

Fern-Waters Public Charter School

Year Ended June 30, 2021

Audited Financial Statements



FERN-WATERS PUBLIC CHARTER SCHOOL
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Independent Auditor's Report

Board of Directors
Fern-Waters Public Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fern-Waters Public Charter School (the School) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

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

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2021, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has not included the management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
August 30, 2021

FERN-WATERS PUBLIC CHARTER SCHOOL

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	\$392,080
Receivables:	
State Sources	12,641
Federal Sources	185,605
Total Current Assets	<u>590,326</u>
Noncurrent Assets	
Depreciable Net Capital Assets	4,900
Total Noncurrent Assets	<u>4,900</u>
Total Assets	<u>595,226</u>
Deferred Outflows of Resources	
Pension Deferred Outflows	57,307
Total Deferred Outflows of Resources	<u>57,307</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$652,533</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$1,353
Salaries & Benefits Payable	51,715
Unspent Grant Allocation	175,346
Total Current Liabilities	<u>228,414</u>
Noncurrent Liabilities	
Net Pension Liability	132,292
Total Noncurrent Liabilities	<u>132,292</u>
Total Liabilities	<u>360,706</u>
Deferred Inflows of Resources	
Pension Deferred Inflows	4,320
Total Deferred Inflows of Resources	<u>4,320</u>
Total Liabilities and Deferred Inflows of Resources	<u>365,026</u>
Net Position	
Net Investment in Capital Assets	4,900
Restricted:	
Special Programs	32,741
Unrestricted	249,866
Total Net Position	<u>287,507</u>
Total Liabilities and Net Position	<u><u>\$652,533</u></u>

See Accompanying Notes

FERN-WATERS PUBLIC CHARTER SCHOOL

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions		
Governmental Activities					
Instructional Programs					
Elementary School	\$367,786		\$114,146		(\$253,640)
Secondary School	121,289		125,946		4,657
Special Education	4,408		2,909		(1,499)
Gifted & Talented	518		518		0
Support Service Programs					
Attendance - Guidance - Health	2,140		2,687		547
Special Education Support Services	0				0
Instruction Improvement	28,607		16,314		(12,293)
Educational Media	325				(325)
Instruction -Related Technology	12,458		31,358		18,900
Board of Education	13,377				(13,377)
District Administration	52,406		1,598		(50,808)
School Administration	7,982		7,982		0
Business Operation	0				0
Buildings - Care	23,769				(23,769)
Maintenance - Student Occupied	19,938				(19,938)
Maintenance - Grounds	0				0
Security	1,159				(1,159)
Pupil-To-School Transportation	2,506				(2,506)
Non-Instructional Programs					
Child Nutrition	0				0
Capital Assets - Student Occupied	100				(100)
Total	\$658,768	\$0	\$303,458	\$0	(355,310)
General Revenues					
					320
					548,445
					0
					(133,098)
Total					415,667
Change in Net Position					60,357
Net Position - Beginning					227,150
Net Position - Ending					\$287,507

FERN-WATERS PUBLIC CHARTER SCHOOL

Balance Sheet - Governmental Funds

June 30, 2021

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash & Investments	\$358,360	\$33,720	\$392,080
Receivables:			
State Sources	12,641	0	12,641
Federal Sources		185,605	185,605
Due From Other Funds	8,464	0	8,464
Total Assets	<u>\$379,465</u>	<u>\$219,325</u>	<u>\$598,790</u>
Liabilities			
Accounts Payable	\$1,353	\$0	\$1,353
Due To Other Funds		8,464	8,464
Salaries & Benefits Payable	48,941	2,774	51,715
Unspent Grant Allocation		175,346	175,346
Total Liabilities	<u>50,294</u>	<u>186,584</u>	<u>236,878</u>
Fund Balances			
Restricted:			
Special Programs		32,741	32,741
Unassigned	329,171	0	329,171
Total Fund Balances	<u>329,171</u>	<u>32,741</u>	<u>361,912</u>
Total Liabilities and Fund Balances	<u>\$379,465</u>	<u>\$219,325</u>	<u>\$598,790</u>

FERN-WATERS PUBLIC CHARTER SCHOOL

Balance Sheet - Governmental Funds

June 30, 2021

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

Total Governmental Fund Balances \$361,912

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. 4,900

Pension source deferred outflow of resources are not available in the current period and therefore are not reported in the funds. (79,305)

Net Position of Governmental Activities \$287,507

FERN-WATERS PUBLIC CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2021

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Local Revenue	\$16,336	\$0	\$16,336
State Revenue	548,446	27,166	575,612
Federal Revenue	17,984	242,291	260,275
Total Revenues	<u>582,766</u>	<u>269,457</u>	<u>852,223</u>
Expenditures			
Instructional Programs			
Elementary School	309,879	80,145	390,024
Secondary School		128,622	128,622
Special Education	1,499	2,909	4,408
Gifted & Talented		518	518
Support Service Programs			
Attendance - Guidance - Health	1,000	1,140	2,140
Special Education Support Services		0	0
Instruction Improvement	5,415	23,192	28,607
Educational Media	325	0	325
Instruction -Related Technology		12,458	12,458
Board of Education	13,377	0	13,377
District Administration	50,808	1,598	52,406
School Administration		7,982	7,982
Business Operation		0	0
Buildings - Care	23,769	0	23,769
Maintenance - Student Occupied	19,938	0	19,938
Maintenance - Grounds		0	0
Security	1,159	0	1,159
Pupil-To-School Transportation	2,506	0	2,506
Non-Instructional Programs			
Child Nutrition		0	0
Capital Assets - Student Occupied	5,000	0	5,000
Total Expenditures	<u>434,675</u>	<u>258,564</u>	<u>693,239</u>
Excess (Deficiency) of Revenues Over Expenditures	148,091	10,893	158,984
Other Financing Sources (Uses)			
Transfers In		0	0
Transfers Out		0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	148,091	10,893	158,984
Fund Balances - Beginning	<u>181,080</u>	<u>21,848</u>	<u>202,928</u>
Fund Balances - Ending	<u><u>\$329,171</u></u>	<u><u>\$32,741</u></u>	<u><u>\$361,912</u></u>

FERN-WATERS PUBLIC CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2021

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

Net Change in Fund Balances - Total Governmental Funds \$158,984

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

Government funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their
estimated useful lives as depreciation expense. This is the excess of net
capital outlays over (under) depreciation expense in the current period. 4,900

Changes in pension source deferred outflow do not provide or require
current financial resources and therefore are not reflected in the funds. (103,527)

Change in Net Position of Governmental Activities \$60,357

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Fern-Waters Public Charter School (the School) is organized as a nonprofit corporation providing public charter school educational services as authorized by Section 33 of Idaho Code.

Idaho Code Section 33-5210(3) requires charter schools to comply with the same financial reporting requirements imposed on school districts, i.e. – on a governmental, rather than nonprofit, basis of accounting. Additionally, enabling legislation creates charter schools as public entities, i.e. – as public schools, subject to provisions common with other governmental entities as set forth in Idaho Code Section 33-5204. Accordingly, the School’s basis of presentation follows the governmental, rather than nonprofit, reporting model.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to charter schools. 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, when present, 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

FERN-WATERS PUBLIC CHARTER SCHOOL

Notes to Financial Statements

separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

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

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

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

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

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

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

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

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. When incurred, depreciation over the estimated useful lives of depreciable assets is recorded using the straight line method.

FERN-WATERS PUBLIC CHARTER SCHOOL

Notes to Financial Statements

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

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

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

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.

Income Taxes – The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income, if any, derived from unrelated business activities. The School’s tax returns for the current year and prior year are subject to examination by the IRS and state tax authorities, generally for three years after they are filed.

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

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

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

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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

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:

Cash - Deposits	\$20,960
Investments - Local Gov't Investment Pool	371,120
Total	<u><u>\$392,080</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$20,960 and the bank balances were \$26,272. The bank balances were insured.

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	\$371,120	\$371,120
Total	\$371,120	\$371,120

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

Credit rate risk:

Investment Type	Investment Rating Schedule	
	Not Rated	Total
Local Gov't Invest Pool	\$371,120	\$371,120
Total	\$371,120	\$371,120

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, 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.

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Total
State Sources			
Foundation Program	\$12,641		\$12,641
Total	\$12,641		\$12,641
Federal Sources			
Special Programs		\$185,605	\$185,605
Total		\$185,605	\$185,605

D. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable Capital Assets				
Buildings	\$0	\$5,000		\$5,000
Subtotal	0	5,000	\$0	5,000
Accumulated Depreciation				
Buildings	0	100		100
Subtotal	0	100	0	100
Total	0	4,900	0	4,900
Net Capital Assets	\$0	\$4,900	\$0	\$4,900

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

Depreciation expense of \$100 was charged to the capital assets – student occupied program.

E. OPERATING LEASES

The School has two operating leases for its premises. The first lease is cancelable and its term is from July 1, 2021 through June 1, 2022. The second lease is cancelable and its term is from September 1, 2021 through June 1, 2022. Each lease has options to renew. The leases call for monthly payments and total lease payments for the year amounted to \$13,926.

Future minimum lease payments are estimated as follows:

Year Ended	
6/30/22	\$14,140
Total	<u><u>\$14,140</u></u>

F. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The School's contributions were \$29,571 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020, the School's proportion was 0.0056970 percent.

For the year ended June 30, 2021, the School recognized pension revenue (expense) of (\$133,098). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$10,336	\$4,320
Changes in assumptions or other inputs	2,237	
Net difference between projected and actual earnings on pension plan investments	15,163	
Employer contributions subsequent to the measurement date	29,571	
Total	\$57,307	\$4,320

\$29,571 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the pension expense or reduction of the pension revenue in the year ending June 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019 the beginning of the measurement period ended June 30, 2019 is 4.8 and 4.8 for the measurement period June 30, 2020.

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

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

Year Ended	
6/30/22	(\$427)
6/30/23	(5,573)
6/30/24	(7,563)
6/30/25	(9,854)
Total	<u><u>(\$23,417)</u></u>

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

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

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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

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

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

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

Capital Market Assumptions from Callen 2020

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.85%	3.49%

Investment Policy Assumptions from PERSI November 2019

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

Economic/Demographic Assumptions from Milliman 2018

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

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
School's proportionate share of the net pension liability (asset)	\$271,294	\$132,292	\$17,359

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Impacts on the School's net position

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

G. INTERFUND BALANCES

Interfund balances at year end consist of the following:

	Due From Fund	
Due To Fund	Nonmajor Governmental	Total
General	\$8,464	\$8,464
Total	\$8,464	\$8,464

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.

FERN-WATERS PUBLIC CHARTER SCHOOL

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

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Revenue	\$6,600	\$6,600	\$16,336	\$9,736
State Revenue	546,603	546,603	548,446	1,843
Federal Revenue	0	0	17,984	17,984
Total Revenues	553,203	553,203	582,766	29,563
Expenditures				
Instructional Programs				
Elementary School	315,017	315,017	309,879	5,138
Secondary School	0	0	0	0
Special Education	0	0	1,499	(1,499)
Gifted & Talented	0	0	0	0
Support Service Programs				
Attendance - Guidance - Health	9,000	9,000	1,000	8,000
Special Education Support Services	0	0	0	0
Instruction Improvement	14,205	14,205	5,415	8,790
Educational Media	5,000	5,000	325	4,675
Instruction -Related Technology	0	0	0	0
Board of Education	15,500	15,500	13,377	2,123
District Administration	49,941	49,941	50,808	(867)
School Administration	0	0	0	0
Business Operation	0	0	0	0
Buildings - Care	27,864	27,864	23,769	4,095
Maintenance - Student Occupied	29,926	29,926	19,938	9,988
Maintenance - Grounds	2,000	2,000	0	2,000
Security	3,750	3,750	1,159	2,591
Pupil-To-School Transportation	2,000	2,000	2,506	(506)
Non-Instructional Programs				
Child Nutrition	0	0	0	0
Capital Assets - Student Occupied	28,000	28,000	5,000	23,000
Total Expenditures	502,203	502,203	434,675	67,528 *
Excess (Deficiency) of Revenues Over Expenditures	51,000	51,000	148,091	97,091
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(76,000)	(76,000)	0	76,000 *
Total Other Financing Sources (Uses)	(76,000)	(76,000)	0	76,000
Net Change in Fund Balances	(25,000)	(25,000)	148,091	173,091
Fund Balances - Beginning	25,000	25,000	181,080	156,080
Fund Balances - Ending	\$0	\$0	\$329,171	\$329,171
				\$143,528

*Total expenditures (over) under appropriations.

FERN-WATERS PUBLIC CHARTER SCHOOL
Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	2021
School's portion of the net pension liability	0.0056970%
School's proportionate share of the net pension liability	\$132,292
School's covered payroll	\$202,864
School's proportional share of the net pension liability as a percentage of its covered payroll	65.21%
Plan fiduciary net position as a percentage of the total pension liability	88.22%

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

Data reported is measured as of June 30, 2020.

FERN-WATERS PUBLIC CHARTER SCHOOL

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$29,571	\$24,222
Contributions in relation to the statutorily required contribution	\$29,571	\$24,222
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$247,663	\$202,864
Contributions as a percentage of covered payroll	11.94%	11.94%

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

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

FERN-WATERS PUBLIC CHARTER SCHOOL
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	Local Special Projects	Technology	Substance Abuse	ESSER III
Assets				
Cash & Investments	\$299	\$30,405	\$3,016	
Receivables:				
State Sources				
Federal Sources				\$104,657
Due From Other Funds				
Total Assets	<u>\$299</u>	<u>\$30,405</u>	<u>\$3,016</u>	<u>\$104,657</u>
Liabilities				
Accounts Payable				
Due To Other Funds				\$6,732
Salaries & Benefits Payable		\$979		
Unspent Grant Allocation				97,925
Total Liabilities	<u>\$0</u>	<u>979</u>	<u>\$0</u>	<u>104,657</u>
Fund Balances				
Restricted:				
Special Programs	299	29,426	3,016	
Unassigned				
Total Fund Balances	<u>299</u>	<u>29,426</u>	<u>3,016</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$299</u>	<u>\$30,405</u>	<u>\$3,016</u>	<u>\$104,657</u>

FERN-WATERS PUBLIC CHARTER SCHOOL
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	Title I-A ESSA IBP	ESSER I	ESSER II	School-Based Medicaid
	Assets			
Cash & Investments				
Receivables:				
State Sources				
Federal Sources	\$10,945	\$128	\$61,208	
Due From Other Funds				
Total Assets	\$10,945	\$128	\$61,208	\$0
Liabilities				
Accounts Payable				
Due To Other Funds	\$897			
Salaries & Benefits Payable	1,795			
Unspent Grant Allocation	8,253	\$128	\$61,208	
Total Liabilities	10,945	128	61,208	\$0
Fund Balances				
Restricted:				
Special Programs				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Fund Balances	\$10,945	\$128	\$61,208	\$0

FERN-WATERS PUBLIC CHARTER SCHOOL
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	CRF	Title II-A	CRF	CSP
	K-4 / K-12 Learning Loss	ESSA SEI		
Assets				
Cash & Investments				
Receivables:				
State Sources				
Federal Sources	\$7,343	\$536		\$788
Due From Other Funds				
Total Assets	<u>\$7,343</u>	<u>\$536</u>	<u>\$0</u>	<u>\$788</u>
Liabilities				
Accounts Payable				
Due To Other Funds	\$47			\$788
Salaries & Benefits Payable				
Unspent Grant Allocation	7,296	\$536		
Total Liabilities	<u>7,343</u>	<u>536</u>	<u>\$0</u>	<u>788</u>
Fund Balances				
Restricted:				
Special Programs				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$7,343</u>	<u>\$536</u>	<u>\$0</u>	<u>\$788</u>

FERN-WATERS PUBLIC CHARTER SCHOOL
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Total
Assets	
Cash & Investments	\$33,720
Receivables:	
State Sources	0
Federal Sources	185,605
Due From Other Funds	0
Total Assets	\$219,325
 Liabilities	
Accounts Payable	\$0
Due To Other Funds	8,464
Salaries & Benefits Payable	2,774
Unspent Grant Allocation	175,346
Total Liabilities	186,584
 Fund Balances	
Restricted:	
Special Programs	32,741
Unassigned	0
Total Fund Balances	32,741
Total Liabilities and Fund Balances	\$219,325

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

	Special Revenue Funds			
	Local Special Projects	Technology	Substance Abuse	ESSER III
Revenues				
Local Revenue				
State Revenue		\$24,479	\$2,687	
Federal Revenue				\$6,732
Total Revenues	<u>\$0</u>	<u>24,479</u>	<u>2,687</u>	<u>6,732</u>
Expenditures				
Instructional Programs				
Elementary School				6,732
Secondary School	2,675			
Special Education				
Gifted & Talented				
Support Service Programs				
Attendance - Guidance - Health			1,140	
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction -Related Technology		12,458		
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Total Expenditures	<u>2,675</u>	<u>12,458</u>	<u>1,140</u>	<u>6,732</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,675)	12,021	1,547	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	(2,675)	12,021	1,547	0
Fund Balances - Beginning	2,974	17,405	1,469	0
Fund Balances - Ending	<u>\$299</u>	<u>\$29,426</u>	<u>\$3,016</u>	<u>\$0</u>

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

	Special Revenue Funds			
	Title I-A			School-Based
	ESSA	ESSER I	ESSER II	Medicaid
	IBP			
Revenues				
Local Revenue				
State Revenue				
Federal Revenue	\$13,153	\$8,231	\$8,686	\$2,395
Total Revenues	<u>13,153</u>	<u>8,231</u>	<u>8,686</u>	<u>2,395</u>
Expenditures				
Instructional Programs				
Elementary School	13,153	1,353	8,686	
Secondary School				
Special Education				2,395
Gifted & Talented				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement		6,878		
Educational Media				
Instruction -Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Total Expenditures	<u>13,153</u>	<u>8,231</u>	<u>8,686</u>	<u>2,395</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<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>

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

	Special Revenue Funds			
	CRF K-4/K-12 Learning Loss	Title II-A ESSA SEI	CRF	CSP Grant
Revenues				
Local Revenue				
State Revenue				
Federal Revenue	\$518	\$5,069	\$93,926	\$103,581
Total Revenues	<u>518</u>	<u>5,069</u>	<u>93,926</u>	<u>103,581</u>
Expenditures				
Instructional Programs				
Elementary School				50,221
Secondary School			93,926	32,021
Special Education				514
Gifted & Talented	518			
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement		5,069		11,245
Educational Media				
Instruction -Related Technology				
Board of Education				
District Administration				1,598
School Administration				7,982
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Total Expenditures	<u>518</u>	<u>5,069</u>	<u>93,926</u>	<u>103,581</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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>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>

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

	Total
Revenues	
Local Revenue	\$0
State Revenue	27,166
Federal Revenue	242,291
Total Revenues	269,457
Expenditures	
Instructional Programs	
Elementary School	80,145
Secondary School	128,622
Special Education	2,909
Gifted & Talented	518
Support Service Programs	
Attendance - Guidance - Health	1,140
Special Education Support Services	0
Instruction Improvement	23,192
Educational Media	0
Instruction -Related Technology	12,458
Board of Education	0
District Administration	1,598
School Administration	7,982
Business Operation	0
Buildings - Care	0
Maintenance - Student Occupied	0
Maintenance - Grounds	0
Security	0
Pupil-To-School Transportation	0
Non-Instructional Programs	
Child Nutrition	0
Capital Assets - Student Occupied	0
Total Expenditures	258,564
Excess (Deficiency) of Revenues Over Expenditures	10,893
Other Financing Sources (Uses)	
Transfers In	0
Transfers Out	0
Total Other Financing Sources (Uses)	0
Net Change in Fund Balances	10,893
Fund Balances - Beginning	21,848
Fund Balances - Ending	\$32,741



**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 Directors
Fern-Waters Public Charter School

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 Fern-Waters Public Charter School (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated August 30, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

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

Purpose of this Report

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

Quest CPAs PLLC

Payette, Idaho
August 30, 2021