principal	Interest	Total
2022	\$ 480,000	\$ 254,075	\$ 734,075
2023	495,000	239,450	734,450
2024	510,000	224,375	734,375
2025	525,000	208,850	733,850
2026	540,000	192,875	732,875
2027 - 2031	3,020,000	630,875	3,650,875
2032 - 2034	1,630,000	77,338	1,707,338
	<u>\$ 7,200,000</u>	<u>\$ 1,827,838</u>	<u>\$ 9,027,838</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.

15. PRIOR PERIOD ADJUSTMENTS

*Change in Accounting Principle:* The District adopted GASBS No. 84, *Fiduciary Activities* in the current year. Adoption of this standard required an evaluation of the District's fiduciary funds and it was determined under the new standard that the student activities now need to be accounted for as a special revenue fund. This resulted in an increase to the beginning fund balance and net position of \$144,519. Under the previous standard, student activities were considered agency funds, so revenues and expenditures were not recognized and an amount due to student groups in the fiduciary statement of net position was recognized instead. Had the standard taken effect in the prior year, revenues in that year would have been \$292,517 and expenditures would have been \$277,562.

*Correction of an Error:* Errors were discovered in the child nutrition fund's inventory spreadsheet formulas. As a result, prior year inventory was overstated by \$58,248. Beginning fund balance and net position was reduced by this amount to correct for these errors.

16. RELATED PARTY TRANSACTIONS

The District purchased a substantial portion of its technology needs in the current year from U-PC Wholesale LLC in the amount of \$328,588. The owner of this business is a brother to Mr. Thayer. At the time of these purchases, Mr. Thayer was the District's Technology Director (who resigned in December 2020). No amounts were due to or from U-PC Wholesale LLC as of June 30, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Melba Joint School District No. 136**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 16,506	\$ 16,506	\$ 0	\$ (16,506)
State Support	5,473,665	5,744,507	5,837,834	93,327
Grants and Contributions	7,077	9,570	9,920	350
Earnings on Investments	40,000	45,000	9,546	(35,454)
Other	600	2,448	2,468	20
<b>Total Revenues</b>	<u>5,537,848</u>	<u>5,818,031</u>	<u>5,859,768</u>	<u>41,737</u>
<b>Expenditures</b>				
Current:				
Instruction	3,386,072	3,504,109	3,381,001	123,108
Support Services	2,344,017	2,292,571	1,787,777	504,794
Non-Instruction	5,774	5,774	5,760	14
Capital Outlay	76,250	122,998	124,386	(1,388)
<b>Total Expenditures</b>	<u>5,812,113</u>	<u>5,925,452</u>	<u>5,298,924</u>	<u>626,528</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(274,265)</u>	<u>(107,421)</u>	<u>560,844</u>	<u>668,265</u>
<b>Other Financing Sources (Uses)</b>				
Disposal of Assets	0	350	0	(350)
Transfers In	10,970	30,983	15,334	(15,649)
Transfers Out	(71,294)	(386,656)	(395,440)	(8,784)
<b>Total Other Financing Sources (Uses)</b>	<u>(60,324)</u>	<u>(355,323)</u>	<u>(380,106)</u>	<u>(24,783)</u>
<b>Net Change in Fund Balances</b>	(334,589)	(462,744)	180,738	643,482
Fund Balances - Beginning	334,589	462,744	1,716,155	1,253,411
<b>Fund Balances - Ending</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,896,893</u>	<u>\$ 1,896,893</u>

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

	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	0.0997022%	0.0967626%	0.0953534%	0.0903432%	0.0929609%	0.0973470%	0.0994615%
Employer's proportionate share of the net pension liability	\$ 2,315,217	\$ 1,427,265	\$ 1,406,479	\$ 1,420,040	\$ 1,884,460	\$ 1,281,902	\$ 732,192
Employer's covered payroll	\$ 3,564,231	\$ 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 as a percentage of its covered payroll	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	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, 2020.

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

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 430,339	\$ 423,903	\$ 372,026	\$ 347,282	\$ 317,570	\$ 308,877	\$ 308,658
Contributions in relation to the statutorily required contribution	(430,339)	(423,903)	(372,026)	(347,282)	(317,570)	(308,877)	(308,658)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
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
Contributions as a percentage of covered payroll	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, 2021.

**Melba Joint School District No. 136**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2021

---

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.



**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, 2021

	Budget	Actual	Variance
<b>Local Sources</b>			
Property Taxes	\$ 16,506	\$ 0	\$ (16,506)
Grants and Contributions	9,570	9,920	350
Earnings on Investments	45,000	9,546	(35,454)
Other	2,448	2,468	20
<b>Total Local Sources</b>	<u>73,524</u>	<u>21,934</u>	<u>(51,590)</u>
<b>State Sources</b>			
State Support	4,739,353	4,762,986	23,633
State Paid Benefits	621,816	621,816	0
Revenue in Lieu of Taxes	65,990	65,991	1
Other Support	317,348	387,041	69,693
<b>Total State Sources</b>	<u>5,744,507</u>	<u>5,837,834</u>	<u>93,327</u>
<b>Total Revenues</b>	<u>\$ 5,818,031</u>	<u>\$ 5,859,768</u>	<u>\$ 41,737</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, 2021

	Budget	Actual	Variance
<b>Instruction</b>			
Elementary:			
Salaries	\$ 1,061,640	\$ 1,042,958	\$ 18,682
Benefits	355,915	343,112	12,803
Services	2,200	0	2,200
Supplies	22,876	4,337	18,539
	<u>1,442,631</u>	<u>1,390,407</u>	<u>52,224</u>
Secondary:			
Salaries	1,239,543	1,217,113	22,430
Benefits	385,034	377,354	7,680
Services	24,870	6,770	18,100
Supplies	36,473	24,014	12,459
	<u>1,685,920</u>	<u>1,625,251</u>	<u>60,669</u>
Exceptional Child:			
Salaries	135,000	135,000	0
Benefits	44,801	44,216	585
	<u>179,801</u>	<u>179,216</u>	<u>585</u>
Preschool Exceptional Child:			
Salaries	8,081	7,855	226
Benefits	1,584	1,521	63
	<u>9,665</u>	<u>9,376</u>	<u>289</u>
Interscholastic:			
Salaries	136,664	137,224	(560)
Benefits	36,428	30,542	5,886
Services	6,000	5,985	15
Supplies	7,000	3,000	4,000
	<u>186,092</u>	<u>176,751</u>	<u>9,341</u>
<b>Total Instruction</b>	<u>3,504,109</u>	<u>3,381,001</u>	<u>123,108</u>
<b>Support Services</b>			
Attendance, Guidance, and Health:			
Salaries	89,013	85,273	3,740
Benefits	22,910	22,113	797
Services	46,700	949	45,751
Supplies	2,832	201	2,631
	<u>161,455</u>	<u>108,536</u>	<u>52,919</u>
Special Services:			
Salaries	2,297	2,222	75
Benefits	451	418	33
Services	0	70	(70)
	<u>2,748</u>	<u>2,710</u>	<u>38</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, 2021  
 (continued)

	Budget	Actual	Variance
<b>Instruction Improvement:</b>			
Salaries	12,755	12,773	(18)
Benefits	13,539	9,292	4,247
Services	500	300	200
	<u>26,794</u>	<u>22,365</u>	<u>4,429</u>
<b>Educational Media:</b>			
Salaries	19,174	19,038	136
Benefits	9,966	9,891	75
Supplies	2,000	1,944	56
	<u>31,140</u>	<u>30,873</u>	<u>267</u>
<b>Instruction-Related Tech:</b>			
Salaries	89,473	87,988	1,485
Benefits	33,819	27,485	6,334
Services	16,323	16,133	190
Supplies	75,511	68,382	7,129
Capital Outlay	7,000	6,820	180
	<u>222,126</u>	<u>206,808</u>	<u>15,318</u>
<b>Board of Education:</b>			
Salaries	8,224	3,811	4,413
Benefits	1,611	292	1,319
Services	82,000	49,091	32,909
Supplies	2,500	0	2,500
	<u>94,335</u>	<u>53,194</u>	<u>41,141</u>
<b>District Administration:</b>			
Salaries	112,708	111,453	1,255
Benefits	31,744	31,267	477
Services	7,050	2,083	4,967
Supplies	4,000	2,011	1,989
	<u>155,502</u>	<u>146,814</u>	<u>8,688</u>
<b>School Administration:</b>			
Salaries	204,516	204,383	133
Benefits	67,063	67,176	(113)
Services	375	0	375
Supplies	100	0	100
	<u>272,054</u>	<u>271,559</u>	<u>495</u>
<b>Business Operation:</b>			
Salaries	86,856	85,830	1,026
Benefits	28,359	28,163	196
Services	13,740	11,279	2,461
Supplies	6,500	4,537	1,963
	<u>135,455</u>	<u>129,809</u>	<u>5,646</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, 2021  
 (continued)

	Budget	Actual	Variance
<b>Building Care:</b>			
Salaries	119,413	97,247	22,166
Benefits	33,445	28,637	4,808
Services	285,162	92,208	192,954
Supplies	35,000	11,825	23,175
Capital Outlay	1,000	766	234
	<u>474,020</u>	<u>230,683</u>	<u>243,337</u>
<b>Building Maintenance (Non-Student):</b>			
Salaries	51,359	50,900	459
Benefits	20,364	20,019	345
Services	17,500	20,767	(3,267)
Supplies	10,000	3,934	6,066
	<u>99,223</u>	<u>95,620</u>	<u>3,603</u>
<b>Building Maintenance (Student):</b>			
Salaries	76,620	76,152	468
Benefits	26,921	26,622	299
Services	27,600	22,433	5,167
Supplies	27,731	10,133	17,598
Capital Outlay	114,748	116,800	(2,052)
	<u>273,620</u>	<u>252,140</u>	<u>21,480</u>
<b>Maintenance - Grounds:</b>			
Services	13,000	5,426	7,574
Supplies	30,000	17,422	12,578
	<u>43,000</u>	<u>22,848</u>	<u>20,152</u>
<b>Safe Schools:</b>			
Services	20,000	20,000	0
<b>School Transportation:</b>			
Salaries	150,591	144,402	6,189
Benefits	49,274	43,430	5,844
Services	14,150	3,349	10,801
Supplies	81,730	38,484	43,246
Capital Outlay	250	0	250
	<u>295,995</u>	<u>229,665</u>	<u>66,330</u>
<b>Activity Transportation:</b>			
Salaries	7,229	5,089	2,140
Benefits	1,619	769	850
Services	200	16	184
Supplies	8,100	4,591	3,509
	<u>17,148</u>	<u>10,465</u>	<u>6,683</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, 2021  
 (continued)

	Budget	Actual	Variance
Other Support Services:			
Benefits	40,368	27,488	12,880
Insurance	50,586	50,586	0
	<u>90,954</u>	<u>78,074</u>	<u>12,880</u>
Total Support Services	<u>2,415,569</u>	<u>1,912,163</u>	<u>503,406</u>
<b>Non-Instruction</b>			
Food Service	5,774	5,760	14
Total Expenditures	<u>\$ 5,925,452</u>	<u>\$ 5,298,924</u>	<u>\$ 626,528</u>

**Melba Joint School District No. 136**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2021

	Special Revenue					
	Health Services	Student Activity	Driver's Education	Professional Technical	Technology State	Title I-A Basic
<b>Assets</b>						
Cash and Cash Equivalents	\$ 0	\$ 164,937	\$ 11,284	\$ 3,796	\$ 274,824	\$ 6
Receivables, Net						
Intergovernmental	0	0	3,750	0	0	14,634
Interest	0	0	0	0	25	0
Inventory	0	0	0	0	0	0
Total Assets	<u>0</u>	<u>164,937</u>	<u>15,034</u>	<u>3,796</u>	<u>274,849</u>	<u>14,640</u>
<b>Deferred Outflows</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 0</u>	<u>\$ 164,937</u>	<u>\$ 15,034</u>	<u>\$ 3,796</u>	<u>\$ 274,849</u>	<u>\$ 14,640</u>
<b>Liabilities</b>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Internal Balances	0	0	0	0	0	0
Salaries and Benefits Payable	0	0	242	3,796	0	14,640
Unearned Revenues	0	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>242</u>	<u>3,796</u>	<u>0</u>	<u>14,640</u>
<b>Deferred Inflows</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>						
Nonspendable:						
Inventory	0	0	0	0	0	0
Restricted	0	164,937	14,792	0	0	0
Committed	0	0	0	0	0	0
Assigned	0	0	0	0	274,849	0
Total Fund Balances	<u>0</u>	<u>164,937</u>	<u>14,792</u>	<u>0</u>	<u>274,849</u>	<u>0</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 0</u>	<u>\$ 164,937</u>	<u>\$ 15,034</u>	<u>\$ 3,796</u>	<u>\$ 274,849</u>	<u>\$ 14,640</u>

**Melba Joint School District No. 136**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2021  
(continued)

	Special Revenue				
	ESSER I	Title I-C Migrant	ESSER II	IDEA Part B	IDEA Part B Preschool
<b>Assets</b>					
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivables, Net					
Intergovernmental	0	2,059	0	12,696	1,957
Interest	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	<u>0</u>	<u>2,059</u>	<u>0</u>	<u>12,696</u>	<u>1,957</u>
<b>Deferred Outflows</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 0</u>	<u>\$ 2,059</u>	<u>\$ 0</u>	<u>\$ 12,696</u>	<u>\$ 1,957</u>
<b>Liabilities</b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Internal Balances	0	0	0	9,471	652
Salaries and Benefits Payable	0	2,058	0	3,225	1,305
Unearned Revenues	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>2,058</u>	<u>0</u>	<u>12,696</u>	<u>1,957</u>
<b>Deferred Inflows</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	0	0	0	0	0
Restricted	0	1	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Total Fund Balances	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 0</u>	<u>\$ 2,059</u>	<u>\$ 0</u>	<u>\$ 12,696</u>	<u>\$ 1,957</u>



**Melba Joint School District No. 136**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2021  
(continued)

	Special Revenue					
	School-Based Medicaid	Title IV-A	Title IV Perkins	Title II-A	Covid Relief	Child Nutrition
<b>Assets</b>						
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 194,564
Receivables, Net						
Intergovernmental	25,655	0	7,907	0	0	1,318
Interest	0	0	0	0	0	12
Inventory	0	0	0	0	0	23,460
Total Assets	<u>25,655</u>	<u>0</u>	<u>7,907</u>	<u>0</u>	<u>0</u>	<u>219,354</u>
<b>Deferred Outflows</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 25,655</u>	<u>\$ 0</u>	<u>\$ 7,907</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 219,354</u>
<b>Liabilities</b>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,473
Internal Balances	13,241	0	7,907	0	0	0
Salaries and Benefits Payable	12,414	0	0	0	0	12,259
Unearned Revenues	0	0	0	0	0	12,275
Total Liabilities	<u>25,655</u>	<u>0</u>	<u>7,907</u>	<u>0</u>	<u>0</u>	<u>28,007</u>
<b>Deferred Inflows</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>						
Nonspendable:						
Inventory	0	0	0	0	0	23,460
Restricted	0	0	0	0	0	167,887
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>191,347</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 25,655</u>	<u>\$ 0</u>	<u>\$ 7,907</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 219,354</u>

**Melba Joint School District No. 136**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2021  
(continued)

	Capital Projects		Total
	Plant Facilities	Bus Depreciation	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 243,638	\$ 64,356	\$ 957,405
Receivables, Net			
Intergovernmental	0	0	69,976
Interest	26	0	63
Inventory	0	0	23,460
<b>Total Assets</b>	<u>243,664</u>	<u>64,356</u>	<u>1,050,904</u>
<b>Deferred Outflows</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$ 243,664</u>	<u>\$ 64,356</u>	<u>\$ 1,050,904</u>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 3,473
Internal Balances	0	0	31,271
Salaries and Benefits Payable	0	0	49,939
Unearned Revenues	0	0	12,275
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>96,958</u>
<b>Deferred Inflows</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable:			
Inventory	0	0	23,460
Restricted	0	64,356	411,973
Committed	235,000	0	235,000
Assigned	8,664	0	283,513
<b>Total Fund Balances</b>	<u>243,664</u>	<u>64,356</u>	<u>953,946</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 243,664</u>	<u>\$ 64,356</u>	<u>\$ 1,050,904</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, 2021

	Special Revenue					
	Health Services	Student Activity	Driver's Education	Professional Technical	Technology State	Title I-A Basic
<b>Revenues</b>						
State Support	\$ 0	\$ 0	\$ 5,550	\$ 42,397	\$ 0	\$ 0
Charges for Services	0	270,334	9,352	0	9,705	0
Grants and Contributions	0	0	0	0	0	95,452
Earnings on Investments	4	23	0	0	144	0
Other	0	0	0	0	0	0
<b>Total Revenues</b>	<b>4</b>	<b>270,357</b>	<b>14,902</b>	<b>42,397</b>	<b>9,849</b>	<b>95,452</b>
<b>Expenditures</b>						
Instruction:						
Salaries	0	0	9,742	15,466	0	60,496
Benefits	0	0	1,613	4,728	0	27,417
Services	0	0	25	5,712	0	0
Supplies	0	0	845	16,491	0	1,039
<b>Total Instruction</b>	<b>0</b>	<b>0</b>	<b>12,225</b>	<b>42,397</b>	<b>0</b>	<b>88,952</b>
Support Services:						
Salaries	0	0	0	0	0	6,500
Benefits	0	0	0	0	0	0
Services	0	178,040	0	0	0	0
Supplies	0	76,899	0	0	0	0
<b>Total Support Services</b>	<b>0</b>	<b>254,939</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,500</b>
Food Service	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>254,939</b>	<b>12,225</b>	<b>42,397</b>	<b>0</b>	<b>95,452</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>4</b>	<b>15,418</b>	<b>2,677</b>	<b>0</b>	<b>9,849</b>	<b>0</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	5,000	0	0	265,000	0
Transfers Out	(15,334)	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(15,334)</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>265,000</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(15,330)</b>	<b>20,418</b>	<b>2,677</b>	<b>0</b>	<b>274,849</b>	<b>0</b>
Fund Balances - Beginning, Previously	15,330	0	12,115	0	0	0
Prior Period Adjustment	0	144,519	0	0	0	0
Fund Balances - Beginning, Restated	15,330	144,519	12,115	0	0	0
<b>Fund Balances - Ending</b>	<b>\$ 0</b>	<b>\$ 164,937</b>	<b>\$ 14,792</b>	<b>\$ 0</b>	<b>\$ 274,849</b>	<b>\$ 0</b>

**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, 2021

(continued)

	Special Revenue				
	ESSER I	Title I-C Migrant	ESSER II	IDEA Part B	IDEA Part B Preschool
<b>Revenues</b>					
State Support	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0
Grants and Contributions	105,614	30,366	240,854	88,354	7,917
Earnings on Investments	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Revenues</b>	<b>105,614</b>	<b>30,366</b>	<b>240,854</b>	<b>88,354</b>	<b>7,917</b>
<b>Expenditures</b>					
Instruction:					
Salaries	0	8,551	0	15,498	6,333
Benefits	0	9,906	0	96	1,221
Services	712	3,765	7,657	70,948	151
Supplies	14,869	152	26,156	1,812	212
<b>Total Instruction</b>	<b>15,581</b>	<b>22,374</b>	<b>33,813</b>	<b>88,354</b>	<b>7,917</b>
Support Services:					
Salaries	0	7,992	0	0	0
Benefits	0	0	0	0	0
Services	18,874	0	177,242	0	0
Supplies	42,694	0	28,615	0	0
<b>Total Support Services</b>	<b>61,568</b>	<b>7,992</b>	<b>205,857</b>	<b>0</b>	<b>0</b>
Food Service	0	0	0	0	0
Capital Outlay	28,465	0	1,184	0	0
<b>Total Expenditures</b>	<b>105,614</b>	<b>30,366</b>	<b>240,854</b>	<b>88,354</b>	<b>7,917</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balances - Beginning, Previously	0	1	0	0	0
Prior Period Adjustment	0	0	0	0	0
Fund Balances - Beginning, Restated	0	1	0	0	0
<b>Fund Balances - Ending</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**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, 2021  
 (continued)

	Special Revenue					
	School-Based Medicaid	Title IV-A	Title IV Perkins	Title II-A	Covid Relief	Child Nutrition
<b>Revenues</b>						
State Support	\$ 135,647	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0	22,578
Grants and Contributions	0	12,430	7,908	23,273	417,582	351,999
Earnings on Investments	0	0	0	0	0	139
Other	0	0	0	0	0	0
<b>Total Revenues</b>	<b>135,647</b>	<b>12,430</b>	<b>7,908</b>	<b>23,273</b>	<b>417,582</b>	<b>374,716</b>
<b>Expenditures</b>						
Instruction:						
Salaries	0	0	0	1,807	0	0
Benefits	0	0	0	526	0	0
Services	0	0	0	20,896	0	0
Supplies	0	12,430	2,910	44	0	0
<b>Total Instruction</b>	<b>0</b>	<b>12,430</b>	<b>2,910</b>	<b>23,273</b>	<b>0</b>	<b>0</b>
Support Services:						
Salaries	54,726	0	0	0	40,939	0
Benefits	16,541	0	0	0	12,963	0
Services	97,282	0	0	0	6,129	0
Supplies	0	0	0	0	22,028	0
<b>Total Support Services</b>	<b>168,549</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82,059</b>	<b>0</b>
Food Service	0	0	0	0	0	296,788
Capital Outlay	0	0	4,998	0	335,523	22,525
<b>Total Expenditures</b>	<b>168,549</b>	<b>12,430</b>	<b>7,908</b>	<b>23,273</b>	<b>417,582</b>	<b>319,313</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(32,902)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55,403</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	32,902	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>32,902</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55,403</b>
Fund Balances - Beginning, Previously	0	0	0	0	0	194,192
Prior Period Adjustment	0	0	0	0	0	(58,248)
Fund Balances - Beginning, Restated	0	0	0	0	0	135,944
<b>Fund Balances - Ending</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 191,347</b>

**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, 2021

(continued)

	Capital Projects		Total
	Plant Facilities	Bus Depreciation	
<b>Revenues</b>			
State Support	\$ 0	\$ 0	\$ 183,594
Charges for Services	0	0	311,969
Grants and Contributions	0	0	1,381,749
Earnings on Investments	865	0	1,175
Other	0	0	0
<b>Total Revenues</b>	<b>865</b>	<b>0</b>	<b>1,878,487</b>
<b>Expenditures</b>			
Instruction:			
Salaries	0	0	117,893
Benefits	0	0	45,507
Services	0	0	109,866
Supplies	0	0	76,960
<b>Total Instruction</b>	<b>0</b>	<b>0</b>	<b>350,226</b>
Support Services:			
Salaries	0	0	110,157
Benefits	0	0	29,504
Services	0	0	477,567
Supplies	0	0	170,236
<b>Total Support Services</b>	<b>0</b>	<b>0</b>	<b>787,464</b>
Food Service	0	0	296,788
Capital Outlay	13,644	98,903	505,242
<b>Total Expenditures</b>	<b>13,644</b>	<b>98,903</b>	<b>1,939,720</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(12,779)</b>	<b>(98,903)</b>	<b>(61,233)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	35,000	57,538	395,440
Transfers Out	0	0	(15,334)
<b>Total Other Financing Sources (Uses)</b>	<b>35,000</b>	<b>57,538</b>	<b>380,106</b>
<b>Net Change in Fund Balances</b>	<b>22,221</b>	<b>(41,365)</b>	<b>318,873</b>
Fund Balances - Beginning, Previously	221,443	105,721	548,802
Prior Period Adjustment	0	0	86,271
Fund Balances - Beginning, Restated	221,443	105,721	635,073
<b>Fund Balances - Ending</b>	<b>\$ 243,664</b>	<b>\$ 64,356</b>	<b>\$ 953,946</b>

**Melba Joint School District No. 136**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Program Title	Federal CFDA Number	Pass-through Grant Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Idaho Department of Education:			
School Breakfast	10.553		\$ 92,577
National School Lunch	10.555		186,405
National School Lunch - Noncash	10.555		17,753
<i>Total Child Nutrition Cluster</i>		202121N109947	<u>\$ 296,735</u>
Total U.S. Department of Agriculture			<u>296,735</u>
<u>U.S. Department of the Treasury</u>			
Passed through the Idaho Office of the Governor:			
COVID-19 - Coronavirus Relief Fund	21.019	20-1892-0-1-806	<u>417,580</u>
<u>U.S. Department of Education</u>			
Passed through Idaho Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	S010A190012	95,452
Migrant Education State Grant	84.011	S011A190012	30,315
Migrant Education Coordination Program	84.144	S144F180012	52
Special Education Grants to States (IDEA, Part B)	84.027	H027A190088	88,354
Special Education Preschool Grants (IDEA Preschool)	84.173	H173A200030	7,918
<i>Total Special Education Cluster (IDEA)</i>			96,272
Career and Technical Education - Basic Grants to States	84.048	V048A190012	7,908
Supporting Effective Instruction State Grants	84.367	S367A200011	23,272
Student Support and Academic Enrichment	84.424	S424A200013	12,430
COVID-19 - Education Stabilization Fund	84.425D	S425D210043	346,468
Total U.S. Department of Education			<u>612,169</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Idaho Department of Health and Welfare:			
Injury Prevention and Control Research and State Community Based Programs	93.136	5NUF2CE00250 4-03	<u>8,724</u>
Total Federal Financial Assistance Expended			<u>\$ 1,335,208</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, 2021

---

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, 2021. 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 12<sup>th</sup> 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, 2021, 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 8, 2021.

**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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 8, 2021



Certified Public Accountants

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

---

812-B 12<sup>th</sup> 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**

We have audited Melba Joint School District No. 136 (the District) compliance with the types of compliance requirements described 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, 2021. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Melba Joint School District No. 136, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over

compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Bailey & Co.*

Nampa, Idaho  
October 8, 2021

**Melba Joint School District No. 136**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

**Section I - Summary of Auditor's Results**

Financial Statements

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

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:

CFDA Numbers

Name of Federal Programs

21.019  
84.425D

Coronavirus Relief Fund  
Education Stabilization Fund

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

Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

None reported.

**Section III - Findings and Questioned Costs for Federal Awards**

None reported.