

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2011**

**TAYLOR’S CROSSING PUBLIC CHARTER SCHOOL**

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**FINANCIAL SECTION**

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**Independent Auditor's Report**

Board of Directors  
Taylor's Crossing Public Charter School

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Taylor's Crossing Public Charter School (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2011 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2011 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary information listed as required supplemental 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 omitted 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 missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements as a whole. The accompanying combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Folke CPAs, P.C.***

August 22, 2011

## **BASIC FINANCIAL STATEMENTS**

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**

Statement of Net Assets

June 30, 2011

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Current Assets	
Cash & Investments	\$281,246
Receivables:	
Local Sources	0
State Sources	192,652
Federal Sources	8,603
Total Current Assets	<u>482,501</u>
Noncurrent Assets	
Nondepreciable Capital Assets	250,000
Depreciable Net Capital Assets	3,193,129
Total Noncurrent Assets	<u>3,443,129</u>
<b>Total Assets</b>	<u><u>\$3,925,630</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$30,739
Salaries & Benefits Payable	5,707
Deferred Revenue	87,300
Long-Term Debt, Current	73,861
Total Current Liabilities	<u>197,607</u>
Noncurrent Liabilities	
Long-Term Debt, Noncurrent	3,904,133
Total Noncurrent Liabilities	<u>3,904,133</u>
<b>Total Liabilities</b>	<u><u>4,101,740</u></u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	(534,865)
Restricted:	
Special Programs	33,753
Debt Service	94,830
Capital Projects	19,868
Unrestricted	210,304
<b>Total Net Assets</b>	<u>(176,110)</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$3,925,630</u></u>

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**

Statement of Activities  
Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue And Changes in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	
<b>Governmental Activities</b>					
Instructional Programs					
Elementary School	\$737,077		\$138,879		(\$598,198)
Secondary School	629,356		82,610		(546,746)
Exceptional Child	45,395		42,376		(3,019)
Preschool Exceptional	0				0
Gifted & Talented	0				0
School Activity	1,879				(1,879)
Support Service Programs					
Instructional Improvement	52,664		37,836		(14,828)
Educational Media	6,341				(6,341)
Instruction-Related Technology	3,855		3,855		0
Board of Education	19,800				(19,800)
District Administration	265,424				(265,424)
Buildings - Care	89,178				(89,178)
Maintenance - Student Occupied	40,227				(40,227)
Maintenance - Grounds	7,075				(7,075)
Pupil-To-School Transportation	168,702				(168,702)
Non-Instructional Programs					
Child Nutrition	217,149	\$55,394	184,164		22,409
Capital Assets - Student Occupied	87,463				(87,463)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	274,527				(274,527)
<b>Total</b>	<u>\$2,646,112</u>	<u>\$55,394</u>	<u>\$489,720</u>	<u>\$0</u>	<u>(2,100,998)</u>
<b>General Revenues</b>					
					96,426
					2,288,383
					0
					<u>2,384,809</u>
<b>Change in Net Assets</b>					
					283,811
<b>Net Assets - Beginning</b>					
					(459,921)
<b>Net Assets - Ending</b>					
					<u>(\$176,110)</u>

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**

Balance Sheet - Governmental Funds

June 30, 2011

	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Plant Facilities Fund</b>	<b>Other Governmental Funds</b>
<b>Assets</b>				
Cash & Investments	\$144,710	\$28,223	\$19,868	\$88,445
Receivables:				
Local Sources				0
State Sources	192,652			0
Federal Sources		8,603		0
Due From Other Funds				0
<b>Total Assets</b>	<u>\$337,362</u>	<u>\$36,826</u>	<u>\$19,868</u>	<u>\$88,445</u>
<b>Liabilities</b>				
Accounts Payable	\$26,521	\$4,218		\$0
Due To Other Funds	5,707			0
Salaries & Benefits Payable				0
Deferred Revenue				87,300
<b>Total Liabilities</b>	<u>32,228</u>	<u>\$4,218</u>	<u>\$0</u>	<u>87,300</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs		32,608		1,145
Debt Service	94,830			0
Capital Projects			19,868	0
Nonspendable				0
Unassigned	210,304			0
<b>Total Fund Balances</b>	<u>305,134</u>	<u>32,608</u>	<u>19,868</u>	<u>1,145</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$337,362</u>	<u>\$36,826</u>	<u>\$19,868</u>	<u>\$88,445</u>

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**

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## Balance Sheet - Governmental Funds

June 30, 2011

	<b>Total Governmental Funds</b>
<b>Assets</b>	
Cash & Investments	\$281,246
Receivables:	
Local Sources	0
State Sources	192,652
Federal Sources	8,603
Due From Other Funds	0
<b>Total Assets</b>	<u><u>\$482,501</u></u>
<b>Liabilities</b>	
Accounts Payable	\$30,739
Due To Other Funds	5,707
Salaries & Benefits Payable	0
Deferred Revenue	87,300
<b>Total Liabilities</b>	<u><u>123,746</u></u>
<b>Fund Balances</b>	
Restricted:	
Special Programs	33,753
Debt Service	94,830
Capital Projects	19,868
Nonspendable	0
Unassigned	210,304
<b>Total Fund Balances</b>	<u><u>358,755</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$482,501</u></u>

## Balance Sheet - Governmental Funds

June 30, 2011

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

<b>Total Governmental Fund Balances</b>	\$358,755
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,443,129
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Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(3,977,994)
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<b>Net Assets of Governmental Activities</b>	<u><u>(\$176,110)</u></u>
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**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL** Page 1 of 3  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended June 30, 2011

	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Plant Facilities Fund</b>	<b>Other Governmental Funds</b>
<b>Revenues</b>				
Local Revenue	\$96,426	\$55,394		\$100,000
State Revenue	2,292,374			5,000
Federal Revenue	82,610	184,164		113,955
<b>Total Revenues</b>	<u>2,471,410</u>	<u>239,558</u>	<u>\$0</u>	<u>218,955</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	598,198			138,879
Secondary School	629,356			0
Exceptional Child	3,019			42,376
Preschool Exceptional				0
Gifted & Talented				0
School Activity	1,879			0
Support Service Programs				
Instructional Improvement	14,828			37,836
Educational Media	6,341			0
Instruction-Related Technology				3,855
Board of Education	19,800			0
District Administration	265,424			0
Buildings - Care	89,178			0
Maintenance - Student Occupied	40,227			0
Maintenance - Grounds	7,075			0
Pupil-To-School Transportation	168,702			0
Non-Instructional Programs				
Child Nutrition	10,199	206,950		0
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Debt Service - Principal	69,541			0
Debt Service - Interest	274,527			0
<b>Total Expenditures</b>	<u>2,198,294</u>	<u>206,950</u>	<u>0</u>	<u>222,946</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	273,116	32,608	0	(3,991)
<b>Other Financing Sources (Uses)</b>				
Transfers In				5,136
Transfers Out	(5,136)			0
<b>Total Other Financing Sources (Uses)</b>	<u>(5,136)</u>	<u>0</u>	<u>0</u>	<u>5,136</u>
<b>Net Change in Fund Balances</b>	267,980	32,608	0	1,145
<b>Fund Balances - Beginning</b>	37,154	0	19,868	0
<b>Fund Balances - Ending</b>	<u>\$305,134</u>	<u>\$32,608</u>	<u>\$19,868</u>	<u>\$1,145</u>

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**      Page 2 of 3  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended June 30, 2011

	<b>Total Governmental Funds</b>
<b>Revenues</b>	
Local Revenue	\$251,820
State Revenue	2,297,374
Federal Revenue	380,729
<b>Total Revenues</b>	<b>2,929,923</b>
<b>Expenditures</b>	
Instructional Programs	
Elementary School	737,077
Secondary School	629,356
Exceptional Child	45,395
Preschool Exceptional	0
Gifted & Talented	0
School Activity	1,879
Support Service Programs	
Instructional Improvement	52,664
Educational Media	6,341
Instruction-Related Technology	3,855
Board of Education	19,800
District Administration	265,424
Buildings - Care	89,178
Maintenance - Student Occupied	40,227
Maintenance - Grounds	7,075
Pupil-To-School Transportation	168,702
Non-Instructional Programs	
Child Nutrition	217,149
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
Debt Service - Principal	69,541
Debt Service - Interest	274,527
<b>Total Expenditures</b>	<b>2,628,190</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>301,733</b>
<b>Other Financing Sources (Uses)</b>	
Transfers In	5,136
Transfers Out	(5,136)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>301,733</b>
<b>Fund Balances - Beginning</b>	<b>57,022</b>
<b>Fund Balances - Ending</b>	<b>\$358,755</b>

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended June 30, 2011

**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** \$301,733

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

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

(87,463)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets.

69,541

**Change in Net Assets of Governmental Activities**

\$283,811

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**

Statement of Fiduciary Net Assets

June 30, 2011

	<b>Agency Funds - Student Activity</b>
<b>Assets</b>	
Cash & Investments	\$231
<b>Total Assets</b>	<u>\$231</u>
<b>Liabilities</b>	
Due to Student Groups	\$231
<b>Total Liabilities</b>	<u>231</u>
<b>Net Assets</b>	<u>0</u>
<b>Total Net Assets</b>	<u>0</u>
<b>Total Liabilities and Net Assets</b>	<u>\$231</u>

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**  
Notes to Financial Statements

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** – Taylor's Crossing 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 traditional public 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 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental nonprofit organizations. The significant accounting policies of the School are described 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 assets, 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 School's net assets may be reported in three parts - invested in capital assets, net of related debt (when related debt exists), restricted net assets, and unrestricted net assets. The School first utilizes restricted resources to finance qualifying activities.

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.

# TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL

## Notes to Financial Statements

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The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net assets 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 separate set of self-balancing accounts that comprises its assets, liabilities, reserves, 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, liabilities, revenues, and expenditures/expenses of the funds) for the determination of major funds. Major governmental funds of the School include:

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

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

*Capital Projects Funds* – Capital projects funds are used to account for the acquisition of major capital assets. Major capital project funds include the plant facilities fund, used to account for the maintenance of facilities and other capital assets.

Fiduciary funds of the School include:

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

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

Activities in the government-wide financial statements are presented on the accrual basis of accounting and are required to follow both governmental accounting standards board pronouncements and financial accounting standards board pronouncements issued through November 30, 1989. 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

## TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL

### Notes to Financial Statements

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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.

The School may report deferred revenue on its financial statements. For the fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the revenue is recognized. For both the government-wide and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are reported as deferred revenue.

**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 allocated to the various funds in proportion to each fund's respective investment balance. Investments include monies invested in the local government investment pool and are stated at fair value using either quoted market prices or best available estimate. The reported value of the local government investment pool is materially the same as the fair value of its shares.

**Receivables** – Receivables are reported net of any estimated uncollectible amounts.

**Inventories** – Material supplies on hand at year end are stated at cost using the first-in, first-out method.

**Capital Assets and Depreciation** – Significant capital asset acquisitions with an original cost of \$5,000 or more are recorded at cost if purchased or fair value if contributed. Minor repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of depreciable assets is recorded using the straight line method.

**Compensated Absences and Post-Retirement Benefits** – 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. Government accounting standards board statement 45 requires employers to accrue future estimated post-retirement benefits on the employer's government-wide financial statements when such benefits are deemed material to the employer. The future estimated post-retirement benefits are deemed immaterial to the School, and accordingly, are not reflected on the government-wide financial statements.

**Net Assets** – Net assets is the difference between assets and liabilities. Net assets invested in capital assets - net of related debt, are capital assets net of accumulated depreciation and reduced by any outstanding debt related to the financing of those assets. Restricted net assets are net assets less related debt that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net assets are reported as unrestricted.

## TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL

### Notes to Financial Statements

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**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 are not expected to be converted into cash. 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. Assigned fund balance classifications are not actively used by the entity. 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.

**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.

**Contingent Liabilities** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

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

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

**Concentrations of 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 concentrations of credit risk.

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

**Nonmonetary Transactions** – Items received via food commodities programs are recognized at their stated fair market value.

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**

Notes to Financial Statements

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**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	\$281,455
Investments - Local Government Investment Pool	<u>22</u>
<b>Total</b>	<u><u>\$281,477</u></u>

**Deposits** – At year end, the carrying amounts of the School's deposits were \$281,477 and the bank balances were \$332,056. Of the bank balances, \$332,056 was insured.

**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.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. Government accounting standards board statement 40 requires government entities to disclose credit quality ratings, concentration of credit risk, and interest rate risk on investment balances. Investments in the local government investment pool are, due to their nature, not required to be rated in terms of credit quality, and are excluded from the other disclosure requirements. These investments include insured or registered investments or investments for which the securities are held by the School or its agent in the School's name. Collateralized securities in the local government investment pool are held in trust by a safekeeping bank.

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**  
Notes to Financial Statements

**C. RECEIVABLES**

Receivables consist of the following at year end:

	<b>General Fund</b>	<b>Special Revenue Funds</b>
Local Sources		
Other Local Sources	\$0	
<b>Total</b>	\$0	
State Sources		
Foundation Program	\$85,149	
Special Programs	107,503	
<b>Total</b>	\$192,652	
Federal Sources		
Special Programs		\$8,603
<b>Total</b>		\$8,603

**D. DEFERRED REVENUE**

Deferred revenue consists of the following at year end:

	<b>Fund Financial Statements</b>	<b>Government Wide Financial Statements</b>
<b>Description</b>		
Grant Advances	\$87,300	\$87,300
<b>Total</b>	\$87,300	\$87,300

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**  
Notes to Financial Statements

**E. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$250,000			\$250,000
<b>Total</b>	<u>250,000</u>	<u>\$0</u>	<u>\$0</u>	<u>250,000</u>
Depreciable Capital Assets				
Buildings	3,449,377			3,449,377
Equipment	8,600			8,600
Subtotal	<u>3,457,977</u>	<u>0</u>	<u>0</u>	<u>3,457,977</u>
Accumulated Depreciation				
Buildings	172,468	86,234		258,702
Equipment	4,917	1,229		6,146
Subtotal	<u>177,385</u>	<u>87,463</u>	<u>0</u>	<u>264,848</u>
<b>Total</b>	<u>3,280,592</u>	<u>(87,463)</u>	<u>0</u>	<u>3,193,129</u>
<b>Net Capital Assets</b>	<u><u>\$3,530,592</u></u>	<u><u>(\$87,463)</u></u>	<u><u>\$0</u></u>	<u><u>\$3,443,129</u></u>

Depreciation expense of \$87,463 was charged to the capital assets – student occupied program.

**F. LONG-TERM DEBT**

At year end, the School's notes payable were as follows:

Note payable - USDA, due in monthly payments of \$8,241 with interest at 4.25% through 2038/39, secured by real estate, paid through the general fund	\$1,609,442
Note payable - USB, due in monthly payments of \$18,098 with interest at 7.37% through 2038/39, secured by real estate and guaranteed by U.S. government, paid through the general fund	<u>2,368,552</u>
<b>Total</b>	<u><u>\$3,977,994</u></u>

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**  
Notes to Financial Statements

Maturities on the notes are estimated as follows:

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>
6/30/12	\$73,861	\$242,207
6/30/13	78,471	237,597
6/30/14	83,384	232,684
6/30/15	88,630	227,438
6/30/16	94,225	221,843
6/30/17-21	569,189	1,011,151
6/30/22-26	778,351	801,989
6/30/27-31	1,070,086	510,254
6/30/32-36	887,050	150,490
6/30/37-39	254,747	15,373
<b>Total</b>	<b>\$3,977,994</b>	<b>\$3,651,026</b>

Changes in long-term debt are as follows:

<b>Description</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Note Payable - USDA	\$1,639,244		\$29,802	\$1,609,442	\$31,093
Note Payable - USB	2,408,291		39,739	2,368,552	42,768
<b>Total</b>	<b>\$4,047,535</b>	<b>\$0</b>	<b>\$69,541</b>	<b>\$3,977,994</b>	<b>\$73,861</b>

Interest and related costs during the year amounted to \$274,527 and were charged to the debt service – interest program.

**G. RETIREMENT PLAN**

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**

Notes to Financial Statements

PERSI issues publicly available standalone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://www.persi.idaho.gov).

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2011, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The School's employer contributions required and paid were \$133,728, \$118,455, and \$106,149, for the three years ended June 30, 2011, 2010, and 2009 respectively.

**H. INTERFUND BALANCES AND TRANSFERS**

There were no interfund balances at year end.

Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General		\$5,136	Support
Nonmajor Governmental	\$5,136		Support
<b>Total</b>	<u>\$5,136</u>	<u>\$5,136</u>	

**REQUIRED SUPPLEMENTAL INFORMATION**

TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL

Budgetary Comparison Schedule -  
General and Major Special Revenue Funds  
Year Ended June 30, 2011

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Revenue		\$138,214	\$96,426	(\$41,788)
State Revenue	\$2,542,644	2,328,094	2,292,374	(35,720)
Federal Revenue			82,610	82,610
<b>Total Revenues</b>	<u>2,542,644</u>	<u>2,466,308</u>	<u>2,471,410</u>	<u>5,102</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	772,015	706,980	598,198	108,782
Secondary School	703,959	638,503	629,356	9,147
Exceptional Child	35,241	35,241	3,019	32,222
Preschool Exceptional			0	0
Gifted & Talented	500	500	0	500
School Activity	3,000	214	1,879	(1,665)
Support Service Programs				
Instructional Improvement	10,000	10,000	14,828	(4,828)
Educational Media	9,700	7,700	6,341	1,359
Instruction-Related Technology			0	0
Board of Education	19,000	22,200	19,800	2,400
District Administration	310,480	260,579	265,424	(4,845)
Buildings - Care	117,760	115,865	89,178	26,687
Maintenance - Student Occupied	30,000	27,500	40,227	(12,727)
Maintenance - Grounds	5,000	7,500	7,075	425
Pupil-To-School Transportation	161,500	155,000	168,702	(13,702)
Non-Instructional Programs				
Child Nutrition	8,000	8,000	10,199	(2,199)
Capital Assets - Student Occupied			0	0
Capital Assets - Non-Student Occupied			0	0
Debt Service - Principal	38,000	38,000	69,541	(31,541)
Debt Service - Interest	325,500	325,500	274,527	50,973
<b>Total Expenditures</b>	<u>2,549,655</u>	<u>2,359,282</u>	<u>2,198,294</u>	<u>160,988 *</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	(7,011)	107,026	273,116	166,090
<b>Other Financing Sources (Uses)</b>				
Transfers In		87,568	0	(87,568)
Transfers Out			(5,136)	(5,136)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>87,568</u>	<u>(5,136)</u>	<u>(92,704)</u>
<b>Net Change in Fund Balances</b>	<u>(7,011)</u>	<u>194,594</u>	<u>267,980</u>	<u>73,386</u>
<b>Fund Balances - Beginning</b>	<u>100,000</u>	<u>40,000</u>	<u>37,154</u>	<u>(2,846)</u>
<b>Fund Balances - Ending</b>	<u>\$92,989</u>	<u>\$234,594</u>	<u>\$305,134</u>	<u>\$70,540</u>

\*Total expenditures (over) under appropriations.

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**

Budgetary Comparison Schedule -  
 General and Major Special Revenue Funds  
 Year Ended June 30, 2011

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
<b>Child Nutrition Fund</b>				
<b>Revenues</b>				
Local Revenue	\$50,500	\$50,500	\$55,394	\$4,894
Federal Revenue	65,000	65,000	184,164	119,164
<b>Total Revenues</b>	<u>115,500</u>	<u>115,500</u>	<u>239,558</u>	<u>124,058</u>
<b>Expenditures</b>				
Non-Instructional Programs				
Child Nutrition	115,500	115,500	206,950	(91,450)
<b>Total Expenditures</b>	<u>115,500</u>	<u>115,500</u>	<u>206,950</u>	<u>(91,450) *</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	0	0	32,608	32,608
<b>Other Financing Sources (Uses)</b>				
Transfers In			0	0
Transfers Out			0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	32,608	32,608
<b>Fund Balances - Beginning</b>	0	0	0	0
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$32,608</u>	<u>\$32,608</u>

*\*Total expenditures (over) under appropriations.*

**SUPPLEMENTARY INFORMATION**

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2011

	<b>Special Revenue Funds</b>			
	<b>Albertsons</b>	<b>Technology</b>	<b>Title I-A ESEA IBP</b>	<b>Special Educ. IDEA Part B</b>
<b>Assets</b>				
Cash & Investments		\$1,145	\$4,006	\$45,276
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
<b>Total Assets</b>	<u>\$0</u>	<u>\$1,145</u>	<u>\$4,006</u>	<u>\$45,276</u>
<b>Liabilities</b>				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable				
Deferred Revenue			\$4,006	\$45,276
<b>Total Liabilities</b>	<u>\$0</u>	<u>\$0</u>	<u>4,006</u>	<u>45,276</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs	0	1,145	0	0
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
<b>Total Fund Balances</b>	<u>0</u>	<u>1,145</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$0</u>	<u>\$1,145</u>	<u>\$4,006</u>	<u>\$45,276</u>

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2011

	Special Revenue Funds		
	Title VI-B ESEA REAP	Title II-A Improving Teacher Quality	Total
<b>Assets</b>			
Cash & Investments	\$38,018		\$88,445
Receivables:			
Local Sources			0
State Sources			0
Federal Sources			0
Due From Other Funds			0
<b>Total Assets</b>	\$38,018	\$0	\$88,445
<b>Liabilities</b>			
Accounts Payable			\$0
Due To Other Funds			0
Salaries & Benefits Payable			0
Deferred Revenue	\$38,018		87,300
<b>Total Liabilities</b>	38,018	\$0	87,300
<b>Fund Balances</b>			
Restricted:			
Special Programs	0	0	1,145
Debt Service			0
Capital Projects			0
Nonspendable			0
Unassigned			0
<b>Total Fund Balances</b>	0	0	1,145
<b>Total Liabilities and Fund Balances</b>	\$38,018	\$0	\$88,445

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2011

	<b>Special Revenue Funds</b>			
	<b>Albertsons</b>	<b>Technology</b>	<b>Title I-A ESEA IBP</b>	<b>Special Educ. IDEA Part B</b>
<b>Revenues</b>				
Local Revenue	\$100,000			
State Revenue		\$5,000		
Federal Revenue			\$38,879	\$42,376
<b>Total Revenues</b>	<u>100,000</u>	<u>5,000</u>	<u>38,879</u>	<u>42,376</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	100,000		38,879	
Secondary School				
Exceptional Child				42,376
Preschool Exceptional				
Gifted & Talented				
School Activity				
Support Service Programs				
Instructional Improvement				
Educational Media				
Instruction-Related Technology		3,855		
Board of Education				
District Administration				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
<b>Total Expenditures</b>	<u>100,000</u>	<u>3,855</u>	<u>38,879</u>	<u>42,376</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	0	1,145	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	1,145	0	0
<b>Fund Balances - Beginning</b>	0	0	0	0
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$1,145</u>	<u>\$0</u>	<u>\$0</u>

**TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2011

	<b>Special Revenue Funds</b>		
	<b>Title VI-B</b>	<b>Title II-A</b>	<b>Total</b>
	<b>ESEA REAP</b>	<b>Improving Teacher Quality</b>	
<b>Revenues</b>			
Local Revenue			\$100,000
State Revenue			5,000
Federal Revenue	\$32,700		113,955
<b>Total Revenues</b>	<u>32,700</u>	<u>\$0</u>	<u>218,955</u>
<b>Expenditures</b>			
Instructional Programs			
Elementary School			138,879
Secondary School			0
Exceptional Child			42,376
Preschool Exceptional			0
Gifted & Talented			0
School Activity			0
Support Service Programs			
Instructional Improvement	32,700	5,136	37,836
Educational Media			0
Instruction-Related Technology			3,855
Board of Education			0
District Administration			0
Buildings - Care			0
Maintenance - Student Occupied			0
Maintenance - Grounds			0
Pupil-To-School Transportation			0
Non-Instructional Programs			
Child Nutrition			0
Capital Assets - Student Occupied			0
Capital Assets - Non-Student Occupied			0
Debt Service - Principal			0
Debt Service - Interest			0
<b>Total Expenditures</b>	<u>32,700</u>	<u>5,136</u>	<u>222,946</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	(5,136)	(3,991)
<b>Other Financing Sources (Uses)</b>			
Transfers In		5,136	5,136
Transfers Out			0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>5,136</u>	<u>5,136</u>
<b>Net Change in Fund Balances</b>	0	0	1,145
<b>Fund Balances - Beginning</b>	0	0	0
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$1,145</u>

**OTHER REPORTS AND SCHEDULES**

**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  
Taylor's Crossing Public Charter School

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Taylor's Crossing Public Charter School (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 22, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

*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.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as B-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

## **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*.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Folke CPAs, P.C.***

August 22, 2011

# TAYLOR'S CROSSING PUBLIC CHARTER SCHOOL

## Schedule of Findings and Responses

Year Ended June 30, 2011

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### A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the School.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*. The deficiency is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the School were disclosed during the audit.

### B. FINDINGS - FINANCIAL STATEMENT AUDIT

#### Significant Deficiency

#### 1. *Segregation of Duties*

**Condition** – Although the School has implemented various checks and balances in internal control to the degree possible given available staff, it does not have a complete segregation of duties over assets.

**Criteria** – Inherent in an ideal internal control structure is a complete segregation of duties over assets.

**Cause** – This situation is due to staffing limitations common to an entity this size.

**Effect** – The lack of a complete segregation of duties may increase the risk that a loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

**Recommendation and Response** – It is requested that the School take note that this situation exists. Management has taken steps to improve in this area insofar as is possible with an entity this size. However, substantial changes cannot be expected until the benefits are deemed to outweigh the costs of hiring additional staff.