

Fern-Waters Public Charter School

Year Ended June 30, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

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

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2020, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules 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 October 15, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
October 15, 2020

FERN-WATERS PUBLIC CHARTER SCHOOL

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Current Assets	
Cash	\$238,117
Receivables:	
State Sources	16,709
Federal Sources	0
Total Current Assets	<u>254,826</u>
Total Assets	<u>254,826</u>
Deferred Outflows of Resources	
Pension Deferred Outflows	<u>24,222</u>
Total Deferred Outflows of Resources	<u>24,222</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$279,048</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$50
Salaries & Benefits Payable	51,848
Unspent Grant Allocation	0
Total Current Liabilities	<u>51,898</u>
Total Liabilities	<u>51,898</u>
Net Position	
Restricted:	
Special Programs	21,848
Unrestricted	<u>205,302</u>
Total Net Position	<u>227,150</u>
Total Liabilities and Net Position	<u><u>\$279,048</u></u>

FERN-WATERS PUBLIC CHARTER SCHOOL

Statement of Activities
Year Ended June 30, 2020

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	\$296,492		\$11,328		(\$285,164)
Secondary School	2,913		6,123		3,210
Special Education	3,155		2,975		(180)
Gifted & Talented	0				0
Support Service Programs					
Attendance - Guidance - Health	8,911		2,000		(6,911)
Special Education Support Services	0				0
Instruction Improvement	11,286		3,482		(7,804)
Educational Media	0				0
Instruction -Related Technology	10,559		27,964		17,405
Board of Education	7,698				(7,698)
District Administration	18,828		1,162		(17,666)
School Administration	0				0
Business Operation	0				0
Buildings - Care	17,863				(17,863)
Maintenance - Student Occupied	16,453				(16,453)
Maintenance - Grounds	141				(141)
Security	261				(261)
Pupil-To-School Transportation	0				0
Non-Instructional Programs					
Child Nutrition	0				0
Capital Assets - Student Occupied	0				0
Total	\$394,560	\$0	\$55,034	\$0	(339,526)
General Revenues					
					0
Local Revenue					0
State Revenue					566,676
Federal Revenue					0
Pension Revenue (Expense)					0
Total					566,676
Change in Net Position					227,150
Net Position - Beginning					0
Net Position - Ending					\$227,150

FERN-WATERS PUBLIC CHARTER SCHOOL

Balance Sheet - Governmental Funds

June 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$215,218	\$22,899	\$238,117
Receivables:			
State Sources	16,709	0	16,709
Federal Sources		0	0
Due From Other Funds		0	0
Total Assets	<u>\$231,927</u>	<u>\$22,899</u>	<u>\$254,826</u>
Liabilities			
Accounts Payable	\$50	\$0	\$50
Due To Other Funds		0	0
Salaries & Benefits Payable	50,797	1,051	51,848
Unspent Grant Allocation		0	0
Total Liabilities	<u>50,847</u>	<u>1,051</u>	<u>51,898</u>
Fund Balances			
Restricted:			
Special Programs		21,848	21,848
Unassigned	181,080	0	181,080
Total Fund Balances	<u>181,080</u>	<u>21,848</u>	<u>202,928</u>
Total Liabilities and Fund Balances	<u>\$231,927</u>	<u>\$22,899</u>	<u>\$254,826</u>

FERN-WATERS PUBLIC CHARTER SCHOOL

Balance Sheet - Governmental Funds

June 30, 2020

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

Total Governmental Fund Balances \$202,928

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

Pension source deferred outflow of resources are not available in the current period and therefore are not reported in the funds. 24,222

Net Position of Governmental Activities \$227,150

FERN-WATERS PUBLIC CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Local Revenue	\$6,893	\$5,650	\$12,543
State Revenue	566,676	29,964	596,640
Federal Revenue		12,527	12,527
Total Revenues	<u>573,569</u>	<u>48,141</u>	<u>621,710</u>
Expenditures			
Instructional Programs			
Elementary School	316,043	4,435	320,478
Secondary School		3,149	3,149
Special Education	180	2,975	3,155
Gifted & Talented		0	0
Support Service Programs			
Attendance - Guidance - Health	8,380	531	8,911
Special Education Support Services		0	0
Instruction Improvement	7,804	3,482	11,286
Educational Media		0	0
Instruction -Related Technology		10,559	10,559
Board of Education	7,698	0	7,698
District Administration	17,666	1,162	18,828
School Administration		0	0
Business Operation		0	0
Buildings - Care	17,863	0	17,863
Maintenance - Student Occupied	16,453	0	16,453
Maintenance - Grounds	141	0	141
Security	261	0	261
Pupil-To-School Transportation		0	0
Non-Instructional Programs			
Child Nutrition		0	0
Capital Assets - Student Occupied		0	0
Total Expenditures	<u>392,489</u>	<u>26,293</u>	<u>418,782</u>
Excess (Deficiency) of Revenues Over Expenditures	181,080	21,848	202,928
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	181,080	21,848	202,928
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$181,080</u>	<u>\$21,848</u>	<u>\$202,928</u>

FERN-WATERS PUBLIC CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2020

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

Net Change in Fund Balances - Total Governmental Funds \$202,928

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

Changes in pension source deferred outflow do not provide or require
current financial resources and therefore are not reflected in the funds. 24,222

Change in Net Position of Governmental Activities \$227,150

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	\$40,202
Investments - Local Gov't Investment Pool	197,915
Total	<u><u>\$238,117</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$40,202 and the bank balances were \$40,578. 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	\$197,915	\$197,915
Total	<u>\$197,915</u>	<u>\$197,915</u>

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	\$197,915	\$197,915
Total	\$197,915	\$197,915

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	Total
State Sources		
Foundation Program	\$16,709	\$16,709
Total	\$16,709	\$16,709

D. OPERATING LEASES

The School has two operating leases for its premises. The first lease is cancelable and its term is from July 1, 2020 through June 1, 2021. The second lease is cancelable and its term is from July 15, 2020 through May 15, 2021. Each lease has options to renew. The leases call for monthly payments and total lease payments for the year amounted to \$12,800.

Future minimum lease payments are estimated as follows:

Year Ended	
6/30/21	\$13,400
Total	\$13,400

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

E. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2019 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The School's contributions were \$24,222 for the year ended June 30, 2020.

FERN-WATERS PUBLIC CHARTER SCHOOL
Notes to Financial Statements

Deferred Outflows of Resources Related to Pensions

At June 30, 2020, the School reported deferred outflows of resources and related to pensions from the following sources:

	Deferred Outflows of Resources
Employer contributions subsequent to the measurement date	<u>\$24,222</u>
Total	<u><u>\$24,222</u></u>

\$24,222 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the pension expense or reduction of the pension revenue in the year ending June 30, 2021.

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.

FERN-WATERS PUBLIC CHARTER SCHOOL

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

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Revenue	\$3,000	\$3,000	\$6,893	\$3,893
State Revenue	470,709	470,709	566,676	95,967
Federal Revenue	0	0	0	0
Total Revenues	473,709	473,709	573,569	99,860
Expenditures				
Instructional Programs				
Elementary School	323,834	323,834	316,043	7,791
Secondary School	0	0	0	0
Special Education	0	0	180	(180)
Gifted & Talented	3,000	3,000	0	3,000
Support Service Programs				
Attendance - Guidance - Health	9,000	9,000	8,380	620
Special Education Support Services	0	0	0	0
Instruction Improvement	15,000	15,000	7,804	7,196
Educational Media	5,000	5,000	0	5,000
Instruction -Related Technology	0	0	0	0
Board of Education	18,500	18,500	7,698	10,802
District Administration	26,161	26,161	17,666	8,495
School Administration	0	0	0	0
Business Operation	0	0	0	0
Buildings - Care	23,670	23,670	17,863	5,807
Maintenance - Student Occupied	19,800	19,800	16,453	3,347
Maintenance - Grounds	0	0	141	(141)
Security	4,744	4,744	261	4,483
Pupil-To-School Transportation	2,000	2,000	0	2,000
Non-Instructional Programs				
Child Nutrition	0	0	0	0
Capital Assets - Student Occupied	23,000	23,000	0	23,000
Total Expenditures	473,709	473,709	392,489	81,220 *
Excess (Deficiency) of Revenues Over Expenditures	0	0	181,080	181,080
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0 *
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	181,080	181,080
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	\$0	\$0	\$181,080	\$181,080

**Total expenditures (over) under appropriations.*

\$81,220

FERN-WATERS PUBLIC CHARTER SCHOOL
 Schedule of Employer Contributions
 PERSI - Base Plan
 Last 10 - Fiscal Years*

	2020
Statutorily required contribution	\$24,222
Contributions in relation to the statutorily required contribution	\$24,222
Contribution deficiency (excess)	\$0
School's covered payroll	\$202,864
Contributions as a percentage of covered payroll	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, 2020

	Special Revenue Funds			
	Local Special Projects	Technology	Substance Abuse	School-Based Medicaid
Assets				
Cash	\$2,974	\$18,456	\$1,469	
Receivables:				
State Sources				
Federal Sources				
Due From Other Funds				
Total Assets	\$2,974	\$18,456	\$1,469	\$0
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable		\$1,051		
Unspent Grant Allocation				
Total Liabilities	\$0	1,051	\$0	\$0
Fund Balances				
Restricted:				
Special Programs	2,974	17,405	1,469	
Unassigned				
Total Fund Balances	2,974	17,405	1,469	0
Total Liabilities and Fund Balances	\$2,974	\$18,456	\$1,469	\$0

FERN-WATERS PUBLIC CHARTER SCHOOL
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds	
	CSP Grant	Total
Assets		
Cash		\$22,899
Receivables:		
State Sources		0
Federal Sources		0
Due From Other Funds		0
Total Assets	\$0	\$22,899
Liabilities		
Accounts Payable		\$0
Due To Other Funds		0
Salaries & Benefits Payable		1,051
Unspent Grant Allocation		0
Total Liabilities	\$0	1,051
Fund Balances		
Restricted:		
Special Programs		21,848
Unassigned		0
Total Fund Balances	0	21,848
Total Liabilities and Fund Balances	\$0	\$22,899

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

	Special Revenue Funds			
	Local Special Projects	Technology	Substance Abuse	School-Based Medicaid
Revenues				
Local Revenue	\$5,650			
State Revenue		\$27,964	\$2,000	
Federal Revenue				\$69
Total Revenues	<u>5,650</u>	<u>27,964</u>	<u>2,000</u>	<u>69</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School	2,676			
Special Education				69
Gifted & Talented				
Support Service Programs				
Attendance - Guidance - Health			531	
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction -Related Technology		10,559		
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>2,676</u>	<u>10,559</u>	<u>531</u>	<u>69</u>
Excess (Deficiency) of Revenues Over Expenditures	2,974	17,405	1,469	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	2,974	17,405	1,469	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u><u>\$2,974</u></u>	<u><u>\$17,405</u></u>	<u><u>\$1,469</u></u>	<u><u>\$0</u></u>

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

	Special Revenue Funds	
	CSP Grant	Total
Revenues		
Local Revenue		\$5,650
State Revenue		29,964
Federal Revenue	\$12,458	12,527
Total Revenues	12,458	48,141
Expenditures		
Instructional Programs		
Elementary School	4,435	4,435
Secondary School	473	3,149
Special Education	2,906	2,975
Gifted & Talented		0
Support Service Programs		
Attendance - Guidance - Health		531
Special Education Support Services		0
Instruction Improvement	3,482	3,482
Educational Media		0
Instruction -Related Technology		10,559
Board of Education		0
District Administration	1,162	1,162
School Administration		0
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	12,458	26,293
Excess (Deficiency) of Revenues Over Expenditures	0	21,848
Other Financing Sources (Uses)		
Transfers In		0
Transfers Out		0
Total Other Financing Sources (Uses)	0	0
Net Change in Fund Balances	0	21,848
Fund Balances - Beginning	0	0
Fund Balances - Ending	\$0	\$21,848



**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, 2020, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) 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
October 15, 2020