

McCall-Donnelly Joint School District No. 421

Audited Financial Statements

Year Ended June 30, 2026



DRAFT

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
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Independent Auditor's Report

Board of Trustees
McCall-Donnelly Joint School District No. 421

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of McCall-Donnelly Joint School District No. 421 (the School) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Matter Giving Rise to the Qualified Opinion on the Governmental Activities section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2026, 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 on All Other Opinion Units Described Below

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, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion on the 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and schedule of employer's share of net pension asset and liability and schedule of employer contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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.

Supplementary 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 and schedule of expenditures of federal awards, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated XXXX XX, 2026, 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

Meridian, Idaho
XXXX XX, 2026

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Statement of Net Position

June 30, 2026

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	\$20,169,238
Receivables:	
Local Sources	2,364,708
State Sources	354,211
Federal Sources	154,682
Total Current Assets	<u>23,042,839</u>
Noncurrent Assets	
Nondepreciable Capital Assets	1,397,861
Depreciable Net Capital Assets	<u>56,721,504</u>
Total Noncurrent Assets	<u>58,119,365</u>
Total Assets	<u>81,162,204</u>
Deferred Outflows of Resources	
Pension Items	<u>2,589,936</u>
Total Deferred Outflows of Resources	<u>2,589,936</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$83,752,140</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$14,841
Salaries & Benefits Payable	2,166,202
Unspent Grant Allocation	18,518
Accrued Interest	255,325
Long-Term Liabilities, Current	<u>1,780,815</u>
Total Current Liabilities	<u>4,235,701</u>
Noncurrent Liabilities	
Long-Term Liabilities, Noncurrent	<u>30,670,519</u>
Total Noncurrent Liabilities	<u>30,670,519</u>
Total Liabilities	<u>34,906,220</u>
Deferred Inflows of Resources	
Pension Items	<u>2,428,964</u>
Total Deferred Inflows of Resources	<u>2,428,964</u>
Total Liabilities and Deferred Inflows of Resources	<u>37,335,184</u>
Net Position	
Net Investment in Capital Assets	31,023,445
Restricted:	
Special Programs	2,016,796
Debt Service	2,777,731
Capital Projects	10,901,143
Unrestricted	<u>(302,159)</u>
Total Net Position	<u>46,416,956</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u><u>\$83,752,140</u></u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Statement of Activities Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Instructional Programs					
Elementary School	\$3,629,446		\$51,547		(\$3,577,899)
Secondary School	5,207,812	\$29,090	118,024		(5,060,698)
Alternative School	347,027				(347,027)
Special Education	1,942,436		778,578		(1,163,858)
Special Education Preschool	0				0
Gifted & Talented	125,593				(125,593)
Interscholastic	368,415				(368,415)
School Activity	35,240				(35,240)
Detention Center	0				0
Support Service Programs					
Attendance - Guidance - Health	624,914				(624,914)
Special Education Support Services	252,549				(252,549)
Instruction Improvement	73,745		16,660		(57,085)
Educational Media	264,212				(264,212)
Instruction-Related Technology	273,591		168,959		(104,632)
Books and Periodicals	145,837				(145,837)
Board of Education	76,397				(76,397)
District Administration	547,052		833,809		286,757
School Administration	1,184,739				(1,184,739)
Business Operation	173,514				(173,514)
Central Service	99,218				(99,218)
Administrative Technology	793,209				(793,209)
Buildings - Care	1,359,155				(1,359,155)
Maintenance - Buildings & Equipment	497,669				(497,669)
Maintenance - Grounds	341,500				(341,500)
Pupil-To-School Transportation	719,237				(719,237)
Pupil-Activity Transportation	26,112				(26,112)
General Transportation	152,529		1,185		(151,344)
Other Support Services	235,908				(235,908)
Non-Instructional Programs					
Child Nutrition	769,513	219,092	255,967		(294,454)
Community Services	824,795	874,961			50,166
Enterprise Operations	0				0
Capital Assets	1,805,529				(1,805,529)
Debt Service - Principal	0				0
Debt Service - Interest	601,647				(601,647)
Total	<u>\$23,498,540</u>	<u>\$1,123,143</u>	<u>\$2,224,729</u>	<u>\$0</u>	<u>(20,150,668)</u>
General Revenues					
Local Taxes					7,521,252
Other Local Revenues					3,807,693
State Revenues					14,309,971
Federal Revenues					0
Total					<u>25,638,916</u>
Change in Net Position					5,488,248
Net Position - Beginning					40,928,708
Net Position - Ending					<u>\$46,416,956</u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Balance Sheet - Governmental Funds

June 30, 2026

	General Fund	Employee Housing Fund	Child Nutrition Fund	Bond R & I Fund
Assets				
Cash & Investments	\$4,750,735	\$346,850	\$40,253	\$2,463,444
Receivables:				
Local Sources	2,001,872			362,836
State Sources	351,078			
Federal Sources				
Due From Other Funds	121,323			
Total Assets	<u>\$7,225,008</u>	<u>\$346,850</u>	<u>\$40,253</u>	<u>\$2,826,280</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable	\$2,125,949		\$40,253	
Unspent Grant Allocation				
Total Liabilities	<u>2,125,949</u>	<u>\$0</u>	<u>40,253</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	255,561			48,549
Total Deferred Inflows of Resources	<u>255,561</u>	<u>0</u>	<u>0</u>	<u>48,549</u>
Fund Balances				
Restricted:				
Special Programs		346,850		
Debt Service				2,777,731
Capital Projects				
Unassigned	4,843,498			
Total Fund Balances	<u>4,843,498</u>	<u>346,850</u>	<u>0</u>	<u>2,777,731</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$7,225,008</u>	<u>\$346,850</u>	<u>\$40,253</u>	<u>\$2,826,280</u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Balance Sheet - Governmental Funds

June 30, 2026

	Capital Construction Fund	School District Modernization Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash & Investments	\$7,580,609	\$3,320,534	\$1,506,306	\$20,008,731
Receivables:				
Local Sources			0	2,364,708
State Sources			3,133	354,211
Federal Sources			154,682	154,682
Due From Other Funds			0	121,323
Total Assets	<u>\$7,580,609</u>	<u>\$3,320,534</u>	<u>\$1,664,121</u>	<u>\$23,003,655</u>
Liabilities				
Accounts Payable			\$14,841	\$14,841
Due To Other Funds			121,323	121,323
Salaries & Benefits Payable			0	2,166,202
Unspent Grant Allocation			18,518	18,518
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>154,682</u>	<u>2,320,884</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues			0	304,110
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>304,110</u>
Fund Balances				
Restricted:				
Special Programs			1,509,439	1,856,289
Debt Service			0	2,777,731
Capital Projects	7,580,609	3,320,534	0	10,901,143
Unassigned			0	4,843,498
Total Fund Balances	<u>7,580,609</u>	<u>3,320,534</u>	<u>1,509,439</u>	<u>20,378,661</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$7,580,609</u>	<u>\$3,320,534</u>	<u>\$1,664,121</u>	<u>\$23,003,655</u>

Balance Sheet - Governmental Funds

June 30, 2026

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

Total Governmental Fund Balances	\$20,378,661
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	58,119,365
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The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position and are not reported in the governmental funds.	160,507
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	304,110
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(32,706,659)
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Pension deferred outflows/inflows are not due and payable in the current period and therefore are not reported in the funds.	160,972
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Net Position of Governmental Activities	<u><u>\$46,416,956</u></u>
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McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2026

	General Fund	Employee Housing Fund	Child Nutrition Fund	Bond R & I Fund
Revenues				
Local Taxes	\$6,382,947			\$1,163,041
Other Local Revenue	306,996	\$66,669	\$219,092	32,467
State Revenue	13,083,199			1,225,201
Federal Revenue			255,967	
Total Revenues	<u>19,773,142</u>	<u>66,669</u>	<u>475,059</u>	<u>2,420,709</u>
Expenditures				
Instructional Programs				
Elementary School	3,876,859			
Secondary School	5,437,901			
Alternative School	347,027			
Special Education	1,053,798			
Special Education Preschool				
Gifted & Talented	125,593			
Interscholastic	368,415			
School Activity	35,240			
Detention Center				
Support Service Programs				
Attendance - Guidance - Health	624,914			
Special Education Support Services	252,549			
Instruction Improvement	57,085			
Educational Media	264,212			
Instruction-Related Technology	114,190			
Books and Periodicals	145,837			
Board of Education	76,397			
District Administration	450,279			
School Administration	1,184,739			
Business Operation	173,514			
Central Service	99,218			
Administrative Technology	793,209			
Buildings - Care	1,343,016	25,639		
Maintenance - Buildings & Equipment	503,389			
Maintenance - Grounds	436,701			
Pupil-To-School Transportation	1,121,733			
Pupil-Activity Transportation	26,112			
General Transportation	151,344			
Other Support Services	235,908			
Non-Instructional Programs				
Child Nutrition	122,010		647,503	
Community Services				
Enterprise Operations				
Capital Assets		296,360		
Debt Service - Principal				1,450,000
Debt Service - Interest				900,150
Total Expenditures	<u>19,421,189</u>	<u>321,999</u>	<u>647,503</u>	<u>2,350,150</u>
Excess (Deficiency) of Revenues				
Over Expenditures	351,953	(255,330)	(172,444)	70,559
Other Financing Sources (Uses)				
Transfers In	178,351		172,444	
Transfers Out	(282,503)			
Total Other Financing Sources (Uses)	<u>(104,152)</u>	<u>0</u>	<u>172,444</u>	<u>0</u>
Net Change in Fund Balances	247,801	(255,330)	0	70,559
Fund Balances - Beginning	4,595,697	602,180	0	2,707,172
Fund Balances - Ending	<u>\$4,843,498</u>	<u>\$346,850</u>	<u>\$0</u>	<u>\$2,777,731</u>

See Accompanying Notes

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McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2026

	Capital Construction Fund	School District Modernization Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local Taxes			\$0	\$7,545,988
Other Local Revenue	\$320,242	\$149,200	916,961	2,011,627
State Revenue		1,571	288,378	14,598,349
Federal Revenue			1,678,384	1,934,351
Total Revenues	<u>320,242</u>	<u>150,771</u>	<u>2,883,723</u>	<u>26,090,315</u>
Expenditures				
Instructional Programs				
Elementary School			35,091	3,911,950
Secondary School			236,167	5,674,068
Alternative School			0	347,027
Special Education			888,638	1,942,436
Special Education Preschool			0	0
Gifted & Talented			0	125,593
Interscholastic			0	368,415
School Activity			0	35,240
Detention Center			0	0
Support Service Programs				
Attendance - Guidance - Health			0	624,914
Special Education Support Services			0	252,549
Instruction Improvement			16,660	73,745
Educational Media			0	264,212
Instruction-Related Technology			159,401	273,591
Books and Periodicals			0	145,837
Board of Education			0	76,397
District Administration			424,664	874,943
School Administration			0	1,184,739
Business Operation			0	173,514
Central Service			0	99,218
Administrative Technology			0	793,209
Buildings - Care			0	1,368,655
Maintenance - Buildings & Equipment		215,102	6,679	725,170
Maintenance - Grounds			0	436,701
Pupil-To-School Transportation			0	1,121,733
Pupil-Activity Transportation			0	26,112
General Transportation			1,185	152,529
Other Support Services			0	235,908
Non-Instructional Programs				
Child Nutrition			0	769,513
Community Services			824,795	824,795
Enterprise Operations			0	0
Capital Assets	1,102,378		0	1,398,738
Debt Service - Principal			0	1,450,000
Debt Service - Interest			0	900,150
Total Expenditures	<u>1,102,378</u>	<u>215,102</u>	<u>2,593,280</u>	<u>26,651,601</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(782,136)</u>	<u>(64,331)</u>	<u>290,443</u>	<u>(561,286)</u>
Other Financing Sources (Uses)				
Transfers In			110,060	460,855
Transfers Out		(149,200)	(29,152)	(460,855)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(149,200)</u>	<u>80,908</u>	<u>0</u>
Net Change in Fund Balances	<u>(782,136)</u>	<u>(213,531)</u>	<u>371,351</u>	<u>(561,286)</u>
Fund Balances - Beginning	<u>8,362,745</u>	<u>3,534,065</u>	<u>1,138,088</u>	<u>20,939,947</u>
Fund Balances - Ending	<u>\$7,580,609</u>	<u>\$3,320,534</u>	<u>\$1,509,439</u>	<u>\$20,378,661</u>

See Accompanying Notes

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Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2026

**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 (\$561,286)

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 or allocated over the appropriate term as amortization expense. This is the excess of capital outlays over (under) depreciation/amortization expense in the current period. 3,633,507

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (24,736)

The net change in position of the internal service funds are reported in the governmental activities in the statement of activities. (368)

Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,735,815

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 12,688

Changes in net pension asset/liability and related pension deferred outflows/inflows do not provide or require current financial resources and therefore are not reflected in the funds. 692,628

Change in Net Position of Governmental Activities \$5,488,248

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Statement of Net Position - Proprietary Fund

June 30, 2026

	<u>Internal Service Fund</u>
Assets	
Current Assets	
Cash & Investments	<u>\$160,507</u>
Total Current Assets	<u>160,507</u>
Total Assets	<u><u>\$160,507</u></u>
 Net Position	
Restricted:	
Special Programs	<u>\$160,507</u>
Total Net Position	<u><u>\$160,507</u></u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
Year Ended June 30, 2026

	<u>Internal Service Fund</u>
Operating Revenues	
Other Local Revenue	\$66,611
Total Operating Revenues	<u>66,611</u>
Operating Expenses	
Elementary School	66,979
Total Operating Expenses	<u>66,979</u>
Operating Income (Loss)	(368)
Noncapital Subsidies	
Transfers In	
Transfers Out	
Total Noncapital Subsidies	<u>0</u>
Operating Income (Loss) and Noncapital Subsidies	(368)
Change in Net Position	(368)
Net Position - Beginning	160,875
Net Position - Ending	<u><u>\$160,507</u></u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2026

	<u>Internal Service Fund</u>
Cash Flows From Operations	
Receipts from Program Users	\$66,611
Payments for Personnel	
Payments for Goods & Services	<u>(66,979)</u>
Cash Provided (Used) By Operations	<u><u>(368)</u></u>
 Change in Cash & Investments	 (368)
 Cash & Investments - Beginning	 <u>160,875</u>
Cash & Investments - Ending	<u><u>\$160,507</u></u>
 Reconciliation of Operating Income (Loss) to Cash Provided (Used) By Operations	
Operating Income (Loss)	(368)
 No Differences	
 Cash Provided (Used) By Operations	 <u><u>(368)</u></u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Statement of Fiduciary Net Position

June 30, 2026

	Private Purpose Trust Funds - Scholarship
Assets	
Cash & Investments	\$21,425
Total Assets	<u>\$21,425</u>
Liabilities	
Accounts Payable	
Total Liabilities	<u>\$0</u>
Net Position	
Restricted:	
Held in Trust	21,425
Total Net Position	<u>21,425</u>
Total Liabilities and Net Position	<u>\$21,425</u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2026

	Private Purpose Trust Funds - Scholarship
Additions	
Other Local Revenue	\$4,558
Total Additions	<u>4,558</u>
Deductions	
Elementary School	1,000
Community Services	4,500
Total Deductions	<u>5,500</u>
Change in Net Position	(942)
Net Position - Beginning	22,367
Net Position - Ending	<u><u>\$21,425</u></u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – McCall-Donnelly Joint School District No. 421 (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 Valley and Adams 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.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Notes to Financial Statements

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

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

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

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

Capital Projects Funds – Capital projects funds are used to account for the acquisition of capital assets. Major capital project funds include the capital construction fund, used to account for construction costs and the betterment of capital assets, and the school district modernization facilities fund, used to account for facility projects.

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Internal Service Fund – The internal service fund is used to account for the School's daycare activities for its employees. As the internal service fund serves the governmental funds of the School, it is classified with the governmental activities on the government-wide statements.

Fiduciary funds are used to report assets held in a trustee or custodial 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 scholarship 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.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Notes to Financial Statements

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.

For purposes of the statement of cash flows, the School considers all investments available for immediate withdrawal or with maturities of three months or less to be cash and cash equivalents (referred to as cash and investments).

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.

Leases/SBITAs and Amortization – Material long-term leases and subscription-based information technology arrangements (SBITAs) are reported in accordance with the provisions of GASB 87 *Leases* and GASB 96 *SBITAs*. When incurred, amortization over the appropriate lease or SBITA term is recorded using the straight-line method.

Compensated Absences – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded. In addition, GASB 101 *Compensated Absences* provides that a liability is recorded when it is more likely than not that employees will use material accumulated sick leave. Based on the School’s leave patterns and using a LIFO (last in, first out) assumption, the amount of accumulated sick leave expected to result in future absences is deemed to be immaterial and, accordingly, no liability is recorded. Compensated absences will be paid by the fund in which the employee works.

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.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Notes to Financial Statements

Accordingly, the School accounts for the other-post employment benefits for retirees on the pay-as-you-go basis. Other post-employment benefits will be paid by the fund in which the employee works.

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

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

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Notes to Financial Statements

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	\$3,901,158	\$1,649	\$3,902,807
Investments - Local Gov't Investment Pool	16,268,080	19,776	16,287,856
Total	\$20,169,238	\$21,425	\$20,190,663

Deposits – At year end, the carrying amounts of the School's deposits were \$3,902,807 and the bank balances were \$4,155,249. Of the bank balances, \$418,286 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 Type	Investment Maturity Schedule (In Years)	
	Less Than 1	Total
Local Gov't Invest Pool	\$16,287,856	\$16,287,856
Total	\$16,287,856	\$16,287,856

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
Notes to Financial Statements

Credit rate risk:

Investment Type	Investment Rating Schedule	
	Not Rated	Total
Local Gov't Invest Pool	\$16,287,856	\$16,287,856
Total	\$16,287,856	\$16,287,856

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

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

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Local Sources				
Local Taxes	\$2,001,872		\$362,836	\$2,364,708
Total	\$2,001,872		\$362,836	\$2,364,708
State Sources				
Foundation Program	\$351,078			\$351,078
Special Programs		\$3,133		3,133
Total	\$351,078	\$3,133		\$354,211
Federal Sources				
Special Programs		\$154,682		\$154,682
Total		\$154,682		\$154,682

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
Notes to Financial Statements

D. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$1,397,861			\$1,397,861
Construction in Progress	2,429,301	\$1,102,378	\$3,531,679	0
Total	<u>3,827,162</u>	<u>1,102,378</u>	<u>3,531,679</u>	<u>1,397,861</u>
Depreciable Capital Assets				
Buildings	68,629,266	4,055,540		72,684,806
Equipment	2,993,305	161,201		3,154,506
Transportation	0	3,651,596		3,651,596
Subtotal	<u>71,622,571</u>	<u>7,868,337</u>	<u>0</u>	<u>79,490,908</u>
Accumulated Depreciation				
Buildings	18,326,911	1,416,839		19,743,750
Equipment	2,636,964	84,386		2,721,350
Transportation	0	304,304		304,304
Subtotal	<u>20,963,875</u>	<u>1,805,529</u>	<u>0</u>	<u>22,769,404</u>
Total	<u>50,658,696</u>	<u>6,062,808</u>	<u>0</u>	<u>56,721,504</u>
Net Capital Assets	<u>\$54,485,858</u>	<u>\$7,165,186</u>	<u>\$3,531,679</u>	<u>\$58,119,365</u>

Depreciation expense of \$1,805,529 was charged to the capital assets program.

E. LONG-TERM LIABILITIES

Bonded Debt – At year end, the School’s bonded debt was as follows:

	Outstanding
2021 - \$28,670,000 - general obligation refunding bonds and for capital improvements due in annual principal installments and semiannual interest payments with interest at 3.00% - 4.00% through 2038, secured by future taxes, paid through the bond redemption and interest fund	\$23,125,000
Total	<u>\$23,125,000</u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
Notes to Financial Statements

Maturities on the bonds are estimated as follows:

Year Ended	Principal	Interest
6/30/27	\$1,495,000	\$852,975
6/30/28	1,535,000	807,525
6/30/29	1,585,000	760,725
6/30/30	1,630,000	706,075
6/30/31	1,690,000	641,400
6/30/32-36	9,535,000	2,114,500
6/30/37-39	5,655,000	305,300
Total	\$23,125,000	\$6,188,500

Changes in long-term liabilities are as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2021 G.O.R. Bonds	\$24,575,000		\$1,450,000	\$23,125,000	\$1,495,000
Bond Premium	4,001,410		285,815	3,715,595	285,815
Net Pension Liability	9,238,538		3,627,799	5,610,739	-
Total	\$37,814,948	\$0	\$5,363,614	\$32,451,334	\$1,780,815

Interest and related costs of \$601,647 were charged to the debt service – interest program in the statement of activities.

F. PENSION PLAN

Plan description

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

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

Pension benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
Notes to Financial Statements

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% 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 members and school employee members. As of June 30, 2025 it was 7.18% for general members and 8.08% for school employee members. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.96% for general members and 13.48% for school employee members. The School's contributions were \$1,532,627 for the year ended June 30, 2026.

Pension asset/liabilities, pension revenue (expense), and deferred outflows/inflows of resources related to pensions

At June 30, 2026, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2025, the School's proportion was 0.23202489%.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
Notes to Financial Statements

For the year ended June 30, 2026, the School recognized pension revenue (expense) of (\$839,999). At June 30, 2026, 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	\$1,057,309	
Changes in assumptions or other inputs		\$986,633
Difference between projected and actual earnings on pension plan investments		1,442,331
Employer contributions subsequent to the measurement date	1,532,627	
Total	\$2,589,936	\$2,428,964

\$1,532,627 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an adjustment to the pension revenue (expense) in the year ending June 30, 2027.

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 the beginning of the measurement period ended June 30, 2025 was calculated at 4.4 years.

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	
6/30/27	(\$959,609)
6/30/28	937,722
6/30/29	858,128
6/30/30	535,414
Total	\$1,371,655

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.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Notes to Financial Statements

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases including inflation	3.15%
Investment rate of return, net of investment expenses	6.55%
Cost-of-living (COLA) adjustments	1.00%

Contributing members, service retirement members, and beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 Teacher Tables, increased 12%
Teachers - Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%
	5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

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.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
Notes to Financial Statements

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 2025.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap US Equity	22%	4.75%
Small/Mip Cap US Equity	10%	4.95%
International Equity	11%	4.75%
Emerging Markets Equity	11%	4.95%
Domestic Fixed	20%	2.25%
TIPS	10%	2.05%
Core Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount rate

The discount rate used to measure the total pension liability was 6.55%. 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 asset. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for 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 6.55%, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
School's proportionate share of the net pension liability (asset)	\$13,499,466	\$5,610,739	(\$834,000)

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.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Notes to Financial Statements

Impact 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 when deemed necessary), such deficits are not deemed to be of substantial concern.

G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due To Fund	Due From Fund	
		Nonmajor Governmental	Total
General		\$121,323	\$121,323
Total		<u>\$121,323</u>	<u>\$121,323</u>

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	\$178,351	\$282,503	Balance Transfer, Support, Maintenance
Child Nutrition	172,444		Support
School District		149,200	
Modernization Facilities			Maintenance
Nonmajor Governmental	110,060	29,152	Support, Balance Transfer
Total	<u>\$460,855</u>	<u>\$460,855</u>	

H. DEFERRED COMPENSATION PLAN

The School has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is funded with employee contributions only.

I. 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.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
Budgetary Comparison Schedule - General and Major Special Revenue Funds
Year Ended June 30, 2026

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General Fund	Budgeted Amounts (GAAP Basis)		Original Budget Variance With Final Budget Over (Under)	Actual Amounts	Final Budget Variance With Actual Amounts Over (Under)
	Original	Final			
Revenues					
Local Taxes	\$6,343,257	\$6,343,257	\$0	\$6,382,947	\$39,690
Other Local Revenue	151,000	151,000	0	306,996	155,996
State Revenue	13,118,625	13,118,625	0	13,083,199	(35,426)
Federal Revenue	0	0	0	0	0
Total Revenues	<u>19,612,882</u>	<u>19,612,882</u>	<u>0</u>	<u>19,773,142</u>	<u>160,260</u>
Expenditures					
Instructional Programs					
Elementary School	3,813,065	3,813,065	0	3,876,859	63,794
Secondary School	5,359,485	5,359,485	0	5,437,901	78,416
Alternative School	355,998	355,998	0	347,027	(8,971)
Special Education	1,265,888	1,265,888	0	1,053,798	(212,090)
Special Education Preschool	0	0	0	0	0
Gifted & Talented	121,958	121,958	0	125,593	3,635
Interscholastic	362,400	362,400	0	368,415	6,015
School Activity	37,150	37,150	0	35,240	(1,910)
Detention Center	0	0	0	0	0
Support Service Programs					
Attendance - Guidance - Health	631,756	631,756	0	624,914	(6,842)
Special Education Support Services	320,340	320,340	0	252,549	(67,791)
Instruction Improvement	89,421	89,421	0	57,085	(32,336)
Educational Media	268,764	268,764	0	264,212	(4,552)
Instruction-Related Technology	101,501	101,501	0	114,190	12,689
Books and Periodicals	175,000	175,000	0	145,837	(29,163)
Board of Education	109,500	109,500	0	76,397	(33,103)
District Administration	494,295	494,295	0	450,279	(44,016)
School Administration	1,224,203	1,224,203	0	1,184,739	(39,464)
Business Operation	173,500	173,500	0	173,514	14
Central Service	96,040	96,040	0	99,218	3,178
Administrative Technology	817,714	817,714	0	793,209	(24,505)
Buildings - Care	1,339,066	1,339,066	0	1,343,016	3,950
Maintenance - Buildings & Equipment	494,378	494,378	0	503,389	9,011
Maintenance - Grounds	417,678	417,678	0	436,701	19,023
Pupil-To-School Transportation	1,034,554	1,034,554	0	1,121,733	87,179
Pupil-Activity Transportation	192,500	192,500	0	26,112	(166,388)
General Transportation	36,500	36,500	0	151,344	114,844
Other Support Services	160,517	160,517	0	235,908	75,391
Non-Instructional Programs					
Child Nutrition	115,076	115,076	0	122,010	6,934
Community Services	0	0	0	0	0
Enterprise Operations	0	0	0	0	0
Capital Assets	0	0	0	0	0
Debt Service - Principal	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0
Total Expenditures	<u>19,608,247</u>	<u>19,608,247</u>	<u>0</u>	<u>19,421,189</u>	<u>(187,058) *</u>
Excess (Deficiency) of Revenues					
Over Expenditures	4,635	4,635	0	351,953	347,318
Other Financing Sources (Uses)					
Transfers In	0	0	0	178,351	178,351
Transfers Out	(50,000)	(50,000)	0	(282,503)	232,503 *
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>	<u>(104,152)</u>	<u>(54,152)</u>
Net Change in Fund Balances	<u>(45,365)</u>	<u>(45,365)</u>	<u>0</u>	<u>247,801</u>	<u>293,166</u>
Fund Balances - Beginning	<u>2,047,731</u>	<u>2,047,731</u>	<u>0</u>	<u>4,595,697</u>	<u>2,547,966</u>
Fund Balances - Ending	<u>\$2,002,366</u>	<u>\$2,002,366</u>	<u>\$0</u>	<u>\$4,843,498</u>	<u>\$2,841,132</u>

*Total expenditures over (under) appropriations are:

\$45,445

NOTE:

A. Significant Variances - Variances between the original and final budget arise when budget amendments are made to better estimate revenues and expenditures. Variances between the final budget and actual amounts result from unanticipated revenues and expenditures, final revenue allocations, and specific budget category classifications.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2026

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	Budgeted Amounts (GAAP Basis)		Original Budget Variance With Final Budget Over (Under)	Actual Amounts	Final Budget Variance With Actual Amounts Over (Under)
	Original	Final			
Employee Housing Fund					
Revenues					
Local Taxes	\$0	\$0	\$0	\$0	\$0
Other Local Revenue	0	0	0	66,669	66,669
State Revenue	0	0	0	0	0
Federal Revenue	0	0	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>66,669</u>	<u>66,669</u>
Expenditures					
Instructional Programs					
Elementary School	0	0	0	0	0
Secondary School	0	0	0	0	0
Alternative School	0	0	0	0	0
Special Education	0	0	0	0	0
Special Education Preschool	0	0	0	0	0
Gifted & Talented	0	0	0	0	0
Interscholastic	0	0	0	0	0
School Activity	0	0	0	0	0
Detention Center	0	0	0	0	0
Support Service Programs					
Attendance - Guidance - Health	0	0	0	0	0
Special Education Support Services	0	0	0	0	0
Instruction Improvement	0	0	0	0	0
Educational Media	0	0	0	0	0
Instruction-Related Technology	0	0	0	0	0
Books and Periodicals	0	0	0	0	0
Board of Education	0	0	0	0	0
District Administration	0	0	0	0	0
School Administration	0	0	0	0	0
Business Operation	0	0	0	0	0
Central Service	0	0	0	0	0
Administrative Technology	0	0	0	0	0
Buildings - Care	0	0	0	25,639	25,639
Maintenance - Buildings & Equipment	0	0	0	0	0
Maintenance - Grounds	0	0	0	0	0
Pupil-To-School Transportation	0	0	0	0	0
Pupil-Activity Transportation	0	0	0	0	0
General Transportation	0	0	0	0	0
Other Support Services	0	0	0	0	0
Non-Instructional Programs					
Child Nutrition	0	0	0	0	0
Community Services	0	0	0	0	0
Enterprise Operations	45,500	45,500	0	0	(45,500)
Capital Assets	0	0	0	296,360	296,360
Debt Service - Principal	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0
Total Expenditures	<u>45,500</u>	<u>45,500</u>	<u>0</u>	<u>321,999</u>	<u>276,499 *</u>
Excess (Deficiency) of Revenues					
Over Expenditures	(45,500)	(45,500)	0	(255,330)	(209,830)
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0 *
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(45,500)	(45,500)	0	(255,330)	(209,830)
Fund Balances - Beginning	598,354	598,354	0	602,180	3,826
Fund Balances - Ending	<u>\$552,854</u>	<u>\$552,854</u>	<u>\$0</u>	<u>\$346,850</u>	<u>(\$206,004)</u>

*Total expenditures over (under) appropriations are: \$276,499

NOTE:

A. Significant Variances - Variances between the original and final budget arise when budget amendments are made to better estimate revenues and expenditures. Variances between the final budget and actual amounts result from unanticipated revenues and expenditures, final revenue allocations, and specific budget category classifications.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2026

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	Budgeted Amounts (GAAP Basis)		Original Budget Variance With Final Budget Over (Under)	Actual Amounts	Final Budget Variance With Actual Amounts Over (Under)
	Original	Final			
Child Nutrition Fund					
Revenues					
Other Local Revenue	\$210,000	\$210,000	\$0	\$219,092	\$9,092
Federal Revenue	200,000	200,000	0	255,967	55,967
Total Revenues	<u>410,000</u>	<u>410,000</u>	<u>0</u>	<u>475,059</u>	<u>65,059</u>
Expenditures					
Non-Instructional Programs					
Child Nutrition	605,221	605,221	0	647,503	42,282
Total Expenditures	<u>605,221</u>	<u>605,221</u>	<u>0</u>	<u>647,503</u>	<u>42,282</u> *
Excess (Deficiency) of Revenues Over Expenditures	(195,221)	(195,221)	0	(172,444)	22,777
Other Financing Sources (Uses)					
Transfers In	50,000	50,000	0	172,444	122,444
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>172,444</u>	<u>122,444</u>
Net Change in Fund Balances	(145,221)	(145,221)	0	0	145,221
Fund Balances - Beginning	0	0	0	0	0
Fund Balances - Ending	<u>(\$145,221)</u>	<u>(\$145,221)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$145,221</u>
*Total expenditures over (under) appropriations are:					<u>\$42,282</u>

NOTE:

A. Significant Variances - Variances between the original and final budget arise when budget amendments are made to better estimate revenues and expenditures. Variances between the final budget and actual amounts result from unanticipated revenues and expenditures, final revenue allocations, and specific budget category classifications.

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421Schedule of Employer's Share of Net Pension Asset and Liability
and Schedule of Employer Contributions
PERSI - Base Plan**Schedule of Employer's Share of Net Pension Asset and Liability***

Fiscal Year Ended June 30	Employer's Portion of the Net Pension (Asset) Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability
2017	0.23791530%	\$4,822,909	\$6,965,362	69.24%	87.26%
2018	0.22836030%	\$3,589,432	\$7,014,973	51.17%	90.68%
2019	0.23251030%	\$3,429,568	\$7,479,399	45.85%	91.69%
2020	0.23292050%	\$2,658,723	\$7,908,481	33.62%	93.79%
2021	0.24329230%	\$5,649,569	\$8,630,126	65.46%	88.22%
2022	0.24226890%	(\$191,339)	\$9,054,489	-2.11%	100.36%
2023	0.24456235%	\$9,632,719	\$9,432,487	102.12%	83.09%
2024	0.24690136%	\$9,853,020	\$10,498,635	93.85%	83.83%
2025	0.24697715%	\$9,238,538	\$10,665,823	86.62%	85.54%
2026	0.23202489%	\$5,610,739	\$10,586,009	53.00%	90.89%

*As of the measurement date of the net pension (asset) liability.

Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$794,095	\$794,095	\$0	\$7,014,973	11.32%
2018	\$846,668	\$846,668	\$0	\$7,479,399	11.32%
2019	\$895,240	\$895,240	\$0	\$7,908,481	11.32%
2020	\$1,030,437	\$1,030,437	\$0	\$8,630,126	11.94%
2021	\$1,081,106	\$1,081,106	\$0	\$9,054,489	11.94%
2022	\$1,126,239	\$1,126,239	\$0	\$9,432,487	11.94%
2023	\$1,253,537	\$1,253,537	\$0	\$10,498,635	11.94%
2024	\$1,353,493	\$1,353,493	\$0	\$10,665,823	12.69%
2025	\$1,426,994	\$1,426,994	\$0	\$10,586,009	13.48%
2026	\$1,532,627	\$1,532,627	\$0	\$11,658,631	13.15%

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2026

	Special Revenue Funds			
	Forest Reserve	Local Grants	Advanced Opportunities	Art Grant
Assets				
Cash & Investments	\$851,715	\$5,268		
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Total Assets	<u>\$851,715</u>	<u>\$5,268</u>	<u>\$0</u>	<u>\$0</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs	851,715	5,268		
Debt Service				
Capital Projects				
Unassigned				
Total Fund Balances	<u>851,715</u>	<u>5,268</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$851,715</u>	<u>\$5,268</u>	<u>\$0</u>	<u>\$0</u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2026

	Special Revenue Funds			
	IDLA	Student Activity	Driver Education	Securing Our Future
Assets				
Cash & Investments		\$386,934	\$17,539	
Receivables:				
Local Sources				
State Sources			3,133	
Federal Sources				
Due From Other Funds				
Total Assets	<u>\$0</u>	<u>\$386,934</u>	<u>\$20,672</u>	<u>\$0</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs		386,934	20,672	
Debt Service				
Capital Projects				
Unassigned				
Total Fund Balances	<u>0</u>	<u>386,934</u>	<u>20,672</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$0</u>	<u>\$386,934</u>	<u>\$20,672</u>	<u>\$0</u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2026

	Special Revenue Funds			Title I-A ESSA IBP
	Professional Technical	Technology	Substance Abuse	
Assets				
Cash & Investments	\$26,557	\$170,696	\$47,597	
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Total Assets	<u>\$26,557</u>	<u>\$170,696</u>	<u>\$47,597</u>	<u>\$0</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs	26,557	170,696	47,597	
Debt Service				
Capital Projects				
Unassigned				
Total Fund Balances	<u>26,557</u>	<u>170,696</u>	<u>47,597</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$26,557</u>	<u>\$170,696</u>	<u>\$47,597</u>	<u>\$0</u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2026

	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	\$90,053		\$46,014	\$1,543
Due From Other Funds				
Total Assets	<u>\$90,053</u>	<u>\$0</u>	<u>\$46,014</u>	<u>\$1,543</u>
Liabilities				
Accounts Payable			\$14,841	
Due To Other Funds	\$79,603		31,173	\$1,543
Salaries & Benefits Payable				
Unspent Grant Allocation	10,450			
Total Liabilities	<u>90,053</u>	<u>\$0</u>	<u>46,014</u>	<u>1,543</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$90,053</u>	<u>\$0</u>	<u>\$46,014</u>	<u>\$1,543</u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2026

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	Special Revenue Funds			
	Title V-B		Title II-A	
	ESSA	IDEA	ESSA	
	REI	Mini Grants	SEI	Total
Assets				
Cash & Investments				\$1,506,306
Receivables:				
Local Sources				0
State Sources				3,133
Federal Sources		\$4,000	\$13,072	154,682
Due From Other Funds				0
Total Assets	<u>\$0</u>	<u>\$4,000</u>	<u>\$13,072</u>	<u>\$1,664,121</u>
Liabilities				
Accounts Payable				\$14,841
Due To Other Funds			\$9,004	121,323
Salaries & Benefits Payable				0
Unspent Grant Allocation		\$4,000	4,068	18,518
Total Liabilities	<u>\$0</u>	<u>4,000</u>	<u>13,072</u>	<u>154,682</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				1,509,439
Debt Service				0
Capital Projects				0
Unassigned				0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,509,439</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$0</u>	<u>\$4,000</u>	<u>\$13,072</u>	<u>\$1,664,121</u>

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2026

	Special Revenue Funds			
	Forest Reserve	Local Grants	Advanced Opportunities	Art Grant
Revenues				
Local Taxes				
Other Local Revenue	\$2,210	\$2,000		
State Revenue			\$14,329	
Federal Revenue	831,599			
Total Revenues	<u>833,809</u>	<u>2,000</u>	<u>14,329</u>	<u>\$0</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School		13,643	84,771	1,019
Alternative School				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Detention Center				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology				
Books and Periodicals				
Board of Education				
District Administration	424,664			
School Administration				
Business Operation				
Central Service				
Administrative Technology				
Buildings - Care				
Maintenance - Buildings & Equipment				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Other Support Services				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Enterprise Operations				
Capital Assets				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>424,664</u>	<u>13,643</u>	<u>84,771</u>	<u>1,019</u>
Excess (Deficiency) of Revenues				
Over Expenditures	409,145	(11,643)	(70,442)	(1,019)
Other Financing Sources (Uses)				
Transfers In				
Transfers Out			(12,047)	
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(12,047)</u>	<u>0</u>
Net Change in Fund Balances	409,145	(11,643)	(82,489)	(1,019)
Fund Balances - Beginning	442,570	16,911	82,489	1,019
Fund Balances - Ending	<u><u>\$851,715</u></u>	<u><u>\$5,268</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See Auditor's Report

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McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2026

	Special Revenue Funds			
	IDLA	Student Activity	Driver Education	Securing Our Future
Revenues				
Local Taxes				
Other Local Revenue	\$8,700	\$874,961	\$29,090	
State Revenue			11,404	
Federal Revenue				
Total Revenues	<u>8,700</u>	<u>874,961</u>	<u>40,494</u>	<u>\$0</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School	40		25,492	
Alternative School				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Detention Center				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology				
Books and Periodicals				
Board of Education				
District Administration				
School Administration				
Business Operation				
Central Service				
Administrative Technology				
Buildings - Care				
Maintenance - Buildings & Equipment				6,679
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation			1,185	
Other Support Services				
Non-Instructional Programs				
Child Nutrition				
Community Services		824,795		
Enterprise Operations				
Capital Assets				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>40</u>	<u>824,795</u>	<u>26,677</u>	<u>6,679</u>
Excess (Deficiency) of Revenues				
Over Expenditures	8,660	50,166	13,817	(6,679)
Other Financing Sources (Uses)				
Transfers In				
Transfers Out	(17,105)			
Total Other Financing Sources (Uses)	<u>(17,105)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>(8,445)</u>	<u>50,166</u>	<u>13,817</u>	<u>(6,679)</u>
Fund Balances - Beginning	<u>8,445</u>	<u>336,768</u>	<u>6,855</u>	<u>6,679</u>
Fund Balances - Ending	<u><u>\$0</u></u>	<u><u>\$386,934</u></u>	<u><u>\$20,672</u></u>	<u><u>\$0</u></u>

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McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2026

	Special Revenue Funds			Title I-A ESSA IBP
	Professional Technical	Technology	Substance Abuse	
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue	\$74,439	\$168,959	\$19,247	
Federal Revenue				\$142,962
Total Revenues	<u>74,439</u>	<u>168,959</u>	<u>19,247</u>	<u>142,962</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School	76,439		18,307	
Alternative School				
Special Education				142,962
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Detention Center				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology		159,401		
Books and Periodicals				
Board of Education				
District Administration				
School Administration				
Business Operation				
Central Service				
Administrative Technology				
Buildings - Care				
Maintenance - Buildings & Equipment				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Other Support Services				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Enterprise Operations				
Capital Assets				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>76,439</u>	<u>159,401</u>	<u>18,307</u>	<u>142,962</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(2,000)	9,558	940	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>(2,000)</u>	<u>9,558</u>	<u>940</u>	<u>0</u>
Fund Balances - Beginning	<u>28,557</u>	<u>161,138</u>	<u>46,657</u>	<u>0</u>
Fund Balances - Ending	<u><u>\$26,557</u></u>	<u><u>\$170,696</u></u>	<u><u>\$47,597</u></u>	<u><u>\$0</u></u>

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McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2026

	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	\$253,873	\$8,588	\$371,143	\$16,456
Total Revenues	<u>253,873</u>	<u>8,588</u>	<u>371,143</u>	<u>16,456</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School				16,456
Alternative School				
Special Education	253,873	8,588	481,203	
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Detention Center				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology				
Books and Periodicals				
Board of Education				
District Administration				
School Administration				
Business Operation				
Central Service				
Administrative Technology				
Buildings - Care				
Maintenance - Buildings & Equipment				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Other Support Services				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Enterprise Operations				
Capital Assets				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>253,873</u>	<u>8,588</u>	<u>481,203</u>	<u>16,456</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	(110,060)	0
Other Financing Sources (Uses)				
Transfers In			110,060	
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>110,060</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

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Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2026

	Special Revenue Funds			Total
	Title V-B ESSA REI	IDEA Mini Grants	Title II-A ESSA SEI	
Revenues				
Local Taxes				\$0
Other Local Revenue				916,961
State Revenue				288,378
Federal Revenue	\$16,660	\$2,012	\$35,091	1,678,384
Total Revenues	<u>16,660</u>	<u>2,012</u>	<u>35,091</u>	<u>2,883,723</u>
Expenditures				
Instructional Programs				
Elementary School			35,091	35,091
Secondary School				236,167
Alternative School				0
Special Education		2,012		888,638
Special Education Preschool				0
Gifted & Talented				0
Interscholastic				0
School Activity				0
Detention Center				0
Support Service Programs				
Attendance - Guidance - Health				0
Special Education Support Services				0
Instruction Improvement	16,660			16,660
Educational Media				0
Instruction-Related Technology				159,401
Books and Periodicals				0
Board of Education				0
District Administration				424,664
School Administration				0
Business Operation				0
Central Service				0
Administrative Technology				0
Buildings - Care				0
Maintenance - Buildings & Equipment				6,679
Maintenance - Grounds				0
Pupil-To-School Transportation				0
Pupil-Activity Transportation				0
General Transportation				1,185
Other Support Services				0
Non-Instructional Programs				
Child Nutrition				0
Community Services				824,795
Enterprise Operations				0
Capital Assets				0
Debt Service - Principal				0
Debt Service - Interest				0
Total Expenditures	<u>16,660</u>	<u>2,012</u>	<u>35,091</u>	<u>2,593,280</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	290,443
Other Financing Sources (Uses)				
Transfers In				110,060
Transfers Out				(29,152)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>80,908</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>371,351</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,138,088</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,509,439</u>

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McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2026

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture			
<i>Passed Through Adams and Valley Counties:</i>			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	None	\$424,664
Total Forest Service Schools and Roads Cluster			424,664
<i>Passed Through Idaho Dept of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	202525/202626N119947	29,641
National School Lunch Program*	10.555	202525/202626N119947	197,740
Summer Food Service Program for Children	10.559	202525/202626N119947	28,586
Total Child Nutrition Cluster			255,967
Total US Dept of Agriculture			680,631
US Dept of Education			
<i>Direct Program:</i>			
Rural Education	84.358A		16,660
<i>Passed Through Idaho Dept of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027A	H027A250088	255,885
Special Education - Preschool Grants	84.173A	H173A250030	8,588
Total Special Education Cluster			264,473
Title I Grants to Local Educational Agencies	84.010A	S010A250012	142,962
Supporting Effective Instruction State Grants	84.367A	S367A250011	35,091
Student Support & Academic Enrichment	84.424A	S424A250013	16,456
Total US Dept of Education			475,642
Total Expenditures of Federal Awards			\$1,156,273

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, 2026. 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. No awards were passed through to subrecipients. The School has not elected to use the 15 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 \$31,115.



**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
McCall-Donnelly Joint School District No. 421

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 McCall-Donnelly Joint School District No. 421 (the School), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated XXXX XX, 2026. In our report, we expressed a qualified opinion on the governmental activities as management has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Quest CPAs PLLC

Meridian, Idaho
XXXX XX, 2026



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

Board of Trustees
McCall-Donnelly Joint School District No. 421

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited McCall-Donnelly Joint School District No. 421's (the School's) compliance with the types of compliance requirements identified as subject to audit 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, 2026. 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.

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, 2026.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in

internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Quest CPAs PLLC

Meridian, Idaho
XXXX XX, 2026

McCALL-DONNELLY JOINT SCHOOL DISTRICT NO. 421

Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

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 – AL #10.665
- b. Child Nutrition Cluster – AL #10.553, 10.555, 10.559

Dollar threshold used to distinguish between type A and B programs: \$1,000,000

Auditee qualified as a low-risk auditee? No