

Middleton School District No. 134

Year Ended June 30, 2021

Audited Financial Statements



MIDDLETON SCHOOL DISTRICT NO. 134

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Independent Auditor's Report

Board of Trustees
Middleton School District No. 134

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 Middleton School District No. 134 (the School) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

Management has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the other postemployment benefits as well as certain note disclosures and required supplementary information. The amount by which the departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses, note disclosures, and required supplementary information has not been determined.

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 previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2021, and the changes in financial position thereof for the year then ended in conformity 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 the School 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of employer’s share of net pension liability, and schedule of employer contributions listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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, and 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 not included the management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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 (CFR) 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 and individual nonmajor fund financial statements and 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 School'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 School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
November 5, 2021

MIDDLETON SCHOOL DISTRICT NO. 134

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	\$8,082,404
Receivables:	
Local Sources	2,066,036
State Sources	577,446
Federal Sources	1,057,215
Inventory	46,071
Total Current Assets	11,829,172
Noncurrent Assets	
Nondepreciable Capital Assets	2,067,444
Depreciable Net Capital Assets	50,569,729
Total Noncurrent Assets	52,637,173
Total Assets	64,466,345
Deferred Outflows of Resources	
Pension Sources	4,118,270
Total Deferred Outflows of Resources	4,118,270
Total Assets and Deferred Outflows of Resources	\$68,584,615
Liabilities	
Current Liabilities	
Accounts Payable	
Salaries & Benefits Payable	\$2,961,817
Unspent Grant Allocation	355,642
Accrued Interest	333,835
Long-Term Debt & Obligations, Current	3,129,438
Total Current Liabilities	6,780,732
Noncurrent Liabilities	
Long-Term Debt & Obligations, Noncurrent	29,097,462
Net Pension Liability	10,460,356
Total Noncurrent Liabilities	39,557,818
Total Liabilities	46,338,550
Deferred Inflows of Resources	
Pension Sources	341,554
Total Deferred Inflows of Resources	341,554
Total Liabilities and Deferred Inflows of Resources	46,680,104
Net Position	
Net Investment in Capital Assets	20,076,438
Restricted:	
Special Programs	699,137
Debt Service	4,987,224
Capital Projects	514,747
Unrestricted	(4,373,035)
Total Net Position	21,904,511
Total Liabilities and Deferred Inflows of Resources and Net Position	\$68,584,615

See Accompanying Notes

MIDDLETON SCHOOL DISTRICT NO. 134

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Revenue And Changes in Net Position
					Governmental Activities
Governmental Activities					
Instructional Programs					
Elementary School	\$4,630,047		\$252,940		(\$4,377,107)
Secondary School	5,806,674	\$8,960	540,158		(5,257,556)
Alternative School	705,459		6,142		(699,317)
Special Education	2,757,123		983,797		(1,773,326)
Special Education Preschool	20,624		20,624		0
Gifted & Talented	77,295				(77,295)
Interscholastic	188,291				(188,291)
Summer School	59,934				(59,934)
Support Service Programs					
Attendance - Guidance - Health	1,442,327		660,285		(782,042)
Special Education Support Services	67,985				(67,985)
Instruction Improvement	1,251,212		287,354		(963,858)
Educational Media	139,331				(139,331)
Instruction-Related Technology	1,850,279		1,015,737		(834,542)
Board of Education	54,653				(54,653)
District Administration	371,552				(371,552)
School Administration	1,662,043				(1,662,043)
Business Operation	513,174				(513,174)
Buildings - Care	1,232,077				(1,232,077)
Maintenance - Non-Student Occupied	17,316				(17,316)
Maintenance - Student Occupied	963,616				(963,616)
Maintenance - Grounds	158,620				(158,620)
Security	98,018		49,808		(48,210)
Pupil-To-School Transportation	1,467,304				(1,467,304)
Pupil-Activity Transportation	0				0
General Transportation	45,000		45,000		0
Non-Instructional Programs					
Child Nutrition	920,720	10,735	1,065,925		155,940
Student Activity	522,419	502,190			(20,229)
Capital Assets - Student Occupied	1,523,263				(1,523,263)
Capital Assets - Non-Student Occupied	3,790				(3,790)
Debt Service - Principal	0				0
Debt Service - Interest	1,097,033				(1,097,033)
Total	<u>\$29,647,179</u>	<u>\$521,885</u>	<u>\$4,927,770</u>	<u>\$0</u>	<u>(24,197,524)</u>
General Revenues					
Local Taxes					5,583,770
Other Local Revenues					311,424
State Revenues					23,487,494
Federal Revenues					0
Pension Revenue (Expense)					(3,747,743)
Total					<u>25,634,945</u>
Change in Net Position					
					1,437,421
Net Position - Beginning - As Previously Stated					
					19,921,814
Restatement - See Note I					
					545,276
Net Position - Beginning - As Restated					
					<u>20,467,090</u>
Net Position - Ending					
					<u>\$21,904,511</u>

MIDDLETON SCHOOL DISTRICT NO. 134

Balance Sheet - Governmental Funds

June 30, 2021

	General Fund	Child Nutrition Fund	Bond R & I Fund	Capital Construction Fund
Assets				
Cash & Investments	\$3,127,876	\$222,637	\$3,655,829	\$514,747
Receivables:				
Local Sources	577,078		1,488,958	
State Sources	577,446			
Federal Sources				
Due From Other Funds	701,573			
Inventory		46,071		
Total Assets	\$4,983,973	\$268,708	\$5,144,787	\$514,747
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable	\$2,877,002	\$84,058		
Unspent Grant Allocation				
Total Liabilities	2,877,002	84,058	\$0	\$0
Deferred Inflows of Resources				
Unavailable Tax Revenues	55,725		157,563	
Total Deferred Inflows of Resources	55,725	0	157,563	0
Fund Balances				
Restricted:				
Special Programs		138,579		
Debt Service			4,987,224	
Capital Projects				514,747
Nonspendable		46,071		
Unassigned	2,051,246			
Total Fund Balances	2,051,246	184,650	4,987,224	514,747
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$4,983,973	\$268,708	\$5,144,787	\$514,747

MIDDLETON SCHOOL DISTRICT NO. 134

Balance Sheet - Governmental Funds

June 30, 2021

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash & Investments	\$561,315	\$8,082,404
Receivables:		
Local Sources	0	2,066,036
State Sources	0	577,446
Federal Sources	1,057,215	1,057,215
Due From Other Funds	0	701,573
Inventory	0	46,071
Total Assets	\$1,618,530	\$12,530,745
Liabilities		
Accounts Payable	\$0	\$0
Due To Other Funds	701,573	701,573
Salaries & Benefits Payable	757	2,961,817
Unspent Grant Allocation	355,642	355,642
Total Liabilities	1,057,972	4,019,032
Deferred Inflows of Resources		
Unavailable Tax Revenues	0	213,288
Total Deferred Inflows of Resources	0	213,288
Fund Balances		
Restricted:		
Special Programs	560,558	699,137
Debt Service	0	4,987,224
Capital Projects	0	514,747
Nonspendable	0	46,071
Unassigned	0	2,051,246
Total Fund Balances	560,558	8,298,425
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$1,618,530	\$12,530,745

**Reconciliation of Total Governmental Fund Balances to Net Position
of Governmental Activities**

Total Governmental Fund Balances	\$8,298,425
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	52,637,173
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	213,288
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Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(32,560,735)
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Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds.	(6,683,640)
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Net Position of Governmental Activities	<u><u>\$21,904,511</u></u>
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MIDDLETON SCHOOL DISTRICT NO. 134

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2021

	General Fund	Child Nutrition Fund	Bond R & I Fund	Capital Construction Fund
Revenues				
Local Taxes	\$1,594,676		\$4,056,280	
Other Local Revenue	244,543	\$16,686	50,511	\$10,419
State Revenue	22,409,539		1,077,955	
Federal Revenue		1,065,925		
Total Revenues	<u>24,248,758</u>	<u>1,082,611</u>	<u>5,184,746</u>	<u>10,419</u>
Expenditures				
Instructional Programs				
Elementary School	5,231,155			
Secondary School	6,306,936			
Alternative School	699,317			
Special Education	1,700,837			
Special Education Preschool				
Gifted & Talented	77,295			
Interscholastic	188,291			
Summer School	59,934			
Support Service Programs				
Attendance - Guidance - Health	782,042			
Special Education Support Services	67,985			
Instruction Improvement	993,471			
Educational Media	139,331			
Instruction-Related Technology	834,542			
Board of Education	54,653			
District Administration	371,552			
School Administration	1,662,043			
Business Operation	513,174			
Buildings - Care	1,232,077			
Maintenance - Non-Student Occupied	17,316			
Maintenance - Student Occupied	963,616			
Maintenance - Grounds	158,620			
Security	49,009			
Pupil-To-School Transportation	1,467,304			
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition		920,720		
Student Activity				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				3,790
Debt Service - Principal			7,340,036	
Debt Service - Interest			1,221,888	
Total Expenditures	<u>23,570,500</u>	<u>920,720</u>	<u>8,561,924</u>	<u>3,790</u>
Excess (Deficiency) of Revenues Over Expenditures	678,258	161,891	(3,377,178)	6,629
Other Financing Sources (Uses)				
Transfers In		22,759		
Transfers Out	(94,458)			
Total Other Financing Sources (Uses)	<u>(94,458)</u>	<u>22,759</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	583,800	184,650	(3,377,178)	6,629
Fund Balances - Beginning - As Prev. Stated	1,467,446	0	8,364,402	508,118
Restatement - See Note I				
Fund Balances - Beginning - As Restated	<u>1,467,446</u>	<u>0</u>	<u>8,364,402</u>	<u>508,118</u>
Fund Balances - Ending	<u>\$2,051,246</u>	<u>\$184,650</u>	<u>\$4,987,224</u>	<u>\$514,747</u>

MIDDLETON SCHOOL DISTRICT NO. 134

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2021

	Other Governmental Funds	Total Governmental Funds
	<hr/>	<hr/>
Revenues		
Local Taxes	\$0	\$5,650,956
Other Local Revenue	675,523	997,682
State Revenue	462,344	23,949,838
Federal Revenue	3,235,128	4,301,053
Total Revenues	<hr/>	<hr/>
	4,372,995	34,899,529
Expenditures		
Instructional Programs		
Elementary School	252,940	5,484,095
Secondary School	570,823	6,877,759
Alternative School	6,142	705,459
Special Education	1,056,286	2,757,123
Special Education Preschool	20,624	20,624
Gifted & Talented	0	77,295
Interscholastic	0	188,291
Summer School	0	59,934
Support Service Programs		
Attendance - Guidance - Health	660,285	1,442,327
Special Education Support Services	0	67,985
Instruction Improvement	257,741	1,251,212
Educational Media	0	139,331
Instruction-Related Technology	1,015,737	1,850,279
Board of Education	0	54,653
District Administration	0	371,552
School Administration	0	1,662,043
Business Operation	0	513,174
Buildings - Care	0	1,232,077
Maintenance - Non-Student Occupied	0	17,316
Maintenance - Student Occupied	0	963,616
Maintenance - Grounds	0	158,620
Security	49,009	98,018
Pupil-To-School Transportation	0	1,467,304
Pupil-Activity Transportation	0	0
General Transportation	45,000	45,000
Non-Instructional Programs		
Child Nutrition	0	920,720
Student Activity	522,419	522,419
Capital Assets - Student Occupied	0	0
Capital Assets - Non-Student Occupied	0	3,790
Debt Service - Principal	0	7,340,036
Debt Service - Interest	0	1,221,888
Total Expenditures	<hr/>	<hr/>
	4,457,006	37,513,940
Excess (Deficiency) of Revenues Over Expenditures	(84,011)	(2,614,411)
Other Financing Sources (Uses)		
Transfers In	71,699	94,458
Transfers Out	0	(94,458)
Total Other Financing Sources (Uses)	<hr/>	<hr/>
	71,699	0
Net Change in Fund Balances	(12,312)	(2,614,411)
Fund Balances - Beginning - As Prev. Stated	27,594	10,367,560
Restatement - See Note I	545,276	545,276
Fund Balances - Beginning - As Restated	<hr/>	<hr/>
	572,870	10,912,836
Fund Balances - Ending	<hr/>	<hr/>
	560,558	8,298,425

MIDDLETON SCHOOL DISTRICT NO. 134
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2021

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of
Activities**

Net Change in Fund Balances - Total Governmental Funds (\$2,614,411)

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. (1,523,263)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (67,186)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 7,340,036

Bond premium is amortized against interest expense over the term of the bond. 78,327

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 46,528

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. (1,822,610)

Change in Net Position of Governmental Activities \$1,437,421

MIDDLETON SCHOOL DISTRICT NO. 134

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Middleton School District No. 134 (the School) provides public school educational services as authorized by Section 33 of Idaho Code. The School's boundaries for taxing and school enrollment purposes are located within Canyon County.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to school districts. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements - Government-Wide Statements – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

MIDDLETON SCHOOL DISTRICT NO. 134

Notes to Financial Statements

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the School include:

General Fund – The general fund is the School's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

Debt Service Funds – Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on long term debt. Major debt service funds include the bond redemption and interest fund, which accounts for accumulation of funds for the periodic payment of principal and interest on long term debt.

Capital Projects Funds – Capital projects funds are used to account for the acquisition of capital assets. Major capital project funds include the capital construction fund, used to account for the facility construction and betterments.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash and Investments – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds based on each fund's respective investment balance. Investments include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition

MIDDLETON SCHOOL DISTRICT NO. 134

Notes to Financial Statements

value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method.

Compensated Absences – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded.

Other Post-Employment Benefits – The School does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the School insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an “implicit subsidy” since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses can be recorded in the government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the School accounts for the other-post employment benefits for retirees on the pay-as-you-go basis.

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

Deferred Outflows/Inflows of Resources – The School’s financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity’s governing body. Assigned portions represent amounts that are constrained by the government’s intent to be used for

MIDDLETON SCHOOL DISTRICT NO. 134

Notes to Financial Statements

a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

Property Taxes – The School is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Custodial Credit Risk – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning custodial credit risk.

Risk Management – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Nonmonetary Transactions – Items received via food commodities programs are recognized at their stated fair market value.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

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Notes to Financial Statements

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

Cash - Deposits	\$1,069,589
Investments - Local Gov't Investment Pool	<u>7,012,815</u>
Total	<u><u>\$8,082,404</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$1,069,589 and the bank balances were \$1,452,501. Of the bank balances, \$500,000 was insured and the remainder was uninsured and uncollateralized.

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

Interest rate risk:

<u>Investment Type</u>	Investment Maturity Schedule (In Years)	
	<u>Less Than 1</u>	<u>Total</u>
Local Gov't Invest Pool	<u>\$7,012,815</u>	<u>\$7,012,815</u>
Total	<u><u>\$7,012,815</u></u>	<u><u>\$7,012,815</u></u>

Credit rate risk:

<u>Investment Type</u>	Investment Rating Schedule	
	<u>Not Rated</u>	<u>Total</u>
Local Gov't Invest Pool	<u>\$7,012,815</u>	<u>\$7,012,815</u>
Total	<u><u>\$7,012,815</u></u>	<u><u>\$7,012,815</u></u>

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification. More information on the local governmental investment pool including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

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Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
Local Sources				
Local Taxes	<u>\$577,078</u>		<u>\$1,488,958</u>	<u>\$2,066,036</u>
Total	<u><u>\$577,078</u></u>		<u><u>\$1,488,958</u></u>	<u><u>\$2,066,036</u></u>
State Sources				
Foundation Program	<u>\$577,446</u>			<u>\$577,446</u>
Total	<u><u>\$577,446</u></u>			<u><u>\$577,446</u></u>
Federal Sources				
Special Programs		<u>\$1,057,215</u>		<u>\$1,057,215</u>
Total		<u><u>\$1,057,215</u></u>		<u><u>\$1,057,215</u></u>

D. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	<u>\$2,067,444</u>			<u>\$2,067,444</u>
Total	<u><u>2,067,444</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>2,067,444</u></u>
Depreciable Capital Assets				
Buildings	71,603,352			71,603,352
Equipment	<u>2,180,664</u>			<u>2,180,664</u>
Subtotal	<u>73,784,016</u>	<u>0</u>	<u>0</u>	<u>73,784,016</u>
Accumulated Depreciation				
Buildings	19,947,315	1,392,378		21,339,693
Equipment	<u>1,743,709</u>	<u>130,885</u>		<u>1,874,594</u>
Subtotal	<u>21,691,024</u>	<u>1,523,263</u>	<u>0</u>	<u>23,214,287</u>
Total	<u><u>52,092,992</u></u>	<u><u>(1,523,263)</u></u>	<u><u>0</u></u>	<u><u>50,569,729</u></u>
Net Capital Assets	<u><u>\$54,160,436</u></u>	<u><u>(\$1,523,263)</u></u>	<u><u>\$0</u></u>	<u><u>\$52,637,173</u></u>

Depreciation expense of \$1,523,263 was charged to the capital assets – student occupied program.

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Notes to Financial Statements

E. LONG-TERM DEBT AND OBLIGATIONS

Bonded Debt - At year end, the School's bonded debt was as follows:

	Outstanding
2009B - \$5,000,000 - qualified school construction bonds due in annual principal installments and semiannual interest payments with interest at 1.98% through 2024/25, secured by future taxes, paid through the bond redemption and interest fund	\$1,925,000
2010A - \$7,700,000 - qualified school construction bonds due in annual principal installments and semiannual interest payments (interest payments originally scheduled to be 100% federally subsidized, but currently subsidized at 93.8% due to sequestration) through 2029/30, secured by future taxes, paid through the bond redemption and interest fund	3,800,000
2011 - \$3,615,000 - qualified school construction bonds due in annual principal installments and semiannual interest payments (interest payments originally scheduled to be 100% federally subsidized, but currently subsidized at 93.8% due to sequestration) through 2030/31, secured by future taxes, paid through the bond redemption and interest fund	3,090,000
2015 - \$27,145,000 - general obligation refunding bonds due in annual principal installments and semiannual interest payments with interest at 2.00% - 5.00% through 2028/29, secured by future taxes, paid through the bond redemption and interest fund	22,780,000
Total	\$31,595,000

Maturities on the bonds are estimated as follows:

Year Ended	Principal	Interest
6/30/22	\$3,060,000	\$1,084,327
6/30/23	3,305,000	958,327
6/30/24	3,440,000	823,452
6/30/25	3,500,000	625,452
6/30/26	3,230,000	443,470
6/30/27-31	15,060,000	668,781
Total	\$31,595,000	\$4,603,809

Changes in long-term debt and obligations are as follows:

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Notes to Financial Statements

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2009B QSC Bonds	\$2,450,000		\$525,000	\$1,925,000	\$525,000
2010A QSC Bonds	7,000,000		3,200,000	3,800,000	100,000
2011 QSC Bonds	3,415,000		325,000	3,090,000	25,000
2015 GOR Bonds	25,075,000		2,295,000	22,780,000	2,410,000
2019 GO Bonds	995,036		995,036	0	0
Bond Premiums	710,227		78,327	631,900	69,438
Total	<u>\$39,645,263</u>	<u>\$0</u>	<u>\$7,418,363</u>	<u>\$32,226,900</u>	<u>\$3,129,438</u>

Interest and related costs during the year amounted to \$1,097,033 and were charged to the debt service – interest program.

F. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

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Notes to Financial Statements

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, 2020 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 School’s contributions were \$1,925,133 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 School 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 School’s proportion of the net pension liability was based on the School’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 School’s proportion was 0.4504634 percent.

For the year ended June 30, 2021, the School recognized pension revenue (expense) of (\$3,747,743). At June 30, 2021, the School 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	\$817,275	\$341,554
Changes in assumptions or other inputs	176,904	
Net difference between projected and actual earnings on pension plan investments	1,198,958	
Employer contributions subsequent to the measurement date	1,925,133	
Total	\$4,118,270	\$341,554

\$1,925,133 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the pension expense or reduction of the pension revenue 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 measurement period ended June 30, 2019 is 4.8 and 4.8 for the measurement period June 30, 2020.

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Notes to Financial Statements

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

Year Ended	
6/30/22	(\$33,782)
6/30/23	(440,632)
6/30/24	(598,042)
6/30/25	(779,127)
Total	<u><u>(\$1,851,583)</u></u>

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 increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

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

- Set back 3 years for teachers
- No offset for male fire and police
- Forward 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, 2013 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 of 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.

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Notes to Financial Statements

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2020.

Capital Market Assumptions from Callen 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*		5.85%	3.49%

Investment Policy Assumptions from PERSI November 2019

Portfolio Long-Term Expected Real Rate of Return*	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2018

Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return*	4.05%
Assumed Inflation	3.00%
Long-Term Expected Geometric Rate of Return*	7.05%
*Net of Investment Expenses	

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

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Notes to Financial Statements

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
School's proportionate share of the net pension liability (asset)	\$21,451,324	\$10,460,356	\$1,372,616

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.

Impacts on the School's net position

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the School may periodically experience a deficit in its net position. This can occur as a result of recording the School's allocable portion of the net pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan whenever deemed necessary), such deficits are not deemed to be of substantial concern.

G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

Due To Fund	Due From Fund	
	Nonmajor Governmental	Total
General	\$701,573	\$701,573
Total	\$701,573	\$701,573

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These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General		\$94,458	Reimbursement, Support
Child Nutrition	\$22,759		Support
Nonmajor Governmental	71,699		Reimbursement
Total	<u>\$94,458</u>	<u>\$94,458</u>	

H. TAX ABATEMENTS

Idaho counties are authorized by state statute to transact certain property tax activity with property owners in their respective taxing districts. The counties collect the property taxes, then allocate and remit those collections among the taxing districts within the counties. The counties are authorized to cancel or reduce property taxes due to various reasons, including the circuit breaker program, agricultural and other exemptions, and section 63-602NN exemptions under Idaho code for real property improvements.

I. PRIOR PERIOD ADJUSTMENT

During the year, the School implemented GASB No. 84 *Fiduciary Activities*. As required by GASB 84, the School's net position and student activities fund balances were restated by \$545,276 to reflect the implementation of this new standard which requires that certain previously reported fiduciary funds now be classified as governmental funds.

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Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2021

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance
	Original	Final		Positive (Negative)
Revenues				
Local Taxes	\$32,500	\$1,532,500	\$1,594,676	\$62,176
Other Local Revenue	245,320	245,320	244,543	(777)
State Revenue	21,801,265	21,801,265	22,409,539	608,274
Federal Revenue	0	0	0	0
Total Revenues	22,079,085	23,579,085	24,248,758	669,673
Expenditures				
Instructional Programs				
Elementary School	5,480,683	5,530,683	5,231,155	299,528
Secondary School	6,036,226	6,086,226	6,306,936	(220,710)
Alternative School	624,721	624,721	699,317	(74,596)
Special Education	1,628,525	1,628,525	1,700,837	(72,312)
Special Education Preschool	27,038	27,038	0	27,038
Gifted & Talented	79,630	79,630	77,295	2,335
Interscholastic	45,587	125,587	188,291	(62,704)
Summer School	36,900	36,900	59,934	(23,034)
Support Service Programs				
Attendance - Guidance - Health	803,879	861,879	782,042	79,837
Special Education Support Services	230,121	277,721	67,985	209,736
Instruction Improvement	547,191	1,147,191	993,471	153,720
Educational Media	175,927	178,927	139,331	39,596
Instruction-Related Technology	845,998	860,998	834,542	26,456
Board of Education	52,000	52,000	54,653	(2,653)
District Administration	351,078	499,378	371,552	127,826
School Administration	1,500,184	1,500,184	1,662,043	(161,859)
Business Operation	501,039	501,039	513,174	(12,135)
Buildings - Care	1,158,165	1,158,165	1,232,077	(73,912)
Maintenance - Non-Student Occupied	1,000	1,000	17,316	(16,316)
Maintenance - Student Occupied	974,650	974,650	963,616	11,034
Maintenance - Grounds	209,000	206,000	158,620	47,380
Security	50,000	50,000	49,009	991
Pupil-To-School Transportation	1,508,000	1,524,000	1,467,304	56,696
Pupil-Activity Transportation	0	0	0	0
General Transportation	0	0	0	0
Non-Instructional Programs				
Child Nutrition	30,000	30,000	0	30,000
Student Activity	0	0	0	0
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	22,897,542	23,962,442	23,570,500	391,942 *
Excess (Deficiency) of Revenues				
Over Expenditures	(818,457)	(383,357)	678,258	1,061,615
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	(25,000)	(94,458)	(69,458) *
Total Other Financing Sources (Uses)	0	(25,000)	(94,458)	(69,458)
Net Change in Fund Balances	(818,457)	(408,357)	583,800	992,157
Fund Balances - Beginning	1,800,000	1,465,000	1,467,446	2,446
Fund Balances - Ending	\$981,543	\$1,056,643	\$2,051,246	\$994,603
<i>*Total expenditures (over) under appropriations are:</i>				\$322,484

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Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2021

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Child Nutrition Fund				
Revenues				
Other Local Revenue	\$321,200	\$321,200	\$16,686	(\$304,514)
Federal Revenue	835,000	835,000	1,065,925	230,925
Total Revenues	<u>1,156,200</u>	<u>1,156,200</u>	<u>1,082,611</u>	<u>(73,589)</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	1,185,177	1,185,177	920,720	264,457
Total Expenditures	<u>1,185,177</u>	<u>1,185,177</u>	<u>920,720</u>	<u>264,457 *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(28,977)	(28,977)	161,891	190,868
Other Financing Sources (Uses)				
Transfers In	0	25,000	22,759	(2,241)
Transfers Out	0	0	0	0 *
Total Other Financing Sources (Uses)	<u>0</u>	<u>25,000</u>	<u>22,759</u>	<u>(2,241)</u>
Net Change in Fund Balances	<u>(28,977)</u>	<u>(3,977)</u>	<u>184,650</u>	<u>188,627</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>(\$28,977)</u>	<u>(\$3,977)</u>	<u>\$184,650</u>	<u>\$188,627</u>
				<u>\$264,457</u>

**Total expenditures (over) under appropriations are:*

MIDDLETON SCHOOL DISTRICT NO. 134
Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
School's portion of the net pension liability	0.4504634%	0.4531925%	0.4560769%
School's proportionate share of the net pension liability	\$10,460,356	\$5,173,066	\$6,727,214
School's covered payroll	\$16,042,797	\$15,390,433	\$14,712,350
School's proportional share of the net pension liability as a percentage of its covered payroll	65.20%	33.61%	45.72%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%	91.69%
	<u>2018</u>	<u>2017</u>	<u>2016</u>
School's portion of the net pension liability	0.4435023%	0.4469911%	0.4439055%
School's proportionate share of the net pension liability	\$6,971,094	\$9,061,196	\$5,845,513
School's covered payroll	\$15,183,763	\$14,422,606	\$12,014,240
School's proportional share of the net pension liability as a percentage of its covered payroll	45.91%	62.83%	48.65%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%
	<u>2015</u>		
School's portion of the net pension liability	0.4373221%		
School's proportionate share of the net pension liability	\$2,932,603		
School's covered payroll	\$11,137,182		
School's proportional share of the net pension liability as a percentage of its covered payroll	26.33%		
Plan fiduciary net position as a percentage of the total pension liability	94.95%		

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30, 2020.

MIDDLETON SCHOOL DISTRICT NO. 134

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$1,925,133	\$1,915,510	\$1,742,197
Contributions in relation to the statutorily required contribution	\$1,925,133	\$1,915,510	\$1,742,197
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$16,123,392	\$16,042,797	\$15,390,433
Contributions as a percentage of covered payroll	11.94%	11.94%	11.32%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$1,665,438	\$1,718,802	\$1,632,639	\$1,360,012
Contributions in relation to the statutorily required contribution	\$1,665,438	\$1,718,802	\$1,632,639	\$1,360,012
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$14,712,350	\$15,183,763	\$14,422,606	\$12,014,240
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

MIDDLETON SCHOOL DISTRICT NO. 134
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	Go On Grant	TLC Grant	Student Activity	Driver Education
Assets				
Cash & Investments	\$382	\$31,247	\$525,047	\$2,721
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$382</u>	<u>\$31,247</u>	<u>\$525,047</u>	<u>\$2,721</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs	382	31,247	525,047	2,721
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>382</u>	<u>31,247</u>	<u>525,047</u>	<u>2,721</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$382</u>	<u>\$31,247</u>	<u>\$525,047</u>	<u>\$2,721</u>

MIDDLETON SCHOOL DISTRICT NO. 134
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	Professional Technical	Technology	Substance Abuse	Title I-A ESSA IBP
Assets				
Cash & Investments	\$757	\$362	\$799	
Receivables:				
Local Sources				
State Sources				
Federal Sources				\$195,322
Due From Other Funds				
Inventory				
Total Assets	\$757	\$362	\$799	\$195,322
Liabilities				
Accounts Payable				
Due To Other Funds				\$83,639
Salaries & Benefits Payable	\$757			
Unspent Grant Allocation				111,683
Total Liabilities	757	\$0	\$0	195,322
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs		362	799	
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	0	362	799	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$757	\$362	\$799	\$195,322

MIDDLETON SCHOOL DISTRICT NO. 134
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	ESSER I	Title I-C ESSA EMC	IDEA Part B 611 School Age 3-21	IDEA Part B 619 Pre-School Age 3-5
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$120,777	\$68,430	\$308,525	\$10,937
Due From Other Funds				
Inventory				
Total Assets	<u>\$120,777</u>	<u>\$68,430</u>	<u>\$308,525</u>	<u>\$10,937</u>
Liabilities				
Accounts Payable				
Due To Other Funds	\$53,414	\$28,035	\$207,244	\$9,853
Salaries & Benefits Payable				
Unspent Grant Allocation	67,363	40,395	101,281	1,084
Total Liabilities	<u>120,777</u>	<u>68,430</u>	<u>308,525</u>	<u>10,937</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$120,777</u>	<u>\$68,430</u>	<u>\$308,525</u>	<u>\$10,937</u>

MIDDLETON SCHOOL DISTRICT NO. 134
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	School Based Medicaid	Title IV-A ESSA SS & AE	Perkins III Professional Technical Act	Title III ESSA ELA
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$203,572	\$42,013	\$36,714	\$7,511
Due From Other Funds				
Inventory				
Total Assets	<u>\$203,572</u>	<u>\$42,013</u>	<u>\$36,714</u>	<u>\$7,511</u>
Liabilities				
Accounts Payable				
Due To Other Funds	\$203,572	\$42,013	\$33,547	\$1,654
Salaries & Benefits Payable				
Unspent Grant Allocation			3,167	5,857
Total Liabilities	<u>203,572</u>	<u>42,013</u>	<u>36,714</u>	<u>7,511</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$203,572</u>	<u>\$42,013</u>	<u>\$36,714</u>	<u>\$7,511</u>

MIDDLETON SCHOOL DISTRICT NO. 134
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds		
	Title II-A		
	ESSA SEI	CRF	Total
Assets			
Cash & Investments			\$561,315
Receivables:			
Local Sources			0
State Sources			0
Federal Sources	\$63,414		1,057,215
Due From Other Funds			0
Inventory			0
Total Assets	\$63,414	\$0	\$1,618,530
Liabilities			
Accounts Payable			\$0
Due To Other Funds	\$38,602		701,573
Salaries & Benefits Payable			757
Unspent Grant Allocation	24,812		355,642
Total Liabilities	63,414	\$0	1,057,972
Deferred Inflows of Resources			
Unavailable Tax Revenues			0
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Restricted:			
Special Programs			560,558
Debt Service			0
Capital Projects			0
Nonspendable			0
Unassigned			0
Total Fund Balances	0	0	560,558
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$63,414	\$0	\$1,618,530

MIDDLETON SCHOOL DISTRICT NO. 134
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	<u>Special Revenue Funds</u>			
	<u>Go On Grant</u>	<u>TLC Grant</u>	<u>Student Activity</u>	<u>Driver Education</u>
Revenues				
Local Taxes				
Other Local Revenue		\$164,373	\$502,190	\$8,960
State Revenue				4,625
Federal Revenue				
Total Revenues	<u>\$0</u>	<u>164,373</u>	<u>502,190</u>	<u>13,585</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School		899		15,562
Alternative School				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement		88,861		
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation		45,000		
Non-Instructional Programs				
Child Nutrition				
Student Activity			522,419	
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>0</u>	<u>134,760</u>	<u>522,419</u>	<u>15,562</u>
Excess (Deficiency) of Revenues Over Expenditures	0	29,613	(20,229)	(1,977)
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	29,613	(20,229)	(1,977)
Fund Balances - Beginning - As Prev. Stated	382	1,634	0	4,698
Restatement - See Note I			545,276	
Fund Balances - Beginning - As Restated	<u>382</u>	<u>1,634</u>	<u>545,276</u>	<u>4,698</u>
Fund Balances - Ending	<u>\$382</u>	<u>\$31,247</u>	<u>\$525,047</u>	<u>\$2,721</u>

MIDDLETON SCHOOL DISTRICT NO. 134
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Special Revenue Funds			
	Professional Technical	Technology	Substance Abuse	Title I-A ESSA IBP
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue	\$56,788	\$351,123	\$49,808	
Federal Revenue				\$292,429
Total Revenues	<u>56,788</u>	<u>351,123</u>	<u>49,808</u>	<u>292,429</u>
Expenditures				
Instructional Programs				
Elementary School				178,035
Secondary School	76,878	350,761		93,107
Alternative School				6,142
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				15,145
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security			49,009	
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Student Activity				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>76,878</u>	<u>350,761</u>	<u>49,009</u>	<u>292,429</u>
Excess (Deficiency) of Revenues Over Expenditures	(20,090)	362	799	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(20,090)	362	799	0
Fund Balances - Beginning - As Prev. Stated	20,090	0	0	0
Restatement - See Note I				
Fund Balances - Beginning - As Restated	<u>20,090</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$362</u>	<u>\$799</u>	<u>\$0</u>

MIDDLETON SCHOOL DISTRICT NO. 134
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Special Revenue Funds			
		Title I-C	IDEA Part B	IDEA Part B
	ESSER I	ESSA EMC	611 School Age 3-21	619 Pre-School Age 3-5
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$227,385	\$67,702	\$535,640	\$20,624
Total Revenues	<u>227,385</u>	<u>67,702</u>	<u>535,640</u>	<u>20,624</u>
Expenditures				
Instructional Programs				
Elementary School		67,702		
Secondary School				
Alternative School				
Special Education			535,640	
Special Education Preschool				20,624
Gifted & Talented				
Interscholastic				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement	23,142			
Educational Media				
Instruction-Related Technology	204,243			
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Student Activity				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>227,385</u>	<u>67,702</u>	<u>535,640</u>	<u>20,624</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning - As Prev. Stated	0	0	0	0
Restatement - See Note I				
Fund Balances - Beginning - As Restated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

MIDDLETON SCHOOL DISTRICT NO. 134
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Special Revenue Funds			
	School Based Medicaid	Title IV-A ESSA SS & AE	Perkins III Professional Technical Act	Title III ESSA ELA
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$448,157	\$42,013	\$33,547	\$7,272
Total Revenues	<u>448,157</u>	<u>42,013</u>	<u>33,547</u>	<u>7,272</u>
Expenditures				
Instructional Programs				
Elementary School				7,203
Secondary School			33,547	69
Alternative School				
Special Education	520,646			
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement		42,013		
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Student Activity				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>520,646</u>	<u>42,013</u>	<u>33,547</u>	<u>7,272</u>
Excess (Deficiency) of Revenues Over Expenditures	(72,489)	0	0	0
Other Financing Sources (Uses)				
Transfers In	71,699			
Transfers Out				
Total Other Financing Sources (Uses)	<u>71,699</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(790)	0	0	0
Fund Balances - Beginning - As Prev. Stated	790	0	0	0
Restatement - See Note I				
Fund Balances - Beginning - As Restated	<u>790</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

MIDDLETON SCHOOL DISTRICT NO. 134
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Special Revenue Funds		
	Title II-A		
	ESSA SEI	CRF	Total
Revenues			
Local Taxes			\$0
Other Local Revenue			675,523
State Revenue			462,344
Federal Revenue	\$84,583	\$1,475,776	3,235,128
Total Revenues	84,583	1,475,776	4,372,995
Expenditures			
Instructional Programs			
Elementary School			252,940
Secondary School			570,823
Alternative School			6,142
Special Education			1,056,286
Special Education Preschool			20,624
Gifted & Talented			0
Interscholastic			0
Summer School			0
Support Service Programs			
Attendance - Guidance - Health		660,285	660,285
Special Education Support Services			0
Instruction Improvement	84,583	3,997	257,741
Educational Media			0
Instruction-Related Technology		811,494	1,015,737
Board of Education			0
District Administration			0
School Administration			0
Business Operation			0
Buildings - Care			0
Maintenance - Non-Student Occupied			0
Maintenance - Student Occupied			0
Maintenance - Grounds			0
Security			49,009
Pupil-To-School Transportation			0
Pupil-Activity Transportation			0
General Transportation			45,000
Non-Instructional Programs			
Child Nutrition			0
Student Activity			522,419
Capital Assets - Student Occupied			0
Capital Assets - Non-Student Occupied			0
Debt Service - Principal			0
Debt Service - Interest			0
Total Expenditures	84,583	1,475,776	4,457,006
Excess (Deficiency) of Revenues			
Over Expenditures	0	0	(84,011)
Other Financing Sources (Uses)			
Transfers In			71,699
Transfers Out			0
Total Other Financing Sources (Uses)	0	0	71,699
Net Change in Fund Balances	0	0	(12,312)
Fund Balances - Beginning - As Prev. Stated	0	0	27,594
Restatement - See Note I			545,276
Fund Balances - Beginning - As Restated	0	0	572,870
Fund Balances - Ending	\$0	\$0	\$560,558

MIDDLETON SCHOOL DISTRICT NO. 134

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture			
<i>Passed Through Idaho Dept of Education:</i>			
Child Nutrition Cluster:			
COVID-19 - School Breakfast Program	10.553	202020/202121N109947	\$209,477
COVID-19 - National School Lunch Program*	10.555	202020/202121N109947	832,563
Total Child Nutrition Cluster			<u>1,042,040</u>
Total US Dept of Agriculture			<u>1,042,040</u>
US Dept of Treasury			
<i>Passed Through Idaho Dept of Education:</i>			
COVID-19 - Coronavirus Relief Fund	21.019	20-1892-0-1-806	1,499,661
Total US Dept of Treasury			<u>1,499,661</u>
US Dept of Education			
<i>Passed Through Idaho Dept of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A19/200088	535,640
Special Education - Preschool Grants	84.173	H173A19/200030	20,624
Total Special Education Cluster			<u>556,264</u>
Title I Grants to Local Educational Agencies:	84.010	S010A19/200012	278,524
Migrant Education - State Grant Program	84.011	S011A19/200012	67,702
Career & Technical Education - Basic Grants to States	84.048	V048A200012	33,547
English Language Acquisition State Grants	84.365	S365A19/200012	7,272
Supporting Effective Instruction State Grants	84.367	S367A19/200011	84,583
School Improvement Grant	84.377	S010A180012	13,905
Student Support & Academic Enrichment	84.424	S424A190013	42,013
COVID-19 - Education Stabilization Fund	84.425	S425D200043	227,385
Total US Dept of Education			<u>1,311,195</u>
Total Expenditures of Federal Awards			<u><u>\$3,852,896</u></u>

NOTES:

A. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the School 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* for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

B. Summary of Significant Accounting Policies - 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. The School has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

***C. Nonmonetary Assistance** - Included in the National School Lunch Program award is USDA food commodities stated at a fair market value of \$94,998.



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

Board of Trustees
Middleton School District No. 134

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 the Middleton School District No. 134 (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated November 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’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 School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’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 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 over financial reporting 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 School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Quest CPAs PLLC

Payette, Idaho
November 5, 2021



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

Board of Trustees
Middleton School District No. 134

Report on Compliance for Each Major Federal Program

We have audited Middleton School District No. 134's (the School's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School'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 School'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 School'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 School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School 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 School 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 School's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 School's internal control over compliance.

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

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

The purpose of this report in 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.

Quest CPAs PLLC

Payette, Idaho
November 5, 2021

MIDDLETON SCHOOL DISTRICT NO. 134

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report being issued: Unmodified

- Each Major Fund
- Aggreg Remain Fund Info Qualified
- Gov't Activities

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statements noted? No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Major program identification:

- a. Child Nutrition Cluster – CFDA #10.553, 10.555
- b. COVID-19 – Coronavirus Relief Fund – CFDA #21.019
- c. Special Education Cluster – CFDA #84.027, 84.173

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

Auditee qualified as a low-risk auditee? No