Challis Joint School District No. 181

Year Ended June 30, 2021

Audited Financial Statements



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Quest CPAs PLLC

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Table of Contents

Financial Section

Independent Auditor's Report 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

Fund Financial Statements

Balance Sheet – Governmental Funds 6

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 9

Statement of Fiduciary Net Position 12

Statement of Changes in Fiduciary Net Position 13

Notes to Financial Statements 14

Required Supplementary Information

Budgetary Comparison Schedule – General and Major Special Revenue Funds 27

Schedule of Employer's Share of Net Pension Liability 30

Schedule of Employer Contributions 31

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds 32

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 38

Combining Statement of Changes in Fiduciary Net Position 44

Schedule of Expenditures of Federal Awards 45

Other Reports and Schedules

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 46

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 48

Schedule of Findings and Questioned Costs 50

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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, 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.

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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, 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 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 August 20, 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
August 20, 2021

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	$1,891,187
Receivables:	
Local Sources	121,750
State Sources	57,932
Federal Sources	1,117,303
Total Current Assets	3,188,172
Noncurrent Assets	
Cash & Investments	1,426,467
Nondepreciable Capital Assets	39,133
Depreciable Net Capital Assets	1,264,412
Total Noncurrent Assets	2,730,012
Total Assets	5,918,184
Deferred Outflows of Resources	
Pension Deferred Outflows	534,127
Total Deferred Outflows of Resources	534,127
Total Assets and Deferred Outflows of Resources	$6,452,311
Liabilities	
Current Liabilities	
Accounts Payable	$8
Salaries & Benefits Payable	319,912
Unspent Grant Allocation	1,077,166
Total Current Liabilities	1,397,086
Noncurrent Liabilities	
Net Pension Liability	1,330,844
Total Noncurrent Liabilities	1,330,844
Total Liabilities	2,727,930
Deferred Inflows of Resources	
Pension Deferred Inflows	43,455
Total Deferred Inflows of Resources	43,455
Total Liabilities and Deferred Inflows of Resources	2,771,385
Net Position	
Net Investment in Capital Assets	1,303,545
Restricted:	
Special Programs	2,202,544
Capital Projects	622,240
Unrestricted (Deficit)	(447,403)
Total Net Position	3,680,926
Total Liabilities and Deferred Inflows of Resources and Net Position	$6,452,311

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Statement of Activities

Year Ended June 30, 2021

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	$772,275		$229,059		($543,216)
Secondary School	695,818	$4,313	98,260		(593,245)
Vocational-Technical	120,257		23,632		(96,625)
Special Education	216,344		89,699		(126,645)
Special Education Preschool	4,416		4,416		0
Gifted & Talented	0				0
Interscholastic	55,868				(55,868)
School Activity	4,397		4,229		(168)
Support Service Programs					
Attendance - Guidance - Health	106,680		234		(106,446)
Special Education Support Services	75,440		3,000		(72,440)
Instruction Improvement	101,510		22,712		(78,798)
Educational Media	46,029		288		(45,741)
Instruction-Related Technology	219,193		261,429		42,236
Board of Education	38,910				(38,910)
District Administration	62,788		8,622		(54,166)
School Administration	219,770				(219,770)
Business Operation	121,264				(121,264)
Administrative Technology	125,411		55,050		(70,361)
Buildings - Care	379,869		15,598		(364,271)
Maintenance - Non-Student Occupied	23,164		208,586		185,422
Maintenance - Student Occupied	179,184				(179,184)
Maintenance - Grounds	26,756				(26,756)
Pupil-To-School Transportation	309,452				(309,452)
Pupil-Activity Transportation	23,345	2,369			(20,976)
General Transportation	7,159				(7,159)
Non-Instructional Programs					
Child Nutrition	158,289	22,258	122,809		(13,222)
Community Services	141,381	158,197			16,816
Capital Assets - Student Occupied	57,216				(57,216)
Capital Assets - Non-Student Occupied	15,635				(15,635)
Total	$4,307,820	$187,137	$1,147,623	$0	(2,973,060)
General Revenues					
Local Taxes					484,627
Other Local Revenue					178,515
State Revenue					2,602,735
Federal Revenue					0
Pension Revenue (Expense)					(448,550)
Total					2,817,327
Change in Net Position					(155,733)
Net Position - Beginning - As Previously Stated					3,729,036
Restatement - See Note H					107,623
Net Position - Beginning - As Restated					3,836,659
Net Position - Ending					$3,680,926

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Balance Sheet - Governmental Funds

June 30, 2021

	General Fund	Forest Reserve Fund	Child Nutrition Fund	Bus Depreciation Fund
Assets				
Cash & Investments	$491,099	$1,969,350	$562	$566,200
Receivables:				
Local Sources	108,570			
State Sources	57,932			
Federal Sources			72	
Due From Other Funds	34,924			
Total Assets	$692,525	$1,969,350	$634	$566,200
Liabilities				
Accounts Payable			$8	
Due To Other Funds				
Salaries & Benefits Payable	$300,508			
Unspent Grant Allocation				
Total Liabilities	300,508	$0	8	$0
Deferred Inflows of Resources				
Unavailable Tax Revenues	6,105			
Total Deferred Inflows of Resources	6,105	0	0	0
Fund Balances				
Restricted:				
Special Programs		1,969,350	626	
Capital Projects				566,200
Unassigned	385,912			
Total Fund Balances	385,912	1,969,350	626	566,200
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$692,525	$1,969,350	$634	$566,200

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Balance Sheet - Governmental Funds

June 30, 2021

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash & Investments	$290,443	$3,317,654
Receivables:		
Local Sources	13,180	121,750
State Sources	0	57,932
Federal Sources	1,117,231	1,117,303
Due From Other Funds	0	34,924
Total Assets	$1,420,854	$4,649,563
Liabilities		
Accounts Payable	$0	$8
Due To Other Funds	34,924	34,924
Salaries & Benefits Payable	19,404	319,912
Unspent Grant Allocation	1,077,166	1,077,166
Total Liabilities	1,131,494	1,432,010
Deferred Inflows of Resources		
Unavailable Tax Revenues	752	6,857
Total Deferred Inflows of Resources	752	6,857
Fund Balances		
Restricted:		
Special Programs	232,568	2,202,544
Capital Projects	56,040	622,240
Unassigned	0	385,912
Total Fund Balances	288,608	3,210,696
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$1,420,854	$4,649,563

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

Total Governmental Fund Balances	$3,210,696
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.	1,303,545
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	6,857
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.	(840,172)
Net Position of Governmental Activities	$3,680,926

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

Year Ended June 30, 2021

	General Fund	Forest Reserve Fund	Child Nutrition Fund	Bus Depreciation Fund
Revenues				
Local Taxes	$436,846			
Other Local Revenue	192,104	($23,501)	$22,768	$7,352
State Revenue	2,602,735			
Federal Revenue	102,224	208,585	122,809	
Total Revenues	3,333,909	185,084	145,577	7,352
Expenditures				
Instructional Programs				
Elementary School	703,990			
Secondary School	766,919			
Vocational-Technical	96,625			
Special Education	126,645			
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health	106,446			
Special Education Support Services	72,440			
Instruction Improvement	78,798			
Educational Media	45,741			
Instruction-Related Technology	57,810			
Board of Education	38,910			
District Administration	54,166			
School Administration	219,770			
Business Operation	121,264			
Administrative Technology	20,801			
Buildings - Care	364,271			
Maintenance - Non-Student Occupied	23,164			
Maintenance - Student Occupied	179,184			
Maintenance - Grounds	89,276			
Pupil-To-School Transportation	277,853			
Pupil-Activity Transportation				
General Transportation	7,159			
Non-Instructional Programs				
Child Nutrition			158,289	
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	3,451,232	0	158,289	0
Excess (Deficiency) of Revenues Over Expenditures	(117,323)	185,084	(12,712)	7,352
Other Financing Sources (Uses)				
Transfers In	254,507	208,586	13,130	31,599
Transfers Out	(160,636)	(403,809)		
Total Other Financing Sources (Uses)	93,871	(195,223)	13,130	31,599
Net Change in Fund Balances	(23,452)	(10,139)	418	38,951
Fund Balances - Beginning - As Prev. Stated	409,364	1,979,489	208	527,249
Restatement - See Note H				
Fund Balances - Beginning - As Restated	409,364	1,979,489	208	527,249
Fund Balances - Ending	$385,912	$1,969,350	$626	$566,200

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

Year Ended June 30, 2021

	Other Governmental Funds	Total Governmental Funds
Revenues		
Local Taxes	$50,088	$486,934
Other Local Revenue	215,991	414,714
State Revenue	84,582	2,687,317
Federal Revenue	580,361	1,013,979
Total Revenues	931,022	4,602,944
Expenditures		
Instructional Programs		
Elementary School	202,478	906,468
Secondary School	49,806	816,725
Vocational-Technical	23,632	120,257
Special Education	89,699	216,344
Special Education Preschool	4,416	4,416
Gifted & Talented	0	0
Interscholastic	55,868	55,868
School Activity	4,397	4,397
Support Service Programs		
Attendance - Guidance - Health	234	106,680
Special Education Support Services	3,000	75,440
Instruction Improvement	22,712	101,510
Educational Media	288	46,029
Instruction-Related Technology	161,383	219,193
Board of Education	0	38,910
District Administration	8,622	62,788
School Administration	0	219,770
Business Operation	0	121,264
Administrative Technology	104,610	125,411
Buildings - Care	15,598	379,869
Maintenance - Non-Student Occupied	0	23,164
Maintenance - Student Occupied	0	179,184
Maintenance - Grounds	975	90,251
Pupil-To-School Transportation	0	277,853
Pupil-Activity Transportation	23,345	23,345
General Transportation	0	7,159
Non-Instructional Programs		
Child Nutrition	0	158,289
Community Services	141,381	141,381
Capital Assets - Student Occupied	32,063	32,063
Capital Assets - Non-Student Occupied	15,635	15,635
Total Expenditures	960,142	4,569,663
Excess (Deficiency) of Revenues Over Expenditures	(29,120)	33,281
Other Financing Sources (Uses)		
Transfers In	173,991	681,813
Transfers Out	(117,368)	(681,813)
Total Other Financing Sources (Uses)	56,623	0
Net Change in Fund Balances	27,503	33,281
Fund Balances - Beginning - As Prev. Stated	153,482	3,069,792
Restatement - See Note H	107,623	107,623
Fund Balances - Beginning - As Restated	261,105	3,177,415
Fund Balances - Ending	$288,608	$3,210,696

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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	$33,281
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.	6,743
Revenues in the statement of activities that do not provide current financial resources are deferred in the funds.	(2,307)
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.	(193,450)
Change in Net Position of Governmental Activities	($155,733)

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Statement of Fiduciary Net Position

June 30, 2021

	Private Purpose Trust Funds
Assets	
Cash & Investments	$1,147,685
Total Assets	$1,147,685
Net Position	
Restricted:	
Trust Activities	$1,147,685
Total Net Position	$1,147,685

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	Private Purpose Trust Funds
Additions	
Contributions	$39,276
Investment Income (Loss)	16,313
Total Additions	55,589
Deductions	
Trust Expenses	35,396
Total Deductions	35,396
Change in Net Position	20,193
Transfers In	1,440
Transfers Out	(1,440)
Net Position - Beginning	1,127,492
Net Position - Ending	$1,147,685

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.

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	$507,037	($582)	$506,455
Investments - Local Gov't Investment Pool	1,384,150	15,343	1,399,493
Investments - Diversified Bond Fund	1,426,467	1,132,924	2,559,391
Total	$3,317,654	$1,147,685	$4,465,339

Deposits – At year end, the carrying amounts of the School's deposits were $506,455 and the bank balances were $576,109. 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	$1,399,493		$1,399,493
Diversified Bond Fund		$2,559,391	2,559,391
Total	$1,399,493	$2,559,391	$3,958,884

Credit rate risk:

	Investment Rating Schedule	
Investment Type	Not Rated	Total
Local Gov't Invest Pool	$1,399,493	$1,399,493
Diversified Bond Fund	2,559,391	2,559,391
Total	$3,958,884	$3,958,884

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	$107,200		$13,180	$120,380
Other Local Sources	1,370			1,370
Total	$108,570		$13,180	$121,750
State Sources				
Foundation Program	$57,932			$57,932
Total	$57,932			$57,932
Federal Sources				
Special Programs		$1,117,303		$1,117,303
Total		$1,117,303		$1,117,303

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	8,416,880	63,495		8,480,375
Equipment	545,465	5,987		551,452
Transportation	1,321,208			1,321,208
Subtotal	10,283,553	69,482	0	10,353,035
Accumulated Depreciation				
Buildings	7,606,155	19,013		7,625,168
Equipment	477,338	12,127		489,465
Transportation	942,391	31,599		973,990
Subtotal	9,025,884	62,739	0	9,088,623
Total	1,257,669	6,743	0	1,264,412
Net Capital Assets	$1,296,802	$6,743	$0	$1,303,545

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	$31,140
Pupil-To-School Transportation	31,599
Total	$62,739

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, 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 $255,100 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 0.0573113 percent.

For the year ended June 30, 2021, the School recognized pension revenue (expense) of ($448,550). 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	$103,980	$43,455
Changes in assumptions or other inputs	22,507	
Net difference between projected and actual earnings on pension plan investments	152,540	
Employer contributions subsequent to the measurement date	255,100	
Total	$534,127	$43,455

$255,100 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.

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	($4,298)
6/30/23	(56,060)
6/30/24	(76,087)
6/30/25	(99,126)
Total	($235,571)

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.

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 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)	$2,729,197	$1,330,844	$174,634

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	Nonmajor Governmental	Total
General	$34,924	$34,924
Total	$34,924	$34,924

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	$254,507	$160,636	Depreciation, Support, Benefits
Forest Reserve	208,586	403,809	Support
Child Nutrition	13,130		Reimbursement, Support
Bus Depreciation	31,599		Depreciation
Nonmajor Governmental	173,991	117,368	Reimbursement, Support, Transferability
Total Governmental	681,813	681,813	
Private Purpose Trust Funds	1,440	1,440	Support
Total	$683,253	$683,253	

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.

H. 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 $ 107,623 to reflect the implementation of this new standard which requires that certain previously reported fiduciary funds now be classified as governmental funds.

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

General Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues					
Local Taxes	$426,715	$426,715	$436,846	$10,131	
Other Local Revenue	192,732	192,732	192,104	(628)	
State Revenue	2,536,498	2,536,498	2,602,735	66,237	
Federal Revenue	0	0	102,224	102,224	
Total Revenues	3,155,945	3,155,945	3,333,909	177,964	
Expenditures					
Instructional Programs					
Elementary School	617,815	617,815	703,990	(86,175)	
Secondary School	741,235	741,235	766,919	(25,684)	
Vocational-Technical	96,156	96,156	96,625	(469)	
Special Education	120,622	120,622	126,645	(6,023)	
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	113,613	113,613	106,446	7,167	
Special Education Support Services	30,000	30,000	72,440	(42,440)	
Instruction Improvement	0	0	78,798	(78,798)	
Educational Media	46,746	46,746	45,741	1,005	
Instruction-Related Technology	49,420	49,420	57,810	(8,390)	
Board of Education	44,294	44,294	38,910	5,384	
District Administration	58,759	58,759	54,166	4,593	
School Administration	227,566	227,566	219,770	7,796	
Business Operation	123,406	123,406	121,264	2,142	
Administrative Technology	36,620	36,620	20,801	15,819	
Buildings - Care	355,196	355,196	364,271	(9,075)	
Maintenance - Non-Student Occupied	32,106	32,106	23,164	8,942	
Maintenance - Student Occupied	187,894	187,894	179,184	8,710	
Maintenance - Grounds	94,086	94,086	89,276	4,810	
Pupil-To-School Transportation	299,675	299,675	277,853	21,822	
Pupil-Activity Transportation	0	0	0	0	
General Transportation	12,335	12,335	7,159	5,176	
Non-Instructional Programs					
Child Nutrition	0	0	0	0	
Community Services	0	0	0	0	
Capital Assets - Student Occupied	0	0	0	0	
Capital Assets - Non-Student Occupied	0	0	0	0	
Total Expenditures	3,287,544	3,287,544	3,451,232	(163,688)	*
Excess (Deficiency) of Revenues Over Expenditures	(131,599)	(131,599)	(117,323)	14,276	
Other Financing Sources (Uses)					
Transfers In	159,000	159,000	254,507	95,507	
Transfers Out	(152,469)	(152,469)	(160,636)	(8,167)	*
Total Other Financing Sources (Uses)	6,531	6,531	93,871	87,340	
Net Change in Fund Balances	(125,068)	(125,068)	(23,452)	101,616	
Fund Balances - Beginning	125,068	125,068	409,364	284,296	
Fund Balances - Ending	$0	$0	$385,912	$385,912	
		**Total expenditures (over) under appropriations are:*		($171,855)	

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

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	49,200	49,200	(23,501)	(72,701)	
State Revenue	0	0	0	0	
Federal Revenue	202,000	202,000	208,585	6,585	
Total Revenues	251,200	251,200	185,084	(66,116)	
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	
Community Services	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	251,200	251,200	185,084	(66,116)	
Other Financing Sources (Uses)					
Transfers In	200,000	200,000	208,586	8,586	
Transfers Out	(392,373)	(392,373)	(403,809)	(11,436)	*
Total Other Financing Sources (Uses)	(192,373)	(192,373)	(195,223)	(2,850)	
Net Change in Fund Balances	58,827	58,827	(10,139)	(68,966)	
Fund Balances - Beginning	1,876,000	1,876,000	1,979,489	103,489	
Fund Balances - Ending	$1,934,827	$1,934,827	$1,969,350	$34,523	

**Total expenditures (over) under appropriations are:* ($11,436)

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

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	$22,768	($29,234)	
Federal Revenue	71,703	71,703	122,809	51,106	
Total Revenues	123,705	123,705	145,577	21,872	
Expenditures					
Non-Instructional Programs					
Child Nutrition	157,032	157,032	158,289	(1,257)	
Total Expenditures	157,032	157,032	158,289	(1,257)	*
Excess (Deficiency) of Revenues Over Expenditures	(33,327)	(33,327)	(12,712)	20,615	
Other Financing Sources (Uses)					
Transfers In	33,327	33,327	13,130	(20,197)	
Transfers Out	0	0	0	0	*
Total Other Financing Sources (Uses)	33,327	33,327	13,130	(20,197)	
Net Change in Fund Balances	0	0	418	418	
Fund Balances - Beginning	0	0	208	208	
Fund Balances - Ending	$0	$0	$626	$626	

**Total expenditures (over) under appropriations are:* ($1,257)

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 - Fiscal Years*

	2021	2020	2019
School's portion of the net pension liability	0.0573113%	0.0591896%	0.0619375%
School's proportionate share of the net pension liability	$1,330,844	$675,633	$913,589
School's covered payroll	$1,996,097	$2,003,816	$1,957,438
School's proportional share of the net pension liability as a percentage of its covered payroll	66.67%	33.72%	46.67%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%	91.69%

	2018	2017	2016	2015
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*

	2021	2020	2019
Statutorily required contribution	$255,100	$238,334	$226,832
Contributions in relation to the statutorily required contribution	$255,100	$238,334	$226,832
Contribution deficiency (excess)	$0	$0	$0
School's covered payroll	$2,136,516	$1,996,097	$2,003,816
Contributions as a percentage of covered payroll	11.94%	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, 2021

	Special Revenue Funds			
	Miscellaneous Grants	**Stanley Cell Tower**	**School Activity Programs**	**Student Activities Buses**
Assets				
Cash & Investments	$4,344	$4,877	$172,225	$46,488
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Total Assets	$4,344	$4,877	$172,225	$46,488
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable		$4,877	$1,138	
Unspent Grant Allocation				
Total Liabilities	$0	4,877	1,138	$0
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs	4,344		171,087	46,488
Capital Projects				
Unassigned				
Total Fund Balances	4,344	0	171,087	46,488
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$4,344	$4,877	$172,225	$46,488

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Driver Education	**Professional Technical**	**Technology**	**Substance Abuse**
Assets				
Cash & Investments	$2,182		$9	$8,458
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Total Assets	$2,182	$0	$9	$8,458
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	$0	$0	$0	$0
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs	2,182		9	8,458
Capital Projects				
Unassigned				
Total Fund Balances	2,182	0	9	8,458
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$2,182	$0	$9	$8,458

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	ESSER III	Title I-A ESSA IBP	ESSER I	ESSER II
Assets				
Cash & Investments		$8,248		
Receivables:				
Local Sources				
State Sources				
Federal Sources	$707,291	6,764		$372,307
Due From Other Funds				
Total Assets	$707,291	$15,012	$0	$372,307
Liabilities				
Accounts Payable				
Due To Other Funds				$33,192
Salaries & Benefits Payable		$13,389		
Unspent Grant Allocation	$707,291	1,623		339,115
Total Liabilities	707,291	15,012	$0	372,307
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	$707,291	$15,012	$0	$372,307

CHALLIS JOINT SCHOOL DISTRICT NO. 181

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds			
	IDEA Part B 611 School Age 3-21	**IDEA Part B 619 Pre-School Age 3-5**	**School Based Medicaid**	**Title IV-A ESSA SS & AE**
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	$14,180	$483		
Due From Other Funds				
Total Assets	$14,180	$483	$0	$0
Liabilities				
Accounts Payable				
Due To Other Funds		$483		
Salaries & Benefits Payable				
Unspent Grant Allocation	$14,180			
Total Liabilities	14,180	483	$0	$0
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	$14,180	$483	$0	$0

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Title V-B ESSA REI	**Perkins III Professional Technical Act**	**Title II-A ESSA SEI**	**CRF**
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	$5,389		$10,817	
Due From Other Funds				
Total Assets	$5,389	$0	$10,817	$0
Liabilities				
Accounts Payable				
Due To Other Funds			$1,249	
Salaries & Benefits Payable				
Unspent Grant Allocation	$5,389		9,568	
Total Liabilities	5,389	$0	10,817	$0
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	$5,389	$0	$10,817	$0

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Capital Projects Plant Facilities Fund	Total
Assets		
Cash & Investments	$43,612	$290,443
Receivables:		
Local Sources	13,180	13,180
State Sources		0
Federal Sources		1,117,231
Due From Other Funds		0
Total Assets	$56,792	$1,420,854
Liabilities		
Accounts Payable		$0
Due To Other Funds		34,924
Salaries & Benefits Payable		19,404
Unspent Grant Allocation		1,077,166
Total Liabilities	$0	1,131,494
Deferred Inflows of Resources		
Unavailable Tax Revenues	752	752
Total Deferred Inflows of Resources	752	752
Fund Balances		
Restricted:		
Special Programs		232,568
Capital Projects	56,040	56,040
Unassigned		0
Total Fund Balances	56,040	288,608
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$56,792	$1,420,854

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

	Special Revenue Funds			
	Miscellaneous Grants	**Stanley Cell Tower**	**School Activity Programs**	**Student Activities Buses**
Revenues				
Local Taxes				
Other Local Revenue	$2,022	$45,834	$163,090	$307
State Revenue				
Federal Revenue				
Total Revenues	2,022	45,834	163,090	307
Expenditures				
Instructional Programs				
Elementary School	999	43,730		
Secondary School	999			
Vocational-Technical				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic			55,868	
School Activity			2,177	
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement		139		
Educational Media		288		
Instruction-Related Technology		3,749		
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology				
Buildings - Care		14,324		
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds		975		
Pupil-To-School Transportation				
Pupil-Activity Transportation			23,345	
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services			141,381	
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	1,998	63,205	222,771	0
Excess (Deficiency) of Revenues Over Expenditures	24	(17,371)	(59,681)	307
Other Financing Sources (Uses)				
Transfers In		15,783	90,538	5,000
Transfers Out				
Total Other Financing Sources (Uses)	0	15,783	90,538	5,000
Net Change in Fund Balances	24	(1,588)	30,857	5,307
Fund Balances - Beginning - As Prev. Stated	4,320	1,588	32,607	41,181
Restatement - See Note H			107,623	
Fund Balances - Beginning - As Restated	4,320	1,588	140,230	41,181
Fund Balances - Ending	$4,344	$0	$171,087	$46,488

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

	Special Revenue Funds			
	Driver Education	**Professional Technical**	**Technology**	**Substance Abuse**
Revenues				
Local Taxes				
Other Local Revenue	$4,313		$26	
State Revenue	882	$23,632	54,440	$5,628
Federal Revenue				
Total Revenues	5,195	23,632	54,466	5,628
Expenditures				
Instructional Programs				
Elementary School				243
Secondary School	5,726			
Vocational-Technical		23,632		
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				2,220
Support Service Programs				
Attendance - Guidance - Health				234
Special Education Support Services				
Instruction Improvement				922
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology			104,000	
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				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	5,726	23,632	104,000	3,619
Excess (Deficiency) of Revenues Over Expenditures	(531)	0	(49,534)	2,009
Other Financing Sources (Uses)				
Transfers In			38,170	
Transfers Out				
Total Other Financing Sources (Uses)	0	0	38,170	0
Net Change in Fund Balances	(531)	0	(11,364)	2,009
Fund Balances - Beginning - As Prev. Stated	2,713	0	11,373	6,449
Restatement - See Note H				
Fund Balances - Beginning - As Restated	2,713	0	11,373	6,449
Fund Balances - Ending	$2,182	$0	$9	$8,458

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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

	Special Revenue Funds			
	ESSER III	Title I-A ESSA IBP	ESSER I	ESSER II
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue		$143,042	$11,731	$133,238
Total Revenues	$0	143,042	11,731	133,238
Expenditures				
Instructional Programs				
Elementary School		110,971	1,099	
Secondary School		25,705	2,036	
Vocational-Technical				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement		7,744		
Educational Media				
Instruction-Related Technology				33,192
Board of Education				
District Administration		8,622		
School Administration				
Business Operation				
Administrative Technology				
Buildings - Care			1,274	
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	0	153,042	4,409	33,192
Excess (Deficiency) of Revenues Over Expenditures	0	(10,000)	7,322	100,046
Other Financing Sources (Uses)				
Transfers In		10,000		
Transfers Out			(7,322)	(100,046)
Total Other Financing Sources (Uses)	0	10,000	(7,322)	(100,046)
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning - As Prev. Stated	0	0	0	0
Restatement - See Note H				
Fund Balances - Beginning - As Restated	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, 2021

	Special Revenue Funds			
	IDEA Part B 611 School Age 3-21	**IDEA Part B 619 Pre-School Age 3-5**	**School Based Medicaid**	**Title IV-A ESSA SS & AE**
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	$91,299	$4,416	$26,749	$10,000
Total Revenues	91,299	4,416	26,749	10,000
Expenditures				
Instructional Programs				
Elementary School			34,888	
Secondary School			3,361	
Vocational-Technical				
Special Education	89,699			
Special Education Preschool		4,416		
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services			3,000	
Instruction Improvement	990			
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology	610			
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				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	91,299	4,416	41,249	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	(14,500)	10,000
Other Financing Sources (Uses)				
Transfers In			14,500	
Transfers Out				(10,000)
Total Other Financing Sources (Uses)	0	0	14,500	(10,000)
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning - As Prev. Stated	0	0	0	0
Restatement - See Note H				
Fund Balances - Beginning - As Restated	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, 2021

	Special Revenue Funds			
	Title V-B ESSA REI	**Perkins III Professional Technical Act**	**Title II-A ESSA SEI**	**CRF**
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	$22,527		$12,917	$124,442
Total Revenues	22,527	$0	12,917	124,442
Expenditures				
Instructional Programs				
Elementary School	10,548			
Secondary School	11,979			
Vocational-Technical				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement			12,917	
Educational Media				
Instruction-Related Technology				124,442
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				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	22,527	0	12,917	124,442
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 - As Prev. Stated	0	0	0	0
Restatement - See Note H				
Fund Balances - Beginning - As Restated	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, 2021

	Capital Projects Plant Facilities Fund	Total
Revenues		
Local Taxes	$50,088	$50,088
Other Local Revenue	399	215,991
State Revenue		84,582
Federal Revenue		580,361
Total Revenues	50,487	931,022
Expenditures		
Instructional Programs		
Elementary School		202,478
Secondary School		49,806
Vocational-Technical		23,632
Special Education		89,699
Special Education Preschool		4,416
Gifted & Talented		0
Interscholastic		55,868
School Activity		4,397
Support Service Programs		
Attendance - Guidance - Health		234
Special Education Support Services		3,000
Instruction Improvement		22,712
Educational Media		288
Instruction-Related Technology		161,383
Board of Education		0
District Administration		8,622
School Administration		0
Business Operation		0
Administrative Technology		104,610
Buildings - Care		15,598
Maintenance - Non-Student Occupied		0
Maintenance - Student Occupied		0
Maintenance - Grounds		975
Pupil-To-School Transportation		0
Pupil-Activity Transportation		23,345
General Transportation		0
Non-Instructional Programs		
Child Nutrition		0
Community Services		141,381
Capital Assets - Student Occupied	32,063	32,063
Capital Assets - Non-Student Occupied	15,635	15,635
Total Expenditures	47,698	960,142
Excess (Deficiency) of Revenues Over Expenditures	2,789	(29,120)
Other Financing Sources (Uses)		
Transfers In		173,991
Transfers Out		(117,368)
Total Other Financing Sources (Uses)	0	56,623
Net Change in Fund Balances	2,789	27,503
Fund Balances - Beginning - As Prev. Stated	53,251	153,482
Restatement - See Note H		107,623
Fund Balances - Beginning - As Restated	53,251	261,105
Fund Balances - Ending	$56,040	$288,608

CHALLIS JOINT SCHOOL DISTRICT NO. 181
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	Private Purpose Trust Funds			
	Scholarship	District Trust	Student Activities	Total
Additions				
Contributions	$39,276			$39,276
Investment Income (Loss)	5,763	$10,151	$399	16,313
Total Additions	45,039	10,151	399	55,589
Deductions				
Trust Expenses	34,637	759		35,396
Total Deductions	34,637	759	0	35,396
Change in Net Position	10,402	9,392	399	20,193
Transfers In	720		720	1,440
Transfers Out		(1,440)		(1,440)
Net Position - Beginning	397,095	695,995	34,402	1,127,492
Net Position - Ending	$408,217	$703,947	$35,521	$1,147,685

CHALLIS JOINT SCHOOL DISTRICT NO. 181

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			
Passed Through Custer County:			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	None	$190,309
Total Forest Service Schools and Roads Cluster			190,309
Passed Through Idaho Dept of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	202020/202121N109947	24,644
National School Lunch Program*	10.555	202020/202121N109947	80,704
Total Child Nutrition Cluster			105,348
Fresh Fruit & Vegetable Program	10.582	202020/202121L160347	9,276
Total US Dept of Agriculture			304,933
US Dept of Treasury			
Passed Through Idaho Dept of Education:			
COVID-19 - Coronavirus Relief Fund	21.019	20-1892-0-1-806	234,851
Total US Dept of Treasury			234,851
US Dept of Education			
Passed Through Idaho Dept of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A200088	91,299
Special Education - Preschool Grants	84.173	H173A19/200030	4,416
Total Special Education Cluster			95,715
Title I Grants to Local Educational Agencies	84.010	S010A19/200012	143,042
Rural Education	84.358	S358A19/200182	22,527
Supporting Effective Instruction State Grants	84.367	S367A19/200011	12,917
Student Support & Academic Enrichment	84.424	S424A200013	10,000
COVID-19 - Education Stabilization Fund	84.425	S425D20/210043	144,969
Total US Dept of Education			429,170
Total Expenditures of Federal Awards			$968,954

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 $5,974.

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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, 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 August 20, 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

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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
August 20, 2021

Quest CPAs PLLC
Quality Expertise Service Timeliness

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

Board of Trustees
Challis Joint School District No. 181

Report on Compliance for Each Major Federal Program

We have audited Challis Joint School District No. 181'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.

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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
August 20, 2021

CHALLIS JOINT SCHOOL DISTRICT NO. 181
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. Forest Service Schools and Roads Cluster – CFDA #10.665 b. Child Nutrition Cluster – CFDA #10.553, 10.555 c. COVID-19 - Coronavirus Relief Fund – CFDA #21.019	
Dollar threshold used to distinguish between type A and B programs:	$750,000
Auditee qualified as a low-risk auditee?	No