# Monticello Montessori Public Charter School

## Year Ended June 30, 2022

## Audited Financial Statements

www.qcpas.com

Quest CPAs PLLC

**Financial Section**

## Independent Auditor's Report

Board of Directors
Monticello Montessori Public Charter School

### Report on the Audit of the Financial Statements

***Qualified and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monticello Montessori Public Charter School (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

***Qualified Opinion on the Governmental Activities***

In our opinion, except for the effects of the matter described in the Matter Giving Rise to the Qualified Opinion on the Governmental Activities section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2022, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Unmodified Opinions on All Other Opinion Units Described Below***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Qualified and Unmodified Opinions***

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

***Matter Giving Rise to the Qualified Opinion on the Governmental Activities***

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibility for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

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

***Supplementary Information***

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated August 16, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

***Quest CPAs PLLC***

Payette, Idaho
August 16, 2022

# MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL

Statement of Net Position

June 30, 2022

| | Governmental Activities |
|---|---|
| **Assets** | |
| Current Assets | |
| Cash | $169,747 |
| Receivables: | |
| State Sources | 47,073 |
| Federal Sources | 386,494 |
| Total Current Assets | 603,314 |
| Noncurrent Assets | |
| Nondepreciable Capital Assets | 613,212 |
| Depreciable Net Capital Assets | 1,773,083 |
| Net Pension Asset | 22,039 |
| Total Noncurrent Assets | 2,408,334 |
| **Total Assets** | 3,011,648 |
| | |
| **Deferred Outflows of Resources** | |
| Pension Items | 386,864 |
| **Total Deferred Outflows of Resources** | 386,864 |
| **Total Assets and Deferred Outflows of Resources** | $3,398,512 |
| | |
| **Liabilities** | |
| Current Liabilities | |
| Accounts Payable | $6,099 |
| Salaries & Benefits Payable | 15,397 |
| Unspent Grant Allocation | 233,060 |
| Long-Term Liabilities, Current | 103,842 |
| Total Current Liabilities | 358,398 |
| Noncurrent Liabilities | |
| Long-Term Liabilities, Noncurrent | 2,014,083 |
| Total Noncurrent Liabilities | 2,014,083 |
| **Total Liabilities** | 2,372,481 |
| | |
| **Deferred Inflows of Resources** | |
| Pension Items | 705,036 |
| **Total Deferred Inflows of Resources** | 705,036 |
| **Total Liabilities and Deferred Inflows of Resources** | 3,077,517 |
| | |
| **Net Position** | |
| Net Investment in Capital Assets | 268,370 |
| Restricted: | |
| Special Programs | 35,388 |
| Debt Service | 54,720 |
| Unrestricted | (37,483) |
| **Total Net Position** | 320,995 |
| **Total Liabilities and Deferred Inflows of Resources and Net Position** | $3,398,512 |

See Accompanying Notes

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**

Statement of Activities

Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues: Charges For Services | Program Revenues: Operating Grants And Contributions | Program Revenues: Capital Grants And Contributions | Net (Expense) Revenue And Changes in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Instructional Programs | | | | | |
| Elementary School | $570,613 | | $316,597 | | ($254,016) |
| Special Education | 252,022 | | 167,528 | | (84,494) |
| Special Education Preschool | 0 | | | | 0 |
| Gifted & Talented | 1,509 | | 1,509 | | 0 |
| School Activity | 6,265 | | | | (6,265) |
| Support Service Programs | | | | | |
| Attendance - Guidance - Health | 52,168 | | 54,803 | | 2,635 |
| Instruction Improvement | 15,427 | | 15,427 | | 0 |
| Educational Media | 0 | | | | 0 |
| Instruction-Related Technology | 18,503 | | 43,479 | | 24,976 |
| Board of Education | 16,060 | | | | (16,060) |
| District Administration | 278,982 | | | | (278,982) |
| Buildings - Care | 73,113 | | | | (73,113) |
| Maintenance - Student Occupied | 46,841 | | | | (46,841) |
| Maintenance - Grounds | 2,059 | | | | (2,059) |
| Security | 851 | | | | (851) |
| Pupil-To-School Transportation | 85,897 | | | | (85,897) |
| Non-Instructional Programs | | | | | |
| Child Nutrition | 205 | $6,117 | | | 5,912 |
| Capital Assets - Student Occupied | 45,275 | | | | (45,275) |
| Capital Assets - Non-Student Occupied | 0 | | | | 0 |
| Debt Service - Principal | 0 | | | | 0 |
| Debt Service - Interest | 113,858 | | | | (113,858) |
| **Total** | $1,579,648 | $6,117 | $599,343 | $0 | (974,188) |

| | |
|---|---|
| **General Revenues** | |
| Local Revenue | 15,055 |
| State Revenue | 1,205,299 |
| Federal Revenue | 0 |
| Pension Revenue (Expense) | (54,433) |
| **Total** | 1,165,921 |
| **Change in Net Position** | 191,733 |
| **Net Position - Beginning** | 129,262 |
| **Net Position - Ending** | $320,995 |

# MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL

Balance Sheet - Governmental Funds

June 30, 2022

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Assets** | | | |
| Cash | $129,811 | $39,936 | $169,747 |
| Receivables: | | | |
| State Sources | 47,073 | 0 | 47,073 |
| Federal Sources | | 386,494 | 386,494 |
| Due From Other Funds | 152,653 | 0 | 152,653 |
| **Total Assets** | $329,537 | $426,430 | $755,967 |
| | | | |
| **Liabilities** | | | |
| Accounts Payable | $770 | $5,329 | $6,099 |
| Salaries & Benefits Payable | 15,397 | 0 | 15,397 |
| Due To Other Funds | | 152,653 | 152,653 |
| Unspent Grant Allocation | | 233,060 | 233,060 |
| **Total Liabilities** | 16,167 | 391,042 | 407,209 |
| | | | |
| **Fund Balances** | | | |
| Restricted: | | | |
| Special Programs | | 35,388 | 35,388 |
| Debt Service | 54,720 | 0 | 54,720 |
| Unassigned | 258,650 | 0 | 258,650 |
| **Total Fund Balances** | 313,370 | 35,388 | 348,758 |
| **Total Liabilities and Fund Balances** | $329,537 | $426,430 | $755,967 |

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**
Balance Sheet - Governmental Funds
June 30, 2022

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

| | |
|---|---|
| **Total Governmental Fund Balances** | $348,758 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 2,386,295 |
| Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds. | (2,117,925) |
| Net pension asset/liability and related pension deferred outflows and deferred inflows are not due and payable in the current period and therefore are not reported in the funds. | (296,133) |
| **Net Position of Governmental Activities** | $320,995 |

See Accompanying Notes

# MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Revenues** | | | |
| Local Revenue | $42,640 | $0 | $42,640 |
| State Revenue | 1,205,299 | 46,232 | 1,251,531 |
| Federal Revenue | 11,581 | 520,062 | 531,643 |
| **Total Revenues** | 1,259,520 | 566,294 | 1,825,814 |
| **Expenditures** | | | |
| Instructional Programs | | | |
| Elementary School | 357,411 | 283,548 | 640,959 |
| Special Education | 115,563 | 167,528 | 283,091 |
| Special Education Preschool | | 0 | 0 |
| Gifted & Talented | | 1,509 | 1,509 |
| School Activity | 6,265 | 0 | 6,265 |
| Support Service Programs | | | |
| Attendance - Guidance - Health | | 52,168 | 52,168 |
| Instruction Improvement | | 15,427 | 15,427 |
| Educational Media | | 0 | 0 |
| Instruction-Related Technology | | 18,503 | 18,503 |
| Board of Education | 16,060 | 0 | 16,060 |
| District Administration | 278,982 | 0 | 278,982 |
| Buildings - Care | 73,113 | 0 | 73,113 |
| Maintenance - Student Occupied | 46,841 | 0 | 46,841 |
| Maintenance - Grounds | 2,059 | 0 | 2,059 |
| Security | 851 | 0 | 851 |
| Pupil-To-School Transportation | 85,897 | 0 | 85,897 |
| Non-Instructional Programs | | | |
| Child Nutrition | 205 | 0 | 205 |
| Capital Assets - Student Occupied | | 0 | 0 |
| Capital Assets - Non-Student Occupied | | 0 | 0 |
| Debt Service - Principal | 97,683 | 0 | 97,683 |
| Debt Service - Interest | 113,858 | 0 | 113,858 |
| **Total Expenditures** | 1,194,788 | 538,683 | 1,733,471 |
| **Excess (Deficiency) of Revenues** | | | |
| **Over Expenditures** | 64,732 | 27,611 | 92,343 |
| **Other Financing Sources (Uses)** | | | |
| Transfers In | | 0 | 0 |
| Transfers Out | | 0 | 0 |
| **Total Other Financing Sources (Uses)** | 0 | 0 | 0 |
| **Net Change in Fund Balances** | 64,732 | 27,611 | 92,343 |
| **Fund Balances - Beginning** | 248,638 | 7,777 | 256,415 |
| **Fund Balances - Ending** | $313,370 | $35,388 | $348,758 |

See Accompanying Notes

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022

**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** | $92,343 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. | (45,275) |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 97,683 |
| Changes in net pension asset/liability and related pension deferred outflows and deferred inflows do not provide or require current financial resources and therefore are not reflected in the funds. | 46,982 |
| **Change in Net Position of Governmental Activities** | $191,733 |

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** – Monticello Montessori 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 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** – Nearly all the cash balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash are reported in each fund as cash. Interest earned on pooled cash is paid to the general fund unless Idaho Code specifies otherwise.

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

**Inventories** – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

**Capital Assets and Depreciation** – Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of depreciable assets is recorded using the straight line method.

**Compensated Absences** – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded. Compensated absences will be paid by the fund in which the employee works.

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

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

**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 two years 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 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.

**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

Cash consists of the following at year end:

| | |
|---|---|
| Cash - Deposits | $169,747 |
| **Total** | $169,747 |

**Deposits** – At year end, the carrying amounts of the School's deposits were $169,747 and the bank balances were $200,983. The bank balances were insured.

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

## C. RECEIVABLES

Receivables consist of the following at year end:

| | General Fund | Special Revenue Funds | Total |
|---|---|---|---|
| State Sources | | | |
| Foundation Program | $47,073 | | $47,073 |
| **Total** | $47,073 | | $47,073 |
| | | | |
| Federal Sources | | | |
| Special Programs | | $386,494 | $386,494 |
| **Total** | | $386,494 | $386,494 |

## D. CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Nondepreciable Capital Assets | | | | |
| Land | $613,212 | | | $613,212 |
| **Total** | 613,212 | $0 | $0 | 613,212 |
| | | | | |
| Depreciable Capital Assets | | | | |
| Buildings | 2,164,224 | | | 2,164,224 |
| Equipment | 29,409 | | | 29,409 |
| Subtotal | 2,193,633 | 0 | 0 | 2,193,633 |
| Accumulated Depreciation | | | | |
| Buildings | 359,806 | 43,284 | | 403,090 |
| Equipment | 15,469 | 1,991 | | 17,460 |
| Subtotal | 375,275 | 45,275 | 0 | 420,550 |
| **Total** | 1,818,358 | (45,275) | 0 | 1,773,083 |
| | | | | |
| **Net Capital Assets** | $2,431,570 | ($45,275) | $0 | $2,386,295 |

Depreciation expense of $45,275 was charged to the capital assets – student occupied program.

## E. LONG-TERM LIABILITIES

**Notes Payable** – At year end, the School's notes payable were as follows:

| | |
|---|---|
| Note payable USDA 97-02, due in monthly payments of $4,560 with interest at 3.375% through 2052/53, secured by real estate, paid through the general fund | $1,034,437 |
| Note payable BOI, due in monthly payments of $7,934 with interest at 6.9% through 2041/42, secured by real estate and guaranteed by the U.S. government, paid through the general fund | 1,025,037 |
| Note payable TEQ 410-196, due in monthly payments of $5,082 with interest at 7.9% through 2022/23, secured by portables, paid through the general fund | 58,451 |
| **Total** | $2,117,925 |

Maturities on the notes are estimated as follows:

| Year Ended | Principal | Interest |
|---|---|---|
| 6/30/23 | $103,842 | $107,076 |
| 6/30/24 | 47,882 | 102,051 |
| 6/30/25 | 50,523 | 99,410 |
| 6/30/26 | 53,326 | 96,607 |
| 6/30/27 | 56,302 | 93,631 |
| 6/30/28-32 | 333,021 | 416,644 |
| 6/30/33-37 | 440,810 | 308,855 |
| 6/30/38-42 | 562,484 | 162,279 |
| 6/30/43-47 | 211,370 | 62,230 |
| 6/30/48-52 | 250,165 | 23,435 |
| 6/30/53 | 8,200 | 33 |
| **Total** | $2,117,925 | $1,472,251 |

Changes in long-term liabilities are as follows:

| Description | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Note Payable USDA 97-02 | $1,053,886 | | $19,449 | $1,034,437 | $20,117 |
| Note Payable BOI | 1,048,631 | | 23,594 | 1,025,037 | 25,274 |
| Note Payable TEQ 410-196* | 112,472 | | 54,021 | 58,451 | 58,451 |
| Note Payable TEQ 410-248* | 619 | | 619 | 0 | |
| **Total** | $2,215,608 | $0 | $97,683 | $2,117,925 | $103,842 |

Interest and related costs during the year amounted to $113,858 and were charged to the debt service – interest program. *Due to the implementation of GASB No. 87 *Leases*, these previously reported capital leases have been reclassified as financed purchases / notes payable.

## F. PENSION PLAN

*Plan Description*

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

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

*Pension Benefits*

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

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

*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 74% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The School's contributions were $101,415 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School's proportion of the net pension asset was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the School's proportion was 0.02790514 percent.

For the year ended June 30, 2022, the School recognized pension revenue (expense) of ($54,433). At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $32,471 | $12,811 |
| Changes in assumptions or other inputs | 252,978 | |
| Net difference between projected and actual earnings on pension plan investments | | 692,225 |
| Employer contributions subsequent to the measurement date | 101,415 | |
| **Total** | $386,864 | $705,036 |

$101,415 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an adjustment to the pension expense in the year ending June 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021 the beginning of the measurement period ended June 30, 2020 is 4.7 and 4.6 for the measurement period June 30, 2021.

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

| Year Ended | |
|---|---|
| 6/30/23 | ($98,701) |
| 6/30/24 | (88,949) |
| 6/30/25 | (77,732) |
| 6/30/26 | (154,204) |
| **Total** | ($419,586) |

*Actuarial Assumptions*

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

The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.30% |
| Salary increases | 3.05% |
| Salary inflation | 3.05% |
| Investment rate of return | 6.35%, net of investment expenses |
| Cost-of-living adjustments | 1% |

*Contributing Members, Service Retirement Members, and Beneficiaries*

| | |
|---|---|
| General Employees and All Beneficiaries - Males | Pub-2010 General Tables, increased 11% |
| General Employees and All Beneficiaries - Females | Pub-2010 General Tables, increased 21% |
| Teachers - Males | Pub-2010 Teacher Tables, increased 12% |
| Teachers - Females | Pub-2010 Teacher Tables, increased 21% |
| Fire & Police - Males | Pub-2010 Safety Tables, increased 21% |
| Fire & Police - Females | Pub-2010 Safety Tables, increased 26% |
| Disabled Members - Males | Pub-2010 Disabled Tables, increased 38% |
| Disabled Members - Females | Pub-2010 Disabled Tables, increased 36% |

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The total pension asset as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

**Capital Market Assumptions from Callan 2021**

| Asset Class | Target Allocation | Long-Term Expected Nominal Rate of Return (Arithmetic) | Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|---|
| Core Fixed Income | 30.00% | 1.80% | -0.20% |
| Broad US Equities | 55.00% | 8.00% | 6.00% |
| Developed Foreign Equities | 15.00% | 8.25% | 6.25% |
| | | | |
| Assumed Inflation - Mean | | 2.00% | 2.00% |
| Assumed Inflation - Standard Deviation | | 1.50% | 1.50% |
| | | | |
| Portfolio Arithmetic Mean Return | | 6.18% | 4.18% |
| Portfolio Standard Deviation | | 12.29% | 12.29% |
| | | | |
| Portfolio Long-Term (Geometric) Expected Rate of Return | | 5.55% | 3.46% |
| Assumed Investment Expenses | | 0.40% | 0.40% |
| Portfolio Long-Term (Geometric) Expected Rate of Return* | | 5.15% | 3.06% |

**Investment Policy Assumptions from PERSI November 2019**

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

**Economic/Demographic Assumptions from Milliman 2021**

| | |
|---|---|
| **Valuation Assumptions Chosen by PERSI Board** | |
| Long-Term Expected Real Rate of Return* | 4.05% |
| Assumed Inflation | 2.30% |
| **Long-Term Expected Geometric Rate of Return*** | **6.35%** |

*Net of Investment Expenses

*Discount Rate*

The discount rate used to measure the total pension asset was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the School's proportionate share of the net pension asset calculated using the discount rate of 6.35 percent, as well as what the School's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | **1% Decrease (5.35%)** | **Current Discount Rate (6.35%)** | **1% Increase (7.35%)** |
|---|---|---|---|
| School's proportionate share of the net pension liability (asset) | $766,119 | ($22,039) | ($668,108) |

*Pension plan fiduciary net position*

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

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

*Impacts on the School's net position*

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

## G. INTERFUND BALANCES

Interfund balances at year end consist of the following:

| | **Due From Fund** | |
|---|---|---|
| **Due To Fund** | Nonmajor Governmental | **Total** |
| General | $152,653 | $152,653 |
| **Total** | $152,653 | $152,653 |

Interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

# MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2022

| General Fund | Budgeted Amounts (GAAP Basis) Original | Final | Actual Amounts | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Local Revenue | $41,734 | $41,734 | $42,640 | $906 |
| State Revenue | 1,459,374 | 1,459,374 | 1,205,299 | (254,075) |
| Federal Revenue | 0 | 0 | 11,581 | 11,581 |
| **Total Revenues** | 1,501,108 | 1,501,108 | 1,259,520 | (241,588) |
| **Expenditures** | | | | |
| Instructional Programs | | | | |
| Elementary School | 650,023 | 650,023 | 357,411 | 292,612 |
| Special Education | 59,795 | 59,795 | 115,563 | (55,768) |
| Special Education Preschool | 29,555 | 29,555 | 0 | 29,555 |
| Gifted & Talented | 0 | 0 | 0 | 0 |
| School Activity | 0 | 0 | 6,265 | (6,265) |
| Support Service Programs | | | | |
| Attendance - Guidance - Health | 0 | 0 | 0 | 0 |
| Instruction Improvement | 0 | 0 | 0 | 0 |
| Educational Media | 0 | 0 | 0 | 0 |
| Instruction-Related Technology | 0 | 0 | 0 | 0 |
| Board of Education | 23,000 | 23,000 | 16,060 | 6,940 |
| District Administration | 217,628 | 217,628 | 278,982 | (61,354) |
| Buildings - Care | 72,369 | 72,369 | 73,113 | (744) |
| Maintenance - Student Occupied | 92,900 | 92,900 | 46,841 | 46,059 |
| Maintenance - Grounds | 11,500 | 11,500 | 2,059 | 9,441 |
| Security | 16,850 | 16,850 | 851 | 15,999 |
| Pupil-To-School Transportation | 81,765 | 81,765 | 85,897 | (4,132) |
| Non-Instructional Programs | | | | |
| Child Nutrition | 0 | 0 | 205 | (205) |
| Capital Assets - Student Occupied | 0 | 0 | 0 | 0 |
| Capital Assets - Non-Student Occupied | 0 | 0 | 0 | 0 |
| Debt Service - Principal | | | 97,683 | (97,683) |
| Debt Service - Interest | 210,917 | 210,917 | 113,858 | 97,059 |
| **Total Expenditures** | 1,466,302 | 1,466,302 | 1,194,788 | 271,514 * |
| **Excess (Deficiency) of Revenues Over Expenditures** | 34,806 | 34,806 | 64,732 | 29,926 |
| **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** | 34,806 | 34,806 | 64,732 | 29,926 |
| **Fund Balances - Beginning** | 0 | 0 | 248,638 | 248,638 |
| **Fund Balances - Ending** | $34,806 | $34,806 | $313,370 | $278,564 |

**Total expenditures (over) under appropriations are:* $271,514

# MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL

Schedule of Employer's Share of Net Pension Asset and Liability
and Schedule of Employer Contributions
PERSI - Base Plan

**Schedule of Employer's Share of Net Pension Asset and Liability***

| Fiscal Year Ended June 30 | Employer's Portion of the Net Pension (Asset) Liability | Employer's Proportionate Share of the Net Pension (Asset) Liability | Covered Payroll | Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability |
|---|---|---|---|---|---|
| 2015 | 0.0156698% | $115,354 | $424,514 | 27.17% | 94.95% |
| 2016 | 0.0168943% | $222,470 | $475,848 | 46.75% | 91.38% |
| 2017 | 0.0204573% | $414,701 | $598,551 | 69.28% | 87.26% |
| 2018 | 0.0204004% | $320,659 | $635,150 | 50.49% | 90.68% |
| 2019 | 0.0207276% | $305,736 | $665,539 | 45.94% | 91.69% |
| 2020 | 0.0225233% | $257,097 | $775,459 | 33.15% | 93.79% |
| 2021 | 0.0243228% | $564,808 | $866,106 | 65.21% | 88.22% |
| 2022 | 0.0279051% | ($22,039) | $1,019,397 | -2.16% | 100.36% |

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

**Schedule of Employer Contributions**

| Fiscal Year Ended June 30 | Actuarially Determined Contribution | Contributions in Relation to Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2015 | $53,866 | $53,866 | $0 | $475,848 | 11.32% |
| 2016 | $67,756 | $67,756 | $0 | $598,551 | 11.32% |
| 2017 | $71,899 | $71,899 | $0 | $635,150 | 11.32% |
| 2018 | $75,339 | $75,339 | $0 | $665,539 | 11.32% |
| 2019 | $87,782 | $87,782 | $0 | $775,459 | 11.32% |
| 2020 | $103,413 | $103,413 | $0 | $866,106 | 11.94% |
| 2021 | $121,716 | $121,716 | $0 | $1,019,397 | 11.94% |
| 2022 | $101,415 | $101,415 | $0 | $849,372 | 11.94% |

Schedules above intended to show information for 10 years. Information for additional years will be presented as it becomes available.

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2022

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | **Technology** | **Substance Abuse** | **ESSER III** | **Title I-A ESSA IBP** |
| **Assets** | | | | |
| Cash | $32,674 | $7,262 | | |
| Receivables: | | | | |
| State Sources | | | | |
| Federal Sources | | | $264,969 | $39,991 |
| Due From Other Funds | | | | |
| **Total Assets** | $32,674 | $7,262 | $264,969 | $39,991 |
| **Liabilities** | | | | |
| Accounts Payable | $4,548 | | | |
| Salaries & Benefits Payable | | | | |
| Due To Other Funds | | | $59,933 | $39,439 |
| Unspent Grant Allocation | | | 205,036 | 552 |
| **Total Liabilities** | 4,548 | $0 | 264,969 | 39,991 |
| **Fund Balances** | | | | |
| Restricted: | | | | |
| Special Programs | 28,126 | 7,262 | | |
| Debt Service | | | | |
| Unassigned | | | | |
| **Total Fund Balances** | 28,126 | 7,262 | 0 | 0 |
| **Total Liabilities and Fund Balances** | $32,674 | $7,262 | $264,969 | $39,991 |

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | **ESSER I** | **ESSER II** | **IDEA Part B 611 School Age 3-21** | **IDEA Part B 619 Pre-School Age 3-5** |
| **Assets** | | | | |
| Cash | | | | |
| Receivables: | | | | |
| State Sources | | | | |
| Federal Sources | $8,432 | $32,258 | $4,147 | $1,770 |
| Due From Other Funds | | | | |
| **Total Assets** | $8,432 | $32,258 | $4,147 | $1,770 |
| **Liabilities** | | | | |
| Accounts Payable | | | $781 | |
| Salaries & Benefits Payable | | | | |
| Due To Other Funds | $1,624 | $32,258 | 3,366 | |
| Unspent Grant Allocation | 6,808 | | | $1,770 |
| **Total Liabilities** | 8,432 | 32,258 | 4,147 | 1,770 |
| **Fund Balances** | | | | |
| Restricted: | | | | |
| Special Programs | | | | |
| Debt Service | | | | |
| Unassigned | | | | |
| **Total Fund Balances** | 0 | 0 | 0 | 0 |
| **Total Liabilities and Fund Balances** | $8,432 | $32,258 | $4,147 | $1,770 |

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | IDEA Part B ARPA | School Based Medicaid | Title IV-A ESSA SS & AE | Title II-A ESSA SEI |
| **Assets** | | | | |
| Cash | | | | |
| Receivables: | | | | |
| State Sources | | | | |
| Federal Sources | | | $16,619 | $18,308 |
| Due From Other Funds | | | | |
| **Total Assets** | $0 | $0 | $16,619 | $18,308 |
| **Liabilities** | | | | |
| Accounts Payable | | | | |
| Salaries & Benefits Payable | | | | |
| Due To Other Funds | | | $606 | $15,427 |
| Unspent Grant Allocation | | | 16,013 | 2,881 |
| **Total Liabilities** | $0 | $0 | 16,619 | 18,308 |
| **Fund Balances** | | | | |
| Restricted: | | | | |
| Special Programs | | | | |
| Debt Service | | | | |
| Unassigned | | | | |
| **Total Fund Balances** | 0 | 0 | 0 | 0 |
| **Total Liabilities and Fund Balances** | $0 | $0 | $16,619 | $18,308 |

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2022

| | Special Revenue Funds | |
|---|---|---|
| | **SLFRF** | **Total** |
| **Assets** | | |
| Cash | | $39,936 |
| Receivables: | | |
| State Sources | | 0 |
| Federal Sources | | 386,494 |
| Due From Other Funds | | 0 |
| **Total Assets** | $0 | $426,430 |
| | | |
| **Liabilities** | | |
| Accounts Payable | | $5,329 |
| Salaries & Benefits Payable | | 0 |
| Due To Other Funds | | 152,653 |
| Unspent Grant Allocation | | 233,060 |
| **Total Liabilities** | $0 | 391,042 |
| | | |
| **Fund Balances** | | |
| Restricted: | | |
| Special Programs | | 35,388 |
| Debt Service | | 0 |
| Unassigned | | 0 |
| **Total Fund Balances** | 0 | 35,388 |
| **Total Liabilities and Fund Balances** | $0 | $426,430 |

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | **Technology** | **Substance Abuse** | **ESSER III** | **Title I-A ESSA IBP** |
| **Revenues** | | | | |
| Local Revenue | | | | |
| State Revenue | $41,855 | $4,377 | | |
| Federal Revenue | | | $160,578 | $48,388 |
| **Total Revenues** | 41,855 | 4,377 | 160,578 | 48,388 |
| **Expenditures** | | | | |
| Instructional Programs | | | | |
| Elementary School | | | 100,805 | 48,388 |
| Special Education | | | 59,773 | |
| Special Education Preschool | | | | |
| Gifted & Talented | | | | |
| School Activity | | | | |
| Support Service Programs | | | | |
| Attendance - Guidance - Health | | 1,742 | | |
| Instruction Improvement | | | | |
| Educational Media | | | | |
| Instruction-Related Technology | 16,879 | | | |
| Board of Education | | | | |
| District Administration | | | | |
| Buildings - Care | | | | |
| Maintenance - Student Occupied | | | | |
| Maintenance - Grounds | | | | |
| Security | | | | |
| Pupil-To-School Transportation | | | | |
| Non-Instructional Programs | | | | |
| Child Nutrition | | | | |
| Capital Assets - Student Occupied | | | | |
| Capital Assets - Non-Student Occupied | | | | |
| Debt Service - Principal | | | | |
| Debt Service - Interest | | | | |
| **Total Expenditures** | 16,879 | 1,742 | 160,578 | 48,388 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 24,976 | 2,635 | 0 | 0 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| **Total Other Financing Sources (Uses)** | 0 | 0 | 0 | 0 |
| **Net Change in Fund Balances** | 24,976 | 2,635 | 0 | 0 |
| **Fund Balances - Beginning** | 3,150 | 4,627 | 0 | 0 |
| **Fund Balances - Ending** | $28,126 | $7,262 | $0 | $0 |

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | **ESSER I** | **ESSER II** | **IDEA Part B 611 School Age 3-21** | **IDEA Part B 619 Pre-School Age 3-5** |
| **Revenues** | | | | |
| Local Revenue | | | | |
| State Revenue | | | | |
| Federal Revenue | $1,624 | $161,927 | $43,957 | $2,140 |
| **Total Revenues** | 1,624 | 161,927 | 43,957 | 2,140 |
| **Expenditures** | | | | |
| Instructional Programs | | | | |
| Elementary School | | 111,501 | | |
| Special Education | | | 43,957 | 2,140 |
| Special Education Preschool | | | | |
| Gifted & Talented | | | | |
| School Activity | | | | |
| Support Service Programs | | | | |
| Attendance - Guidance - Health | | 50,426 | | |
| Instruction Improvement | | | | |
| Educational Media | | | | |
| Instruction-Related Technology | 1,624 | | | |
| Board of Education | | | | |
| District Administration | | | | |
| Buildings - Care | | | | |
| Maintenance - Student Occupied | | | | |
| Maintenance - Grounds | | | | |
| Security | | | | |
| Pupil-To-School Transportation | | | | |
| Non-Instructional Programs | | | | |
| Child Nutrition | | | | |
| Capital Assets - Student Occupied | | | | |
| Capital Assets - Non-Student Occupied | | | | |
| Debt Service - Principal | | | | |
| Debt Service - Interest | | | | |
| **Total Expenditures** | 1,624 | 161,927 | 43,957 | 2,140 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 0 | 0 | 0 | 0 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| **Total Other Financing Sources (Uses)** | 0 | 0 | 0 | 0 |
| **Net Change in Fund Balances** | 0 | 0 | 0 | 0 |
| **Fund Balances - Beginning** | 0 | 0 | 0 | 0 |
| **Fund Balances - Ending** | $0 | $0 | $0 | $0 |

# MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | IDEA Part B ARPA | School Based Medicaid | Title IV-A ESSA SS & AE | Title II-A ESSA SEI |
| **Revenues** | | | | |
| Local Revenue | | | | |
| State Revenue | | | | |
| Federal Revenue | $11,159 | $50,499 | $1,509 | $15,427 |
| **Total Revenues** | 11,159 | 50,499 | 1,509 | 15,427 |
| **Expenditures** | | | | |
| Instructional Programs | | | | |
| Elementary School | | | | |
| Special Education | 11,159 | 50,499 | | |
| Special Education Preschool | | | | |
| Gifted & Talented | | | 1,509 | |
| School Activity | | | | |
| Support Service Programs | | | | |
| Attendance - Guidance - Health | | | | |
| Instruction Improvement | | | | 15,427 |
| Educational Media | | | | |
| Instruction-Related Technology | | | | |
| Board of Education | | | | |
| District Administration | | | | |
| Buildings - Care | | | | |
| Maintenance - Student Occupied | | | | |
| Maintenance - Grounds | | | | |
| Security | | | | |
| Pupil-To-School Transportation | | | | |
| Non-Instructional Programs | | | | |
| Child Nutrition | | | | |
| Capital Assets - Student Occupied | | | | |
| Capital Assets - Non-Student Occupied | | | | |
| Debt Service - Principal | | | | |
| Debt Service - Interest | | | | |
| **Total Expenditures** | 11,159 | 50,499 | 1,509 | 15,427 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 0 | 0 | 0 | 0 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| **Total Other Financing Sources (Uses)** | 0 | 0 | 0 | 0 |
| **Net Change in Fund Balances** | 0 | 0 | 0 | 0 |
| **Fund Balances - Beginning** | 0 | 0 | 0 | 0 |
| **Fund Balances - Ending** | $0 | $0 | $0 | $0 |

**MONTICELLO MONTESSORI PUBLIC CHARTER SCHOOL**

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022

| | Special Revenue Funds | |
|---|---|---|
| | **SLFRF** | **Total** |
| **Revenues** | | |
| Local Revenue | | $0 |
| State Revenue | | 46,232 |
| Federal Revenue | $22,854 | 520,062 |
| **Total Revenues** | 22,854 | 566,294 |
| **Expenditures** | | |
| Instructional Programs | | |
| Elementary School | 22,854 | 283,548 |
| Special Education | | 167,528 |
| Special Education Preschool | | 0 |
| Gifted & Talented | | 1,509 |
| School Activity | | 0 |
| Support Service Programs | | |
| Attendance - Guidance - Health | | 52,168 |
| Instruction Improvement | | 15,427 |
| Educational Media | | 0 |
| Instruction-Related Technology | | 18,503 |
| Board of Education | | 0 |
| District Administration | | 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 |
| Capital Assets - Non-Student Occupied | | 0 |
| Debt Service - Principal | | 0 |
| Debt Service - Interest | | 0 |
| **Total Expenditures** | 22,854 | 538,683 |
| **Excess (Deficiency) of Revenues** | | |
| **Over Expenditures** | 0 | 27,611 |
| **Other Financing Sources (Uses)** | | |
| Transfers In | | 0 |
| Transfers Out | | 0 |
| **Total Other Financing Sources (Uses)** | 0 | 0 |
| **Net Change in Fund Balances** | 0 | 27,611 |
| **Fund Balances - Beginning** | 0 | 7,777 |
| **Fund Balances - Ending** | $0 | $35,388 |

**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
Monticello Montessori 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 the Monticello Montessori Public Charter School (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 16, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

***Quest CPAs PLLC***

Payette, Idaho
August 16, 2022

## FINDINGS – FINANCIAL STATEMENT AUDIT

### Material Weakness

***2021-001 Completion and Timeliness of Core Accounting Procedures and Controls***

**Condition –** In the previous year, it was noted that the School did not perform the following core accounting procedures and controls in a consistent or timely manner:

- Reconciling and reviewing bank statements
- Paying bills and retaining supporting documentation evidencing procurement process
- Making payroll tax deposits and filing quarterly payroll tax reports

**Recommendation** – It was recommended that the School ensure that the aforementioned core accounting procedures and controls are performed in a consistent and timely manner going forward.

**Current Status** – This issue has been resolved by the School retaining an experienced business manager who is ensuring these core accounting procedures and controls are being performed in a consistent and timely manner.