

MELBA JOINT SCHOOL DISTRICT NO. 136

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2025

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Melba Joint School District No. 136 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Melba Joint School District No. 136 as of June 30, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Melba Joint School District No. 136 (the District), as of June 30, 2025 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

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

Change in Accounting Principle

As described in Note 10 to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Melba Joint School District No. 136's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Melba Joint School District No. 136's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Melba Joint School District No. 136's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Melba Joint School District No. 136's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2025, 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 23, 2025

Melba Joint School District No. 136
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 9,125,785
Receivables, Net	
Property Taxes	40,408
Intergovernmental	245,141
Other	225
Interest	30,583
Prepaid Items	57,514
Inventory	42,051
Capital Assets:	
Land	759,486
Construction in Progress	1,235,988
Buildings and Improvements, Net	12,204,276
Equipment and Vehicles, Net	876,748
SBITA Assets, Net	778
Right-of-Use Assets, Net	12,503
Total Assets	<u>24,631,486</u>
Deferred Outflows	
Pension	<u>1,254,733</u>
Liabilities	
Accounts Payable and Other Current Liabilities	76,122
Salaries and Benefits Payable	764,371
Unearned Revenues	14,019
Accrued Interest	42,375
Long-Term Liabilities:	
Due Within One Year:	
Compensated Absences	32,047
Lease Liability	5,544
Bonds Payable	540,000
Due in More Than One Year:	
Compensated Absences	146,521
Lease Liability	5,768
Bonds Payable	2,604,152
Net Pension Liability	3,462,216
Total Liabilities	<u>7,693,135</u>
Deferred Inflows	
Pension	<u>174,863</u>
Net Position	
Net Investment in Capital Assets	11,934,315
Restricted for:	
Debt Service	699,107
Capital Projects	3,019,117
Special Revenue and Other Purposes	572,836
Unrestricted	1,792,846
Total Net Position	<u>\$ 18,018,221</u>

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, 2025

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Instruction	\$ 4,853,465	\$ 0	\$ 427,400	\$ 0	\$ (4,426,065)
Support Services	3,928,992	364,352	247,110	0	(3,317,530)
Non-Instruction	382,557	69,457	218,010	0	(95,090)
Interest	84,277	0	0	0	(84,277)
Debt Fees	450	0	0	0	(450)
Total Governmental Activities	<u>\$ 9,249,741</u>	<u>\$ 433,809</u>	<u>\$ 892,520</u>	<u>\$ 0</u>	<u>(7,923,412)</u>
General Revenues:					
Property Taxes					46,457
State Sources					11,569,652
Earnings on Investments					367,963
Other					6,805
Special Items:					
Gain (Loss) on Disposal of Capital Assets					3,250
Total General Revenues and Special Items					<u>11,994,127</u>
Change in Net Position					4,070,715
Net Position - Beginning					13,947,506
Net Position - Ending					<u>\$ 18,018,221</u>

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

Melba Joint School District No. 136

Balance Sheet -
Governmental Funds
June 30, 2025

	General	Debt Service	Plant Facilities	School Modernization Facilities	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 3,571,615	\$ 698,931	\$ 1,008,208	\$ 2,555,284	\$ 1,291,747	\$ 9,125,785
Receivables, Net:						
Property Taxes	9	40,399	0	0	0	40,408
Intergovernmental	94,491	0	0	0	150,650	245,141
Other	225	0	0	0	0	225
Interest	23,715	2,152	2,541	0	2,175	30,583
Internal Balances	84,990	0	0	0	0	84,990
Prepaid Items	13,310	0	0	0	0	13,310
Inventory	0	0	0	0	42,051	42,051
Total Assets	3,788,355	741,482	1,010,749	2,555,284	1,486,623	9,582,493
Deferred Outflows	0	0	0	0	0	0
Total Assets and Deferred Outflows	<u>\$ 3,788,355</u>	<u>\$ 741,482</u>	<u>\$ 1,010,749</u>	<u>\$ 2,555,284</u>	<u>\$ 1,486,623</u>	<u>\$ 9,582,493</u>
Liabilities						
Accounts Payable	\$ 14,346	\$ 0	\$ 3,261	\$ 54,133	\$ 4,382	\$ 76,122
Internal Balances	0	0	0	0	84,990	84,990
Salaries and Benefits Payable	681,872	0	0	0	82,499	764,371
Unearned Revenues	0	0	0	0	14,019	14,019
Total Liabilities	696,218	0	3,261	54,133	185,890	939,502
Deferred Inflows						
Unavailable Property Taxes	9	20,858	0	0	0	20,867
Unavailable Grants and Other Support	0	0	0	0	10,000	10,000
Total Deferred Inflows	9	20,858	0	0	10,000	30,867
Fund Balances						
Nonspendable:						
Inventory	0	0	0	0	42,051	42,051
Prepaid Items	13,310	0	0	0	0	13,310
Restricted	24,176	720,624	324,039	2,501,151	648,133	4,218,123
Committed	0	0	683,449	0	0	683,449
Assigned	0	0	0	0	610,547	610,547
Unassigned	3,054,642	0	0	0	(9,998)	3,044,644
Total Fund Balances	3,092,128	720,624	1,007,488	2,501,151	1,290,733	8,612,124
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 3,788,355</u>	<u>\$ 741,482</u>	<u>\$ 1,010,749</u>	<u>\$ 2,555,284</u>	<u>\$ 1,486,623</u>	<u>\$ 9,582,493</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, 2025

Total Fund Balances - Governmental Funds	\$ 8,612,124
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Amounts reported for governmental activities in the statement of net position are different because of the following:

Governmental fund expenditures extending over more than one accounting period should be accounted for as expenditures of the period of acquisition but for the government-wide statements, these are prepaid items until the services are received.	44,204
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Tangible:

Land	\$ 759,486	
Construction in Progress	1,235,988	
Buildings and Improvements, Net of \$7,504,465 Accumulated Depreciation	12,204,276	
Equipment and Vehicles, Net of \$1,858,393 Accumulated Depreciation	876,748	
		15,076,498

Intangible:

SBITA Assets, Net of \$27,222 Accumulated Amortization	778	
Right-of-Use Assets, Net of \$4,809 Accumulated Amortization	12,503	
		13,281

Property taxes and intergovernmental receivables will be collected this year, but some 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.	30,867
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In the government-wide statements, deferred inflows represent acquisitions of net position that are applicable to a future reporting period and deferred outflows represent the consumption of resources that are applicable to a future reporting period. These deferrals consist of:

Deferred Outflows Related to Net Pension Liability (Asset)	1,254,733	
Deferred Inflows Related to Net Pension Liability (Asset)	(174,863)	
		1,079,870

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	(42,375)
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Long-term liabilities 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	(3,462,216)	
Compensated Absences	(178,568)	
Lease Liability	(11,312)	
Bonds Payable (Including Bond Premium)	(3,144,152)	
		(6,796,248)

Total Net Position - Governmental Activities	\$ 18,018,221
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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, 2025

	General	Debt Service	Plant Facilities	School Modernization Facilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$ 114	\$ 73,321	\$ 0	\$ 0	\$ 0	\$ 73,435
State Support	7,485,472	429,534	0	3,583,800	70,846	11,569,652
Charges for Services	0	0	0	0	433,809	433,809
Grants and Contributions	49,107	0	0	0	844,706	893,813
Earnings on Investments	284,068	22,095	23,203	0	38,597	367,963
Other	6,805	0	0	0	0	6,805
Total Revenues	7,825,566	524,950	23,203	3,583,800	1,387,958	13,345,477
Expenditures						
Current:						
Instruction	4,061,372	0	0	0	457,393	4,518,765
Support Services	2,641,124	0	0	0	540,678	3,181,802
Non-Instruction	5,927	0	0	0	369,968	375,895
Debt Service:						
Principal	6,000	525,000	0	0	0	531,000
Interest	0	120,875	0	0	0	120,875
Debt Fees	0	450	0	0	0	450
Capital Outlay	313,551	0	28,084	1,082,649	2,902	1,427,186
Total Expenditures	7,027,974	646,325	28,084	1,082,649	1,370,941	10,155,973
Excess (Deficiency) of Revenues Over Expenditures	797,592	(121,375)	(4,881)	2,501,151	17,017	3,189,504
Other Financing Sources (Uses)						
Disposal of Assets	2,500	0	0	0	750	3,250
Right-of-Use Asset Lease Addition	17,312	0	0	0	0	17,312
Transfers In	0	0	324,354	0	308,694	633,048
Transfers Out	(608,226)	0	0	0	(24,822)	(633,048)
Total Other Financing Sources (Uses)	(588,414)	0	324,354	0	284,622	20,562
Net Change in Fund Balances	209,178	(121,375)	319,473	2,501,151	301,639	3,210,066
Fund Balances - Beginning	2,882,950	841,999	688,015	0	989,094	5,402,058
Fund Balances - Ending	<u>\$3,092,128</u>	<u>\$720,624</u>	<u>\$1,007,488</u>	<u>\$ 2,501,151</u>	<u>\$ 1,290,733</u>	<u>\$ 8,612,124</u>

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, 2025

Total Net Change in Fund Balance - Governmental Funds	\$	3,210,066
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Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental fund expenditures extending over more than one accounting period should be accounted for as expenditures of the period of acquisition but for the government-wide statements, these are prepaid items until the services are received. This is the change in long-term prepaid items for the current period.		(17,352)
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Capital outlays and intangible 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	\$ 1,417,401		
Depreciation and Amortization Expense	(639,801)		
Net			777,600

Because some revenues 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 revenues. They are, however, recorded as revenues in the statement of activities.		(28,271)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net Pension Liability (Asset) and Related Deferral Changes	(412,201)		
Change in Compensated Absences	(9,413)		
Change in Accrued Interest on Long-term Debt	5,906		
			(415,708)

Lease liabilities, 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 debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Lease Liability Acquired	(17,312)		
Amortization of Bond Premium	30,692		
Principal Payments Made	531,000		
			544,380

Change in Net Position of Governmental Activities	\$	4,070,715
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The accompanying notes are an integral
part of the financial statements.

Melba Joint School District No. 136
Statement of Fiduciary Net Position
June 30, 2025

	<u>Private Purpose Trust Fund</u>
Assets	
Cash and Cash Equivalents	\$ 110,663
Interest Receivable	328
Total Assets	<u>110,991</u>
Deferred Outflows	<u>0</u>
Liabilities	<u>0</u>
Deferred Inflows	<u>0</u>
Net Position	
Restricted for Scholarships and Others	110,991
Total Net Position	<u><u>\$ 110,991</u></u>

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, 2025

	Private Purpose Trust Fund
Additions	
Contributions	\$ 33,089
Investment Income	3,417
Total Additions	<u>36,506</u>
Deductions	
Donations to Others	<u>3,000</u>
Changes in Net Position	33,506
Net Position - Beginning	<u>77,485</u>
Net Position - Ending	<u><u>\$ 110,991</u></u>

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

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.
- *Plant Facilities fund.* This fund accounts for resources accumulated for the construction and/or improvement of school facilities.
- *School Modernization Facilities fund.* This fund accounts for resources accumulated for school facility capital projects, such as construction of new school facilities, renovations, or facility repair and maintenance needs.

For fiduciary fund types, the District reports a 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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

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

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

Fund Balance Reporting in Governmental Funds

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

- *Nonspendable*. Balances in inventories or prepaid expenditures that are permanently precluded from conversion to cash.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Committed*. Balances obligated to a specific purpose by a formal action of the Board of Trustees, the District's highest level of decision-making authority. \$683,449 in the Plant Facilities fund is committed for repairs and maintenance of existing facilities and for future plant facilities.
- *Assigned*. Balances the District intends to obligate, but has not been formally committed. The Board of Trustees has authorized the Superintendent to assign fund balance. \$610,547 is assigned for future technology replacements.
- *Unassigned*. Balances available for any purpose or funds with deficit fund balances. As of June 30, 2025, the Title IV Perkins fund had a deficit fund balance of \$9,998 due to receiving grant funds more than 60 days after year-end.

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, 2025

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. Plant facility revenues provided by the State of Idaho in the current year are also restricted for student occupied buildings. In addition, the District received funds from the Blue Cross of Idaho Foundation that are to be used to support a health professions program. \$10,076 of these funds had not been spent by year-end, as well as \$14,100 from IDLA to be used to cover the cost of future IDLA course fees.

Cash and Investments

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

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

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

Inventories

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

Property Taxes

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

The counties are responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the District by the counties as of June 30, 2025, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2025, are not considered available for use by the District and are recorded as deferred inflows in the fund financial statements.

Pensions

For purposes of measuring the net pension liability (asset) and pension expense (offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 employees. Sick leave may be carried over from one year to the next, but neither are 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, 2025, the carrying amount of the District's deposits was \$611,685 and the respective bank balances totaled \$1,184,766. 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, 2025, the District's bank balances were covered by federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

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 days' notification.

The District's investments at June 30, 2025 are as follows:

Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
External Investment Pool	\$ 8,624,763	\$ 8,624,763	\$ 0

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

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 592,563	\$ 19,122	\$ 611,685
Investments categorized as cash	8,533,222	91,541	8,624,763
	<u>\$ 9,125,785</u>	<u>\$ 110,663</u>	<u>\$ 9,236,448</u>

3. RECEIVABLE – INTERGOVERNMENTAL

Amounts due from other governments consists of \$94,491 from the State of Idaho Department of Education for school support, \$62,924 from the State of Idaho Department of Health and Welfare for Medicaid reimbursements, and \$87,726 passed through the State for federal programs for a total of \$245,141. These amounts are all considered collectible.

4. RISK MANAGEMENT

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

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	06/30/2024	Additions	Disposals	06/30/2025
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 759,486	\$ 0	\$ 0	\$ 759,486
Construction in Progress	0	1,235,988	0	1,235,988
Total Historical Cost	759,486	1,235,988	0	1,995,474
Capital Assets Being Depreciated:				
Buildings and Improvements	19,659,591	49,150	0	19,708,741
Equipment and Vehicles	2,667,674	114,951	(47,484)	2,735,141
Total Historical Cost	22,327,265	164,101	(47,484)	22,443,882
Less: Accumulated Depreciation				
Buildings and Improvements	7,033,212	471,253	0	7,504,465
Equipment and Vehicles	1,751,471	154,406	(47,484)	1,858,393
Total Accum. Depr.	8,784,683	625,659	(47,484)	9,362,858
Net Depreciable Assets	13,542,582	(461,558)	0	13,081,024
Tangible Assets - Net	14,302,068	774,430	0	15,076,498
SBITA Assets	28,000	0	0	28,000
Less: Accumulated Amortization	17,889	9,333	0	27,222
SBITA Assets - Net	10,111	(9,333)	0	778
Right-of-Use Assets	0	17,312	0	17,312
Less: Accumulated Amortization	0	4,809	0	4,809
Right-of-Use Assets - Net	0	12,503	0	12,503
Total Capital Assets - Net	\$ 14,312,179	\$ 777,600	\$ 0	\$ 15,089,779

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

Instruction	\$ 13,910
Support Services	625,891
	<u>\$ 639,801</u>

6. INTERFUND BALANCES AND ACTIVITY

Internal balances as of June 30, 2025, consist of the following:

\$ 84,990 Due to the General fund from nonmajor governmental funds representing cash overdrafts.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

7. TRANSFERS TO/FROM OTHER FUNDS

Transfer activity for the year ended June 30, 2025, is as follows:

\$ 154,194	From the General fund to the nonmajor Bus Depreciation fund for bus depreciation and for future bus purchases.
100,000	From the General fund to the nonmajor Food Service fund to cover cash deficits.
24,822	From the nonmajor Student Activity Fund to the Plant Facilities fund for a reader board.
299,532	From the General fund to the Plant Facilities fund to set aside funds for future capital projects.
4,000	From the General fund to the nonmajor Student Activity fund to help fund interscholastic supplies.
50,500	From the General fund to nonmajor funds to set aside funds for CTE and other technology projects.
<u>\$ 633,048</u>	

8. SALARIES AND BENEFITS PAYABLE

The District follows the practice of paying contracted salaries and related benefits over a 12-month period which differs from the 9-month earned school-year period, which runs from approximately September 1 to May 31 of each year. Teacher contracts payable, as reflected at June 30, 2025, 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

In 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Adoption of this accounting guidance requires the District to retroactively accrue earned leave that is allowed to carry over from one year to the next and that is more than likely to be used or otherwise settled by cash or noncash means. Although sick leave is not paid out or otherwise settled when an employee separates from the District (other than to report to PERSI the unused sick leave hours of participating employees), the District does allow its employees to carry over unused sick leave while they are employed by the District. As such, the District reports the following balances and activity for compensated absences, which are reported in the government-wide statement of net position:

	<u>06/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/2025</u>	<u>Current</u>
Sick Leave	\$ 169,155	\$ 41,460	\$ (32,047)	\$ 178,568	\$ 32,047

10. NET POSITION RESTATEMENT

Due to the adoption of GASB Statement No. 101, *Compensated Absences*, the District reports the following restatement of beginning net position:

	<u>Governmental Activities</u>
6/30/2024, as previously reported	\$ 14,116,661
Change in accounting principle	(169,155)
6/30/2025, as restated	<u>\$ 13,947,506</u>

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

11. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percentage 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 and school employees and 72% for police and firefighters. As of June 30, 2025, it was 7.18% for general employees, 8.08% for school employees, and 10.36% for police and firefighters. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.96% for general employees, 13.48% for school employees, and 13.98% for police and firefighters. The District's employer contributions were \$550,275 for the year ended June 30, 2025.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

11. PENSION PLAN (continued)

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District's proportion was 0.0925567%.

For the year ended June 30, 2025, the District recognized pension expense of \$962,476 in the government-wide statements. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 551,217	\$ 0
Changes in assumptions or other inputs	137,155	0
Net difference between projected and actual earnings on pension plan investments	0	62,845
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	16,086	112,018
District contributions subsequent to the measurement date	550,275	0
Total	<u>\$ 1,254,733</u>	<u>\$ 174,863</u>

\$550,275 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (increase to a net pension asset) in the year ending June 30, 2026.

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, 2023, the beginning of the measurement period ended June 30, 2024 is 4.4 years, as well as for the measurement period ended June 30, 2023.

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

Year Ended June 30,	
2026	\$ 136,267
2027	\$ 614,690
2028	\$ (135,504)
2029	\$ (85,858)

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

11. PENSION PLAN (continued)

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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns (arithmetic) and reflecting expected volatility and correlation. Capital market assumptions are as follows:

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

11. PENSION PLAN (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
District's proportionate share of the net pension liability (asset)	\$ 6,579,289	\$ 3,462,216	\$ 916,362

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.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

12. LEASE AND SUBSCRIPTION COMMITMENTS

Leases

The District entered into a lease for a GPS Paint Robot with Turf Tank beginning September 2024 for three years at \$6,000 per year. This agreement does not include any variable payments.

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 was determined that the effects of applying this standard to this lease are immaterial to the financial statements. Other leases had terms of less than one year.

Changes in lease liabilities are as follows:

<u>Right-of-Use Lease</u>	<u>Maturity</u>	<u>Interest</u>	<u>06/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/2025</u>	<u>Current</u>
GPS Paint Robot	2027	3.50%	<u>\$ 0</u>	<u>\$ 17,312</u>	<u>\$ (6,000)</u>	<u>\$ 11,312</u>	<u>\$ 5,544</u>

Future minimum repayments for lease liabilities are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2026	\$ 5,544	\$ 456	\$ 6,000
2027	5,768	232	6,000
	<u>\$ 11,312</u>	<u>\$ 688</u>	<u>\$ 12,000</u>

Subscriptions

Under *GASBS No. 96, Subscription-Based Information Technology Arrangements* (SBITAs) the District performs evaluations of its subscriptions to determine if the District has any arrangements that qualify as a right-of-use SBITA asset. The District determined there were no new qualifying subscriptions in the current year.

The District continues to report the only qualifying SBITA asset under a subscription arrangement with School Pulse for the Social Emotional Support application for three years beginning July 1, 2022. There were no other variable payments for this application. The cost of this right-of-use asset is included with the capital assets and is being amortized over the life of the agreement (see Note 5).

13. 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.

14. UNUSED CREDIT

The District has several credit cards with a combined limit of \$60,000. None of this credit was in use at June 30, 2025. The District also has charge accounts with several vendors. The more substantial credit lines with vendors include a \$10,000 line with Lowes and a \$28,000 line with Amazon. No balances were owed on these lines at June 30, 2025.

Melba Joint School District No. 136
Notes to Financial Statements
For the Year Ended June 30, 2025

15. 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. \$120,875 of interest expense was incurred during the year, all of which was expensed.

Defeasances of the bonds have occurred in prior years. At June 30, 2025, \$3,480,000 of the bonds remained outstanding with the escrow agent and are considered defeased.

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

	<u>Maturity</u>	<u>Interest</u>	<u>06/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/2025</u>	<u>Current</u>
<u>Direct Borrowings</u>							
2015 Series Bond	2031	3.0%-4.0%	\$ 3,485,000	\$ 0	\$ (525,000)	\$ 2,960,000	\$ 540,000
Unamortized Bond Premium			214,844	0	(30,692)	184,152	0
Total			<u>\$ 3,699,844</u>	<u>\$ 0</u>	<u>\$ (555,692)</u>	<u>\$ 3,144,152</u>	<u>\$ 540,000</u>

Debt service requirements on long-term debt at June 30, 2025, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Bonds and Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 540,000	\$ 104,900	\$ 644,900
2027	560,000	85,600	645,600
2028	580,000	62,800	642,800
2029	605,000	39,100	644,100
2030	625,000	14,500	639,500
2031	50,000	1,000	51,000
	<u>\$ 2,960,000</u>	<u>\$ 307,900</u>	<u>\$ 3,267,900</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

Melba Joint School District No. 136
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	\$ 70,500	\$ 123	\$ 114	\$ (9)
State Support	6,710,642	7,479,793	7,485,472	5,679
Grants and Contributions	350	49,107	49,107	0
Earnings on Investments	178,346	256,868	284,068	27,200
Other	19,202	7,763	6,805	(958)
Total Revenues	<u>6,979,040</u>	<u>7,793,654</u>	<u>7,825,566</u>	<u>31,912</u>
Expenditures				
Current:				
Instruction	3,977,630	4,018,881	4,061,372	(42,491)
Support Services	3,033,713	2,820,569	2,641,124	179,445
Non-Instruction	7,191	5,665	5,927	(262)
Debt Service:				
Principal	0	0	6,000	(6,000)
Capital Outlay	209,350	240,562	313,551	(72,989)
Total Expenditures	<u>7,227,884</u>	<u>7,085,677</u>	<u>7,027,974</u>	<u>57,703</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(248,844)</u>	<u>707,977</u>	<u>797,592</u>	<u>89,615</u>
Other Financing Sources (Uses)				
Disposal of Assets	0	2,500	2,500	0
Right-of-Use Asset Lease Addition	0	0	17,312	17,312
Transfers In	0	0	0	0
Transfers Out	(73,820)	(300,194)	(608,226)	(308,032)
Total Other Financing Sources (Uses)	<u>(73,820)</u>	<u>(297,694)</u>	<u>(588,414)</u>	<u>(290,720)</u>
Net Change in Fund Balances	(322,664)	410,283	209,178	(201,105)
Fund Balances - Beginning	322,664	(410,283)	2,882,950	3,293,233
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,092,128</u>	<u>\$ 3,092,128</u>

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's portion of the net pension liability (asset)	0.0925567%	0.0952820%	0.0998247%	0.0965785%	0.0997022%	0.0967626%	0.0953534%	0.0903432%	0.0929609%	0.0973470%
Employer's proportionate share of the net pension liability (asset)	\$ 3,462,216	\$ 3,802,390	\$ 3,931,855	\$ (76,276)	\$ 2,315,217	\$ 1,427,265	\$ 1,406,479	\$ 1,420,040	\$ 1,884,460	\$ 1,281,902
Employer's covered payroll	\$ 4,127,754	\$ 4,022,580	\$ 3,936,536	\$ 3,604,183	\$ 3,564,231	\$ 3,286,449	\$ 3,067,864	\$ 2,805,391	\$ 2,728,597	\$ 2,726,664
Employer's proportional share of the net pension liability (asset) as a percentage of its covered payroll	83.88%	94.53%	99.88%	-2.12%	64.96%	43.43%	45.85%	50.62%	69.06%	47.01%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

Data reported is measured as of June 30th of the prior year.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 550,275	\$ 507,109	\$ 480,296	\$ 470,022	\$ 430,339	\$ 423,903	\$ 372,026	\$ 347,282	\$ 317,570	\$ 308,877
Contributions in relation to the statutorily required contribution	(550,275)	(507,109)	(480,296)	(470,022)	(430,339)	(423,903)	(372,026)	(347,282)	(317,570)	(308,877)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered payroll	\$ 4,220,256	\$ 4,127,754	\$ 4,022,580	\$ 3,936,536	\$ 3,604,183	\$ 3,564,231	\$ 3,286,449	\$ 3,067,864	\$ 2,805,391	\$ 2,728,597
Contributions as a percentage of covered payroll	13.04%	12.29%	11.94%	11.94%	11.94%	11.89%	11.32%	11.32%	11.32%	11.32%

Data is reported as of June 30.

Melba Joint School District No. 136
Notes to Required Supplementary Information
For the Year Ended June 30, 2025

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.

OTHER 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, 2025

	Budget	Actual	Variance
Local Sources			
Property Taxes	\$ 123	\$ 114	\$ (9)
Grants and Contributions	49,107	49,107	0
Earnings on Investments	256,868	284,068	27,200
Other	7,763	6,805	(958)
Total Local Sources	313,861	340,094	26,233
State Sources			
State Support	6,154,320	6,136,886	(17,434)
State Paid Benefits	782,773	782,773	0
Revenue in Lieu of Taxes	75,194	76,194	1,000
Other Support	467,506	489,619	22,113
Total State Sources	7,479,793	7,485,472	5,679
Total Revenues	\$ 7,793,654	\$ 7,825,566	\$ 31,912

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, 2025

	Budget	Actual	Variance
Instruction			
Elementary:			
Salaries	\$ 1,199,581	\$ 1,199,329	\$ 252
Benefits	401,402	399,760	1,642
Services	3,565	2,129	1,436
Supplies	48,259	74,787	(26,528)
	<u>1,652,807</u>	<u>1,676,005</u>	<u>(23,198)</u>
Secondary:			
Salaries	1,376,349	1,387,140	(10,791)
Benefits	443,273	446,004	(2,731)
Services	27,822	20,932	6,890
Supplies	67,785	75,309	(7,524)
	<u>1,915,229</u>	<u>1,929,385</u>	<u>(14,156)</u>
Special Education:			
Salaries	199,419	170,643	28,776
Benefits	64,483	65,849	(1,366)
Services	0	28,854	(28,854)
	<u>263,902</u>	<u>265,346</u>	<u>(1,444)</u>
Preschool Special Education:			
Salaries	4,734	5,411	(677)
Benefits	2,510	2,628	(118)
	<u>7,244</u>	<u>8,039</u>	<u>(795)</u>
Interscholastic:			
Salaries	125,468	128,414	(2,946)
Benefits	24,329	25,746	(1,417)
Services	17,474	21,306	(3,832)
Supplies	12,428	7,131	5,297
	<u>179,699</u>	<u>182,597</u>	<u>(2,898)</u>
Total Instruction	<u>4,018,881</u>	<u>4,061,372</u>	<u>(42,491)</u>
Support Services			
Attendance, Guidance, and Health:			
Salaries	106,584	105,609	975
Benefits	27,530	26,567	963
Services	56,593	26,251	30,342
Supplies	419	2,855	(2,436)
	<u>191,126</u>	<u>161,282</u>	<u>29,844</u>
Special Education Support Services:			
Services	<u>(27,099)</u>	<u>28,765</u>	<u>(55,864)</u>
Instruction Improvement:			
Salaries	11,971	11,971	0
Benefits	12,913	9,883	3,030
	<u>24,884</u>	<u>21,854</u>	<u>3,030</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, 2025
(continued)

	Budget	Actual	Variance
Educational Media:			
Salaries	13,752	17,177	(3,425)
Benefits	6,034	8,089	(2,055)
Supplies	2,000	1,873	127
	<u>21,786</u>	<u>27,139</u>	<u>(5,353)</u>
Instruction-Related Tech:			
Salaries	115,422	115,522	(100)
Benefits	37,437	37,455	(18)
Services	68,235	57,556	10,679
Supplies	162,518	111,943	50,575
Capital Outlay	48,000	65,510	(17,510)
	<u>431,612</u>	<u>387,986</u>	<u>43,626</u>
Board of Education:			
Salaries	51,280	51,280	0
Benefits	10,677	10,811	(134)
Services	75,259	65,902	9,357
Supplies	2,107	5,188	(3,081)
	<u>139,323</u>	<u>133,181</u>	<u>6,142</u>
District Administration:			
Salaries	131,192	131,267	(75)
Benefits	37,955	38,504	(549)
Services	6,730	6,701	29
Supplies	3,000	1,976	1,024
	<u>178,877</u>	<u>178,448</u>	<u>429</u>
School Administration:			
Salaries	223,700	234,809	(11,109)
Benefits	79,336	82,066	(2,730)
Services	1,000	0	1,000
Supplies	0	47	(47)
	<u>304,036</u>	<u>316,922</u>	<u>(12,886)</u>
Business Operation:			
Salaries	105,307	105,382	(75)
Benefits	36,987	36,407	580
Services	13,000	9,095	3,905
Supplies	6,320	6,653	(333)
	<u>161,614</u>	<u>157,537</u>	<u>4,077</u>
Building Care:			
Salaries	116,029	144,989	(28,960)
Benefits	53,600	58,282	(4,682)
Services	426,705	316,068	110,637
Supplies	25,000	31,605	(6,605)
	<u>621,334</u>	<u>550,944</u>	<u>70,390</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, 2025
(continued)

	Budget	Actual	Variance
Building Maintenance (Non-Student):			
Salaries	67,474	67,549	(75)
Benefits	26,237	26,249	(12)
Services	14,000	6,531	7,469
Supplies	8,000	23,100	(15,100)
Capital Outlay	30,000	99,910	(69,910)
	<u>145,711</u>	<u>223,339</u>	<u>(77,628)</u>
Building Maintenance (Student):			
Salaries	54,155	30,090	24,065
Benefits	7,975	9,579	(1,604)
Services	50,000	26,950	23,050
Supplies	46,000	53,186	(7,186)
Capital Outlay	82,614	50,871	31,743
	<u>240,744</u>	<u>170,676</u>	<u>70,068</u>
Maintenance - Grounds:			
Services	30,000	8,839	21,161
Supplies	55,000	26,096	28,904
Capital Outlay	0	17,312	(17,312)
	<u>85,000</u>	<u>52,247</u>	<u>32,753</u>
Security:			
Services	23,166	23,922	(756)
School Transportation:			
Salaries	168,523	184,764	(16,241)
Benefits	44,727	49,536	(4,809)
Services	18,937	17,930	1,007
Supplies	72,014	58,679	13,335
	<u>304,201</u>	<u>310,909</u>	<u>(6,708)</u>
Activity Transportation:			
Salaries	7,788	7,175	613
Benefits	1,729	1,242	487
Services	14	28	(14)
Supplies	9,683	9,756	(73)
Capital Outlay	79,948	79,948	0
	<u>99,162</u>	<u>98,149</u>	<u>1,013</u>
Other Support Services:			
Benefits	30,654	27,780	2,874
Insurance	85,000	83,595	1,405
	<u>115,654</u>	<u>111,375</u>	<u>4,279</u>
Total Support Services	<u>3,061,131</u>	<u>2,954,675</u>	<u>106,456</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, 2025
(continued)

	Budget	Actual	Variance
Non-Instruction			
Child Nutrition	5,665	5,927	(262)
Debt Service			
Principal	0	6,000	(6,000)
Total Expenditures	\$ 7,085,677	\$ 7,027,974	\$ 57,703

SUPPLEMENTARY INFORMATION

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025

	Special Revenue					
	Student Activity	Driver's Education	Professional Technical	Technology State	Title I-A Basic	Title I-C Migrant
Assets						
Cash and Cash Equivalents	\$ 278,740	\$ 15,623	\$ 2,961	\$ 608,912	\$ 0	\$ 0
Receivables, Net						
Intergovernmental	0	0	0	0	26,811	11,733
Interest	0	0	0	1,635	0	0
Inventory	0	0	0	0	0	0
Total Assets	278,740	15,623	2,961	610,547	26,811	11,733
Deferred Outflows	0	0	0	0	0	0
Total Assets and Deferred Outflows	\$ 278,740	\$ 15,623	\$ 2,961	\$ 610,547	\$ 26,811	\$ 11,733
Liabilities						
Accounts Payable	\$ 3,347	\$ 0	\$ 1,035	\$ 0	\$ 0	\$ 0
Internal Balances	0	0	0	0	9,203	4,878
Salaries and Benefits Payable	0	0	1,611	0	17,608	6,855
Unearned Revenues	0	0	0	0	0	0
Total Liabilities	3,347	0	2,646	0	26,811	11,733
Deferred Inflows						
Unavailable Grants and Other Support	0	0	0	0	0	0
Fund Balances						
Nonspendable:						
Inventory	0	0	0	0	0	0
Restricted	275,393	15,623	315	0	0	0
Assigned	0	0	0	610,547	0	0
Unassigned	0	0	0	0	0	0
Total Fund Balances	275,393	15,623	315	610,547	0	0
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 278,740	\$ 15,623	\$ 2,961	\$ 610,547	\$ 26,811	\$ 11,733

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025
(continued)

	IDEA Part B	IDEA Part B Preschool	School- Based Medicaid	Title IV-A	Title IV Perkins	Title II-A
Assets						
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivables, Net						
Intergovernmental	36,949	2,094	62,924	138	10,001	0
Interest	0	0	0	0	0	0
Inventory	0	0	0	0	0	0
Total Assets	36,949	2,094	62,924	138	10,001	0
Deferred Outflows	0	0	0	0	0	0
Total Assets and Deferred Outflows	\$ 36,949	\$ 2,094	\$ 62,924	\$ 138	\$ 10,001	\$ 0
Liabilities						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Internal Balances	13,089	764	46,919	138	9,999	0
Salaries and Benefits Payable	22,860	1,330	16,005	0	0	0
Unearned Revenues	1,000	0	0	0	0	0
Total Liabilities	36,949	2,094	62,924	138	9,999	0
Deferred Inflows						
Unavailable Grants and Other Support	0	0	0	0	10,000	0
Fund Balances						
Nonspendable:						
Inventory	0	0	0	0	0	0
Restricted	0	0	0	0	0	0
Assigned	0	0	0	0	0	0
Unassigned	0	0	0	0	(9,998)	0
Total Fund Balances	0	0	0	0	(9,998)	0
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 36,949	\$ 2,094	\$ 62,924	\$ 138	\$ 10,001	\$ 0

Melba Joint School District No. 136
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025
(continued)

	Special Revenue		Capital Projects	
	Cell Phone Grant	Child Nutrition	Bus Depreciation	Total
Assets				
Cash and Cash Equivalents	\$ 2,607	\$ 188,977	\$ 193,927	\$ 1,291,747
Receivables, Net				
Intergovernmental	0	0	0	150,650
Interest	0	540	0	2,175
Inventory	0	42,051	0	42,051
Total Assets	2,607	231,568	193,927	1,486,623
Deferred Outflows	0	0	0	0
Total Assets and Deferred Outflows	\$ 2,607	\$ 231,568	\$ 193,927	\$ 1,486,623
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 4,382
Internal Balances	0	0	0	84,990
Salaries and Benefits Payable	0	16,230	0	82,499
Unearned Revenues	0	13,019	0	14,019
Total Liabilities	0	29,249	0	185,890
Deferred Inflows				
Unavailable Grants and Other Support	0	0	0	10,000
Fund Balances				
Nonspendable:				
Inventory	0	42,051	0	42,051
Restricted	2,607	160,268	193,927	648,133
Assigned	0	0	0	610,547
Unassigned	0	0	0	(9,998)
Total Fund Balances	2,607	202,319	193,927	1,290,733
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 2,607	\$ 231,568	\$ 193,927	\$ 1,486,623

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, 2025

	Special Revenue					
	Student Activity	Driver's Education	Professional Technical	Technology State	Title I-A Basic	Title I-C Migrant
Revenues						
State Support	\$ 0	\$ 2,396	\$ 68,450	\$ 0	\$ 0	\$ 0
Charges for Services	351,382	0	0	12,970	0	0
Grants and Contributions	76,765	0	0	0	113,186	54,824
Earnings on Investments	10,577	0	0	21,058	0	0
Total Revenues	438,724	2,396	68,450	34,028	113,186	54,824
Expenditures						
Instruction:						
Salaries	0	0	21,258	0	72,995	26,629
Benefits	0	0	5,365	0	32,661	10,078
Services	0	0	19,137	0	0	7,141
Supplies	0	0	30,946	0	0	1,807
Total Instruction	0	0	76,706	0	105,656	45,655
Support Services:						
Salaries	7,875	0	0	0	7,530	9,169
Benefits	0	0	0	0	0	0
Services	244,975	0	0	6,195	0	0
Supplies	113,895	0	0	0	0	0
Total Support Services	366,745	0	0	6,195	7,530	9,169
Food Service	0	0	0	0	0	0
Capital Outlay	0	0	2,902	0	0	0
Total Expenditures	366,745	0	79,608	6,195	113,186	54,824
Excess (Deficiency) of Revenues Over Expenditures	71,979	2,396	(11,158)	27,833	0	0
Other Financing Sources (Uses)						
Disposal of Assets	0	0	0	0	0	0
Transfers In	4,000	0	11,000	39,500	0	0
Transfers Out	(24,822)	0	0	0	0	0
Total Other Financing Sources (Uses)	(20,822)	0	11,000	39,500	0	0
Net Change in Fund Balances	51,157	2,396	(158)	67,333	0	0
Fund Balances - Beginning	224,236	13,227	473	543,214	0	0
Fund Balances - Ending	\$ 275,393	\$ 15,623	\$ 315	\$ 610,547	\$ 0	\$ 0

Melba Joint School District No. 136
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2025
(continued)

	IDEA Part B	IDEA Part B Preschool	School- Based Medicaid	Title IV-A	Title IV Perkins	Title II-A
Revenues						
State Support	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0	0
Grants and Contributions	188,871	8,686	148,646	13,904	8,899	7,915
Earnings on Investments	0	0	0	0	0	0
Total Revenues	188,871	8,686	148,646	13,904	8,899	7,915
Expenditures						
Instruction:						
Salaries	73,472	4,880	0	0	0	0
Benefits	32,413	3,127	0	0	0	0
Services	81,561	180	0	6,145	0	7,305
Supplies	1,425	499	0	7,759	10,000	610
Total Instruction	188,871	8,686	0	13,904	10,000	7,915
Support Services:						
Salaries	0	0	109,362	0	0	0
Benefits	0	0	39,284	0	0	0
Services	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Total Support Services	0	0	148,646	0	0	0
Food Service	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Total Expenditures	188,871	8,686	148,646	13,904	10,000	7,915
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0	(1,101)	0
Other Financing Sources (Uses)						
Disposal of Assets	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balances	0	0	0	0	(1,101)	0
Fund Balances - Beginning	0	0	0	0	(8,897)	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ (9,998)	\$ 0

Melba Joint School District No. 136Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds

For the Year Ended June 30, 2025

(continued)

	Special Revenue		Capital Projects	
	Cell Phone Grant	Child Nutrition	Bus Depreciation	Total
Revenues				
State Support	\$ 0	\$ 0	\$ 0	\$ 70,846
Charges for Services	0	69,457	0	433,809
Grants and Contributions	5,000	218,010	0	844,706
Earnings on Investments	0	6,962	0	38,597
Total Revenues	5,000	294,429	0	1,387,958
Expenditures				
Instruction:				
Salaries	0	0	0	199,234
Benefits	0	0	0	83,644
Services	0	0	0	121,469
Supplies	0	0	0	53,046
Total Instruction	0	0	0	457,393
Support Services:				
Salaries	0	0	0	133,936
Benefits	0	0	0	39,284
Services	0	0	0	251,170
Supplies	2,393	0	0	116,288
Total Support Services	2,393	0	0	540,678
Food Service	0	369,968	0	369,968
Capital Outlay	0	0	0	2,902
Total Expenditures	2,393	369,968	0	1,370,941
Excess (Deficiency) of Revenues Over Expenditures	2,607	(75,539)	0	17,017
Other Financing Sources (Uses)				
Disposal of Assets	0	0	750	750
Transfers In	0	100,000	154,194	308,694
Transfers Out	0	0	0	(24,822)
Total Other Financing Sources (Uses)	0	100,000	154,944	284,622
Net Change in Fund Balances	2,607	24,461	154,944	301,639
Fund Balances - Beginning	0	177,858	38,983	989,094
Fund Balances - Ending	\$ 2,607	\$ 202,319	\$ 193,927	\$ 1,290,733

INTERNAL CONTROL AND COMPLIANCE REPORT



Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Melba Joint School District No. 136 (the District), as of and for the year ended June 30, 2025, 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 23, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Bailey & Co.

Nampa, Idaho
October 23, 2025