Challis Joint School District No. 181

Year Ended June 30, 2020

Audited Financial Statements



Quest CPAs PLLC

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CHALLIS JOINT SCHOOL DISTRICT NO. 181
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Quality Expertise Service Timeliness

Independent Auditor's Report

Board of Trustees
Challis Joint School District No. 181

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 Challis Joint School District No. 181 (the School) as of and for the year ended June 30, 2020, 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.

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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, 2020, 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, 2020, 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 combining and individual nonmajor fund financial statements 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 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 September 26, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
September 26, 2020

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	$3,093,509
Receivables:	
Local Sources	136,697
State Sources	85,871
Federal Sources	90,226
Total Current Assets	3,406,303
Noncurrent Assets	
Nondepreciable Capital Assets	39,133
Depreciable Net Capital Assets	1,257,669
Total Noncurrent Assets	1,296,802
Total Assets	4,703,105
Deferred Outflows of Resources	
Pension Deferred Outflows	338,707
Total Deferred Outflows of Resources	338,707
Total Assets and Deferred Outflows of Resources	$5,041,812
Liabilities	
Current Liabilities	
Accounts Payable	$12
Salaries & Benefits Payable	316,505
Unspent Grant Allocation	10,830
Total Current Liabilities	327,347
Noncurrent Liabilities	
Net Pension Liability	675,633
Total Noncurrent Liabilities	675,633
Total Liabilities	1,002,980
Deferred Inflows of Resources	
Pension Deferred Inflows	309,796
Total Deferred Inflows of Resources	309,796
Total Liabilities and Deferred Inflows of Resources	1,312,776
Net Position	
Net Investment in Capital Assets	1,296,802
Restricted:	
Special Programs	2,079,928
Capital Projects	580,500
Unrestricted (Deficit)	(228,194)
Total Net Position	3,729,036
Total Liabilities and Deferred Inflows of Resources and Net Position	$5,041,812

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants And Contributions	Program Revenues: Capital Grants And Contributions	Net (Expense) Revenue And Changes in Net Position: Governmental Activities
Governmental Activities					
Instructional Programs					
Elementary School	$676,140		$123,094		($553,046)
Secondary School	649,331	$2,600	19,028		(627,703)
Vocational-Technical	124,757		37,392		(87,365)
Special Education	216,771		94,069		(122,702)
Special Education Preschool	4,133		4,133		0
Gifted & Talented	94				(94)
Interscholastic	51,282	7,636	791		(42,855)
School Activity	2,780	414			(2,366)
Support Service Programs					
Attendance - Guidance - Health	113,881		17,166		(96,715)
Special Education Support Services	17,529		240		(17,289)
Instruction Improvement	53,971		53,475		(496)
Educational Media	52,300		1,342		(50,958)
Instruction-Related Technology	32,729		159		(32,570)
Board of Education	37,791		1,258		(36,533)
District Administration	66,535		11,946		(54,589)
School Administration	221,981		3,961		(218,020)
Business Operation	105,112		5,716		(99,396)
Administrative Technology	104,461		67,352		(37,109)
Buildings - Care	352,455		14,463		(337,992)
Maintenance - Non-Student Occupied	14,810		237,747		222,937
Maintenance - Student Occupied	236,462		10,116		(226,346)
Maintenance - Grounds	19,752		459		(19,293)
Pupil-To-School Transportation	301,603		21,192		(280,411)
Pupil-Activity Transportation	28,927	671			(28,256)
General Transportation	9,101				(9,101)
Non-Instructional Programs					
Child Nutrition	146,076	40,866	85,415		(19,795)
Capital Assets - Student Occupied	43,471				(43,471)
Capital Assets - Non-Student Occupied	0				0
Total	$3,684,235	$52,187	$810,514	$0	(2,821,534)
General Revenues					
Local Taxes					358,165
Other Local Revenue					390,350
State Revenue					2,712,859
Federal Revenue					0
Pension Revenue (Expense)					(187,529)
Total					3,273,845
Change in Net Position					452,311
Net Position - Beginning					3,276,725
Net Position - Ending					$3,729,036

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Balance Sheet - Governmental Funds

June 30, 2020

	General Fund	Forest Reserve Fund	Child Nutrition Fund	Bus Depreciation Fund
Assets				
Cash & Investments	$432,141	$1,979,489	$220	$527,249
Receivables:				
Local Sources	121,912			
State Sources	85,871			
Federal Sources				
Due From Other Funds	72,517			
Total Assets	$712,441	$1,979,489	$220	$527,249
Liabilities				
Accounts Payable			$12	
Due To Other Funds	$1,673			
Salaries & Benefits Payable	293,243			
Unspent Grant Allocation				
Total Liabilities	294,916	$0	12	$0
Deferred Inflows of Resources				
Unavailable Tax Revenues	8,161			
Total Deferred Inflows of Resources	8,161	0	0	0
Fund Balances				
Restricted:				
Special Programs		1,979,489	208	
Capital Projects				527,249
Unassigned	409,364			
Total Fund Balances	409,364	1,979,489	208	527,249
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$712,441	$1,979,489	$220	$527,249

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Balance Sheet - Governmental Funds

June 30, 2020

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash & Investments	$154,410	$3,093,509
Receivables:		
Local Sources	14,785	136,697
State Sources	0	85,871
Federal Sources	90,226	90,226
Due From Other Funds	1,673	74,190
Total Assets	$261,094	$3,480,493
Liabilities		
Accounts Payable	$0	$12
Due To Other Funds	72,517	74,190
Salaries & Benefits Payable	23,262	316,505
Unspent Grant Allocation	10,830	10,830
Total Liabilities	106,609	401,537
Deferred Inflows of Resources		
Unavailable Tax Revenues	1,003	9,164
Total Deferred Inflows of Resources	1,003	9,164
Fund Balances		
Restricted:		
Special Programs	100,231	2,079,928
Capital Projects	53,251	580,500
Unassigned	0	409,364
Total Fund Balances	153,482	3,069,792
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$261,094	$3,480,493

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Balance Sheet - Governmental Funds
June 30, 2020

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

Total Governmental Fund Balances	$3,069,792
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.	1,296,802
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	9,164
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.	(646,722)
Net Position of Governmental Activities	$3,729,036

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

Year Ended June 30, 2020

	General Fund	Forest Reserve Fund	Child Nutrition Fund	Bus Depreciation Fund
Revenues				
Local Taxes	$426,355			
Other Local Revenue	203,438	$123,670	$41,151	$11,319
State Revenue	2,712,859			
Federal Revenue		237,412	85,415	
Total Revenues	3,342,652	361,082	126,566	11,319
Expenditures				
Instructional Programs				
Elementary School	615,501			
Secondary School	751,013			
Vocational-Technical	87,365			
Special Education	122,702			
Special Education Preschool				
Gifted & Talented	94			
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health	99,240			
Special Education Support Services	17,289			
Instruction Improvement	160			
Educational Media	50,658			
Instruction-Related Technology	93,529			
Board of Education	36,533			
District Administration	54,589			
School Administration	218,020			
Business Operation	99,396			
Administrative Technology	14,521			
Buildings - Care	324,462			
Maintenance - Non-Student Occupied	14,475			
Maintenance - Student Occupied	224,798			
Maintenance - Grounds	18,468			
Pupil-To-School Transportation	242,492			115,688
Pupil-Activity Transportation				
General Transportation	19,101			
Non-Instructional Programs				
Child Nutrition			146,076	
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	3,104,406	0	146,076	115,688
Excess (Deficiency) of Revenues Over Expenditures	238,246	361,082	(19,510)	(104,369)
Other Financing Sources (Uses)				
Transfers In	140,131	477,524	16,063	37,919
Transfers Out	(144,860)	(619,372)		
Total Other Financing Sources (Uses)	(4,729)	(141,848)	16,063	37,919
Net Change in Fund Balances	233,517	219,234	(3,447)	(66,450)
Fund Balances - Beginning	175,847	1,760,255	3,655	593,699
Fund Balances - Ending	$409,364	$1,979,489	$208	$527,249

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

Year Ended June 30, 2020

	Other Governmental Funds	Total Governmental Funds
Revenues		
Local Taxes	$49,492	$475,847
Other Local Revenue	67,139	446,717
State Revenue	116,855	2,829,714
Federal Revenue	366,652	689,479
Total Revenues	600,138	4,441,757
Expenditures		
Instructional Programs		
Elementary School	180,451	795,952
Secondary School	16,840	767,853
Vocational-Technical	37,392	124,757
Special Education	94,069	216,771
Special Education Preschool	4,133	4,133
Gifted & Talented	0	94
Interscholastic	51,282	51,282
School Activity	2,780	2,780
Support Service Programs		
Attendance - Guidance - Health	14,641	113,881
Special Education Support Services	240	17,529
Instruction Improvement	53,811	53,971
Educational Media	1,642	52,300
Instruction-Related Technology	1,912	95,441
Board of Education	1,258	37,791
District Administration	11,946	66,535
School Administration	3,961	221,981
Business Operation	5,716	105,112
Administrative Technology	89,940	104,461
Buildings - Care	27,993	352,455
Maintenance - Non-Student Occupied	335	14,810
Maintenance - Student Occupied	11,664	236,462
Maintenance - Grounds	1,284	19,752
Pupil-To-School Transportation	21,192	379,372
Pupil-Activity Transportation	28,927	28,927
General Transportation	0	19,101
Non-Instructional Programs		
Child Nutrition	0	146,076
Capital Assets - Student Occupied	38,011	38,011
Capital Assets - Non-Student Occupied	0	0
Total Expenditures	701,420	4,067,590
Excess (Deficiency) of Revenues Over Expenditures	(101,282)	374,167
Other Financing Sources (Uses)		
Transfers In	95,879	767,516
Transfers Out	(3,284)	(767,516)
Total Other Financing Sources (Uses)	92,595	0
Net Change in Fund Balances	(8,687)	374,167
Fund Balances - Beginning	162,169	2,695,625
Fund Balances - Ending	$153,482	$3,069,792

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2020

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	$374,167
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.	145,021
Revenues in the statement of activities that do not provide current financial resources are deferred in the funds.	(117,682)
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.	50,805
Change in Net Position of Governmental Activities	$452,311

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Statement of Fiduciary Net Position

June 30, 2020

	Private Purpose Trust Funds	Agency Funds Student Activity	Total
Assets			
Cash & Investments	$1,127,492	$107,486	$1,234,978
Total Assets	$1,127,492	$107,486	$1,234,978
Liabilities			
Due to Student Groups		$107,486	$107,486
Total Liabilities	$0	107,486	107,486
Net Position			
Restricted:			
Trust Activities	1,127,492		1,127,492
Total Net Position	1,127,492	0	1,127,492
Total Liabilities and Net Position	$1,127,492	$107,486	$1,234,978

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	Private Purpose Trust Funds
Additions	
Contributions	$22,720
Investment Income (Loss)	22,254
Total Additions	44,974
Deductions	
Trust Expenses	29,263
Total Deductions	29,263
Change in Net Position	15,711
Transfers In	3,486
Transfers Out	(3,486)
Net Position - Beginning	1,111,781
Net Position - Ending	$1,127,492

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Challis Joint School District No. 181 (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 Custer and Lemhi Counties.

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.

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 forest reserve fund, used primarily for major capital outlay, and the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

Capital Projects Funds – Capital projects funds are used to account for the acquisition of capital assets. Major capital project funds include the bus depreciation fund, used to account for the acquisition of transportation equipment.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Fiduciary funds of the School include:

Private Purpose Trust Funds – Private purpose trust funds are used to account for the assets, and related income producing and disbursement activities, for which the School acts as a trustee.

Agency Funds – Agency funds are used to account for assets held by the School on behalf of students.

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 paid to the general fund unless Idaho Code specifies otherwise. 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. Investments also include the diversified bond fund and are stated at fair value using the market approach and Level 2 inputs (inputs other than quoted prices included in Level 1 that are observable for an asset, liability, either directly or indirectly). The fair value of the diversified bond fund is not the same as the value of its shares.

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 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, except for certain transportation vehicles which use the declining balance 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 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.

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

	Governmental Funds	Fiduciary Funds	Total
Cash - Deposits	$403,878	$107,165	$511,043
Investments - Local Gov't Investment Pool	1,241,014	16,629	1,257,643
Investments - Diversified Bond Fund	1,448,617	1,111,184	2,559,801
Total	$3,093,509	$1,234,978	$4,328,487

Deposits – At year end, the carrying amounts of the School's deposits were $511,043 and the bank balances were $693,063. Of the bank balances, $250,000 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:

	Investment Maturity Schedule (In Years)		
Investment Type	Less Than 1	1 - 5	Total
Local Gov't Invest Pool	$1,257,643		$1,257,643
Diversified Bond Fund		$2,559,801	2,559,801
Total	$1,257,643	$2,559,801	$3,817,444

Credit rate risk:

	Investment Rating Schedule	
Investment Type	Not Rated	Total
Local Gov't Invest Pool	$1,257,643	$1,257,643
Diversified Bond Fund	2,559,801	2,559,801
Total	$3,817,444	$3,817,444

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 and diversified bond fund is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool and the diversified bond fund are 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 and the diversified bond fund including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Capital Projects Funds	Total
Local Sources				
Local Taxes	$120,361		$14,785	$135,146
Other Local Sources	1,551			1,551
Total	$121,912		$14,785	$136,697
State Sources				
Foundation Program	$85,871			$85,871
Total	$85,871			$85,871
Federal Sources				
Special Programs		$90,226		$90,226
Total		$90,226		$90,226

D. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	$39,133			$39,133
Total	39,133	$0	$0	39,133
Depreciable Capital Assets				
Buildings	8,354,168	62,712		8,416,880
Equipment	511,653	33,812		545,465
Transportation	1,205,520	115,688		1,321,208
Subtotal	10,071,341	212,212	0	10,283,553
Accumulated Depreciation				
Buildings	7,588,412	17,743		7,606,155
Equipment	465,809	11,529		477,338
Transportation	904,472	37,919		942,391
Subtotal	8,958,693	67,191	0	9,025,884
Total	1,112,648	145,021	0	1,257,669
Net Capital Assets	$1,151,781	$145,021	$0	$1,296,802

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	$29,272
Pupil-To-School Transportation	37,919
Total	$67,191

E. 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.

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, 2019 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The School's contributions were $238,334 for the year ended June 30, 2020.

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

At June 30, 2020, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the School's proportion was 0.0591896 percent.

For the year ended June 30, 2020, the School recognized pension revenue (expense) of ($187,529). At June 30, 2020, 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	$62,790	$79,627
Changes in assumptions or other inputs	37,583	
Net difference between projected and actual earnings on pension plan investments		230,169
Employer contributions subsequent to the measurement date	238,334	
Total	$338,707	$309,796

$238,334 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, 2021.

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, 2018 the beginning of the measurement period ended June 30, 2018 is 4.8 and 4.8 for the measurement period June 30, 2019.

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

Year Ended	
6/30/21	($24,329)
6/30/22	(104,232)
6/30/23	(50,773)
6/30/24	(30,090)
Total	($209,424)

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, 2019 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, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. 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.

Capital Market Assumptions

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%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return*			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return*			4.05%
Assumed Inflation			3.00%
Long-Term Expected Nominal 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 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)	$2,040,671	$675,633	($453,211)

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.

F. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund		
Due To Fund	General	Nonmajor Governmental	**Total**
General		$72,517	$72,517
Nonmajor Governmental	$1,673		1,673
Total	$1,673	$72,517	$74,190

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:

Fund	Transfer In	Transfer Out	Purpose
General	$140,131	$144,860	Depreciation, Support
Forest Reserve	477,524	619,372	Support
Child Nutrition	16,063		Support
Bus Depreciation	37,919		Depreciation
Nonmajor Governmental	95,879	3,284	Support
Total Governmental	767,516	767,516	
Private Purpose Trust Funds	3,486	3,486	Support
Total	$771,002	$771,002	

G. 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.

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2020

General Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues					
Local Taxes	$428,215	$428,215	$426,355	($1,860)	
Other Local Revenue	194,513	194,513	203,438	8,925	
State Revenue	2,768,480	2,768,480	2,712,859	(55,621)	
Federal Revenue	0	0	0	0	
Total Revenues	3,391,208	3,391,208	3,342,652	(48,556)	
Expenditures					
Instructional Programs					
Elementary School	704,355	704,355	615,501	88,854	
Secondary School	755,946	755,946	751,013	4,933	
Vocational-Technical	106,787	106,787	87,365	19,422	
Special Education	117,215	117,215	122,702	(5,487)	
Special Education Preschool	0	0	0	0	
Gifted & Talented	0	0	94	(94)	
Interscholastic	0	0	0	0	
School Activity	0	0	0	0	
Support Service Programs					
Attendance - Guidance - Health	115,031	115,031	99,240	15,791	
Special Education Support Services	37,117	37,117	17,289	19,828	
Instruction Improvement	0	0	160	(160)	
Educational Media	48,412	48,412	50,658	(2,246)	
Instruction-Related Technology	112,800	112,800	93,529	19,271	
Board of Education	41,998	41,998	36,533	5,465	
District Administration	58,270	58,270	54,589	3,681	
School Administration	222,013	222,013	218,020	3,993	
Business Operation	118,114	118,114	99,396	18,718	
Administrative Technology	45,950	45,950	14,521	31,429	
Buildings - Care	339,634	339,634	324,462	15,172	
Maintenance - Non-Student Occupied	31,710	31,710	14,475	17,235	
Maintenance - Student Occupied	231,761	231,761	224,798	6,963	
Maintenance - Grounds	29,949	29,949	18,468	11,481	
Pupil-To-School Transportation	328,395	328,395	242,492	85,903	
Pupil-Activity Transportation	0	0	0	0	
General Transportation	23,275	23,275	19,101	4,174	
Non-Instructional Programs					
Child Nutrition	0	0	0	0	
Capital Assets - Student Occupied	0	0	0	0	
Capital Assets - Non-Student Occupied	0	0	0	0	
Total Expenditures	3,468,732	3,468,732	3,104,406	364,326	*
Excess (Deficiency) of Revenues Over Expenditures	(77,524)	(77,524)	238,246	315,770	
Other Financing Sources (Uses)					
Transfers In	208,567	208,567	140,131	(68,436)	
Transfers Out	(139,290)	(139,290)	(144,860)	(5,570)	*
Total Other Financing Sources (Uses)	69,277	69,277	(4,729)	(74,006)	
Net Change in Fund Balances	(8,247)	(8,247)	233,517	241,764	
Fund Balances - Beginning	25,000	25,000	175,847	150,847	
Fund Balances - Ending	$16,753	$16,753	$409,364	$392,611	
	**Total expenditures (over) under appropriations are:*			$358,756	

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2020

Forest Reserve Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues					
Local Taxes	$0	$0	$0	$0	
Other Local Revenue	25,600	25,600	123,670	98,070	
State Revenue	0	0	0	0	
Federal Revenue	204,000	204,000	237,412	33,412	
Total Revenues	229,600	229,600	361,082	131,482	
Expenditures					
Instructional Programs					
Elementary School	0	0	0	0	
Secondary School	0	0	0	0	
Vocational-Technical	0	0	0	0	
Special Education	0	0	0	0	
Special Education Preschool	0	0	0	0	
Gifted & Talented	0	0	0	0	
Interscholastic	0	0	0	0	
School Activity	0	0	0	0	
Support Service Programs					
Attendance - Guidance - Health	0	0	0	0	
Special Education Support Services	0	0	0	0	
Instruction Improvement	0	0	0	0	
Educational Media	0	0	0	0	
Instruction-Related Technology	0	0	0	0	
Board of Education	0	0	0	0	
District Administration	0	0	0	0	
School Administration	0	0	0	0	
Business Operation	0	0	0	0	
Administrative Technology	0	0	0	0	
Buildings - Care	0	0	0	0	
Maintenance - Non-Student Occupied	0	0	0	0	
Maintenance - Student Occupied	0	0	0	0	
Maintenance - Grounds	0	0	0	0	
Pupil-To-School Transportation	0	0	0	0	
Pupil-Activity Transportation	0	0	0	0	
General Transportation	0	0	0	0	
Non-Instructional Programs					
Child Nutrition	0	0	0	0	
Capital Assets - Student Occupied	0	0	0	0	
Capital Assets - Non-Student Occupied	0	0	0	0	
Total Expenditures	0	0	0	0	*
Excess (Deficiency) of Revenues Over Expenditures	229,600	229,600	361,082	131,482	
Other Financing Sources (Uses)					
Transfers In	200,000	200,000	477,524	277,524	
Transfers Out	(413,567)	(413,567)	(619,372)	(205,805)	*
Total Other Financing Sources (Uses)	(213,567)	(213,567)	(141,848)	71,719	
Net Change in Fund Balances	16,033	16,033	219,234	203,201	
Fund Balances - Beginning	1,675,000	1,675,000	1,760,255	85,255	
Fund Balances - Ending	$1,691,033	$1,691,033	$1,979,489	$288,456	

**Total expenditures (over) under appropriations are:* ($205,805)

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2020

Child Nutrition Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues					
Other Local Revenue	$52,002	$52,002	$41,151	($10,851)	
Federal Revenue	63,158	63,158	85,415	22,257	
Total Revenues	115,160	115,160	126,566	11,406	
Expenditures					
Non-Instructional Programs					
Child Nutrition	154,362	154,362	146,076	8,286	
Total Expenditures	154,362	154,362	146,076	8,286	*
Excess (Deficiency) of Revenues Over Expenditures	(39,202)	(39,202)	(19,510)	19,692	
Other Financing Sources (Uses)					
Transfers In	39,202	39,202	16,063	(23,139)	
Transfers Out	0	0	0	0	*
Total Other Financing Sources (Uses)	39,202	39,202	16,063	(23,139)	
Net Change in Fund Balances	0	0	(3,447)	(3,447)	
Fund Balances - Beginning	0	0	3,655	3,655	
Fund Balances - Ending	$0	$0	$208	$208	
	**Total expenditures (over) under appropriations are:*			$8,286	

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 - Fiscal Years*

	2019	2018
School's portion of the net pension liability	0.0591896%	0.0619375%
School's proportionate share of the net pension liability	$675,633	$913,589
School's covered payroll	$2,003,816	$1,957,438
School's proportional share of the net pension liability as a percentage of its covered payroll	33.72%	46.67%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%

	2017	2016	2015	2014
School's portion of the net pension liability	0.0657252%	0.0650273%	0.0650273%	0.0703077%
School's proportionate share of the net pension liability	$1,033,087	$1,318,203	$856,304	$517,575
School's covered payroll	$1,830,486	$1,692,076	$1,815,336	$1,904,726
School's proportional share of the net pension liability as a percentage of its covered payroll	56.44%	77.90%	47.17%	27.17%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%	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.

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	2020	2019
Statutorily required contribution	$238,334	$226,832
Contributions in relation to the statutorily required contribution	$238,334	$226,832
Contribution deficiency (excess)	$0	$0
School's covered payroll	$1,996,097	$2,003,816
Contributions as a percentage of covered payroll	11.94%	11.32%

	2018	2017	2016	2015
Statutorily required contribution	$221,582	$207,211	$191,543	$205,496
Contributions in relation to the statutorily required contribution	$221,582	$207,211	$191,543	$205,496
Contribution deficiency (excess)	$0	$0	$0	$0
School's covered payroll	$1,957,438	$1,830,486	$1,692,076	$1,815,336
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.

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Funds			
	Miscellaneous Grants	**Stanley Cell Tower**	**School Activity Programs**	**Student Activities Buses**
Assets				
Cash & Investments	$4,320	$9,990	$32,073	$41,181
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds			1,673	
Total Assets	$4,320	$9,990	$33,746	$41,181
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable		$8,402	$1,139	
Unspent Grant Allocation				
Total Liabilities	$0	8,402	1,139	$0
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs	4,320	1,588	32,607	41,181
Capital Projects				
Unassigned				
Total Fund Balances	4,320	1,588	32,607	41,181
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$4,320	$9,990	$33,746	$41,181

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Driver Education	**Professional Technical**	**Technology**	**Substance Abuse**
Assets				
Cash & Investments	$3,045		$11,373	$6,449
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Total Assets	$3,045	$0	$11,373	$6,449
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable	$332			
Unspent Grant Allocation				
Total Liabilities	332	$0	$0	$0
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs	2,713		11,373	6,449
Capital Projects				
Unassigned				
Total Fund Balances	2,713	0	11,373	6,449
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$3,045	$0	$11,373	$6,449

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Custer County Coalition Grant	**Title I-A ESSA IBP**	**Cares Act ESSERF**	**IDEA Part B 611 School Age 3-21**
Assets				
Cash & Investments				$6,510
Receivables:				
Local Sources				
State Sources				
Federal Sources		$14,954	$70,839	
Due From Other Funds				
Total Assets	$0	$14,954	$70,839	$6,510
Liabilities				
Accounts Payable				
Due To Other Funds		$1,565	$70,839	
Salaries & Benefits Payable		13,389		
Unspent Grant Allocation				$6,510
Total Liabilities	$0	14,954	70,839	6,510
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs				
Capital Projects				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$0	$14,954	$70,839	$6,510

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	IDEA Part B 619 Pre-School Age 3-5	**School-Based Medicaid**	**Title IV-A ESSA SS & AE**	**Title V-B ESSA REI**
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	$398			$3,182
Due From Other Funds				
Total Assets	$398	$0	$0	$3,182
Liabilities				
Accounts Payable				
Due To Other Funds	$113			
Salaries & Benefits Payable				
Unspent Grant Allocation	285			$3,182
Total Liabilities	398	$0	$0	3,182
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs				
Capital Projects				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$398	$0	$0	$3,182

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Funds		Capital Projects	
	Perkins III Professional Technical Act	Title II-A ESSA SEI	Plant Facilities Fund	Total
Assets				
Cash & Investments			$39,469	$154,410
Receivables:				
Local Sources			14,785	14,785
State Sources				0
Federal Sources		$853		90,226
Due From Other Funds				1,673
Total Assets	$0	$853	$54,254	$261,094
Liabilities				
Accounts Payable				$0
Due To Other Funds				72,517
Salaries & Benefits Payable				23,262
Unspent Grant Allocation		$853		10,830
Total Liabilities	$0	853	$0	106,609
Deferred Inflows of Resources				
Unavailable Tax Revenues			1,003	1,003
Total Deferred Inflows of Resources	0	0	1,003	1,003
Fund Balances				
Restricted:				
Special Programs				100,231
Capital Projects			53,251	53,251
Unassigned				0
Total Fund Balances	0	0	53,251	153,482
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$0	$853	$54,254	$261,094

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds			
	Miscellaneous Grants	**Stanley Cell Tower**	**School Activity Programs**	**Student Activities Buses**
Revenues				
Local Taxes				
Other Local Revenue	$92	$48,437	$9,075	$5,670
State Revenue			791	
Federal Revenue				
Total Revenues	92	48,437	9,866	5,670
Expenditures				
Instructional Programs				
Elementary School	989	56,368		
Secondary School	58			
Vocational-Technical				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic			51,282	
School Activity			2,780	
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement		336		
Educational Media		300		
Instruction-Related Technology		1,753		
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology				
Buildings - Care		13,530		
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied		1,548		
Maintenance - Grounds		825		
Pupil-To-School Transportation				
Pupil-Activity Transportation			24,927	4,000
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	1,047	74,660	78,989	4,000
Excess (Deficiency) of Revenues Over Expenditures	(955)	(26,223)	(69,123)	1,670
Other Financing Sources (Uses)				
Transfers In			90,879	5,000
Transfers Out				
Total Other Financing Sources (Uses)	0	0	90,879	5,000
Net Change in Fund Balances	(955)	(26,223)	21,756	6,670
Fund Balances - Beginning	5,275	27,811	10,851	34,511
Fund Balances - Ending	$4,320	$1,588	$32,607	$41,181

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds			
	Driver Education	**Professional Technical**	**Technology**	**Substance Abuse**
Revenues				
Local Taxes				
Other Local Revenue	$2,600		$390	
State Revenue	1,625	$30,802	65,571	$6,200
Federal Revenue				
Total Revenues	4,225	30,802	65,961	6,200
Expenditures				
Instructional Programs				
Elementary School				
Secondary School	3,559			
Vocational-Technical		30,802		
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				4,298
Special Education Support Services				
Instruction Improvement				900
Educational Media				
Instruction-Related Technology			159	
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology			88,000	
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	3,559	30,802	88,159	5,198
Excess (Deficiency) of Revenues Over Expenditures	666	0	(22,198)	1,002
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	666	0	(22,198)	1,002
Fund Balances - Beginning	2,047	0	33,571	5,447
Fund Balances - Ending	$2,713	$0	$11,373	$6,449

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds			
	Custer County Coalition Grant	**Title I-A ESSA IBP**	**Cares Act ESSERF**	**IDEA Part B 611 School Age 3-21**
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue	$11,866			
Federal Revenue		$96,674	$70,839	$96,635
Total Revenues	11,866	96,674	70,839	96,635
Expenditures				
Instructional Programs				
Elementary School		81,928	7,417	
Secondary School			1,339	
Vocational-Technical				
Special Education				94,069
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health	10,343			
Special Education Support Services				240
Instruction Improvement		6,041		386
Educational Media			1,342	
Instruction-Related Technology				
Board of Education			1,258	
District Administration		8,705	3,241	
School Administration			3,961	
Business Operation			5,716	
Administrative Technology				1,940
Buildings - Care			14,463	
Maintenance - Non-Student Occupied			335	
Maintenance - Student Occupied			10,116	
Maintenance - Grounds			459	
Pupil-To-School Transportation			21,192	
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	10,343	96,674	70,839	96,635
Excess (Deficiency) of Revenues Over Expenditures	1,523	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out	(3,284)			
Total Other Financing Sources (Uses)	(3,284)	0	0	0
Net Change in Fund Balances	(1,761)	0	0	0
Fund Balances - Beginning	1,761	0	0	0
Fund Balances - Ending	$0	$0	$0	$0

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds			
	IDEA Part B 619 Pre-School Age 3-5	School-Based Medicaid	Title IV-A ESSA SS & AE	Title V-B ESSA REI
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	$4,133	$25,402	$10,000	$31,580
Total Revenues	4,133	25,402	10,000	31,580
Expenditures				
Instructional Programs				
Elementary School		19,057	10,000	4,692
Secondary School		6,345		5,539
Vocational-Technical				
Special Education				
Special Education Preschool	4,133			
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				21,349
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	4,133	25,402	10,000	31,580
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	$0	$0	$0	$0

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds		Capital Projects	
	Perkins III Professional Technical Act	Title II-A ESSA SEI	Plant Facilities Fund	Total
Revenues				
Local Taxes			$49,492	$49,492
Other Local Revenue			875	67,139
State Revenue				116,855
Federal Revenue	$6,590	$24,799		366,652
Total Revenues	6,590	24,799	50,367	600,138
Expenditures				
Instructional Programs				
Elementary School				180,451
Secondary School				16,840
Vocational-Technical	6,590			37,392
Special Education				94,069
Special Education Preschool				4,133
Gifted & Talented				0
Interscholastic				51,282
School Activity				2,780
Support Service Programs				
Attendance - Guidance - Health				14,641
Special Education Support Services				240
Instruction Improvement		24,799		53,811
Educational Media				1,642
Instruction-Related Technology				1,912
Board of Education				1,258
District Administration				11,946
School Administration				3,961
Business Operation				5,716
Administrative Technology				89,940
Buildings - Care				27,993
Maintenance - Non-Student Occupied				335
Maintenance - Student Occupied				11,664
Maintenance - Grounds				1,284
Pupil-To-School Transportation				21,192
Pupil-Activity Transportation				28,927
General Transportation				0
Non-Instructional Programs				
Child Nutrition				0
Capital Assets - Student Occupied			38,011	38,011
Capital Assets - Non-Student Occupied				0
Total Expenditures	6,590	24,799	38,011	701,420
Excess (Deficiency) of Revenues Over Expenditures	0	0	12,356	(101,282)
Other Financing Sources (Uses)				
Transfers In				95,879
Transfers Out				(3,284)
Total Other Financing Sources (Uses)	0	0	0	92,595
Net Change in Fund Balances	0	0	12,356	(8,687)
Fund Balances - Beginning	0	0	40,895	162,169
Fund Balances - Ending	$0	$0	$53,251	$153,482

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	Private Purpose Trust Funds			
	Scholarship	District Trust	Student Activities	Total
Additions				
Contributions	$22,720			$22,720
Investment Income (Loss)	7,716	$13,941	$597	22,254
Total Additions	30,436	13,941	597	44,974
Deductions				
Trust Expenses	28,667	596		29,263
Total Deductions	28,667	596	0	29,263
Change in Net Position	1,769	13,345	597	15,711
Transfers In	1,743		1,743	3,486
Transfers Out		(3,486)		(3,486)
Net Position - Beginning	393,583	686,136	32,062	1,111,781
Net Position - Ending	$397,095	$695,995	$34,402	$1,127,492

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

Board of Trustees
Challis Joint School District No. 181

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 Challis Joint School District No. 181 (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 26, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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

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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
September 26, 2020