

# North Star Charter School

Year Ended June 30, 2021

## Audited Financial Statements



**NORTH STAR CHARTER SCHOOL**

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## **Independent Auditor's Report**

Board of Directors  
North Star Charter School

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Basis for Qualified Opinion on Governmental Activities**

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

## **Qualified Opinion**

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

## **Unmodified Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

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

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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  
October 10, 2021

**NORTH STAR CHARTER SCHOOL**

Statement of Net Position

June 30, 2021

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Current Assets	
Cash & Investments	\$1,702,436
Receivables:	
State Sources	345,657
Federal Sources	377,835
Prepaid Expenses	5,172
Total Current Assets	<u>2,431,100</u>
Noncurrent Assets	
Nondepreciable Capital Assets	1,364,271
Depreciable Net Capital Assets	5,524,395
Total Noncurrent Assets	<u>6,888,666</u>
<b>Total Assets</b>	<u>9,319,766</u>
 <b>Deferred Outflows of Resources</b>	
Pension Deferred Outflows	979,400
<b>Total Deferred Outflows of Resources</b>	<u>979,400</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$10,299,166</u></u>
 <b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$240,242
Salaries & Benefits Payable	436,496
Unspent Grant Allocation	25,381
Accrued Interest, Current	203,981
Long-Term Debt & Obligations, Current	70,000
Total Current Liabilities	<u>976,100</u>
Noncurrent Liabilities	
Long-Term Debt & Obligations, Noncurrent	11,788,156
Accrued Interest, Noncurrent	2,419,490
Net Pension Liability	2,440,698
Total Noncurrent Liabilities	<u>16,648,344</u>
<b>Total Liabilities</b>	<u>17,624,444</u>
 <b>Deferred Inflows of Resources</b>	
Pension Deferred Inflows	79,694
<b>Total Deferred Inflows of Resources</b>	<u>79,694</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>17,704,138</u>
 <b>Net Position</b>	
Net Investment in Capital Assets	(7,592,961)
Restricted:	
Special Programs	261,980
Debt Service	341,866
Capital Projects	134,072
Unrestricted (Deficit)	<u>(549,929)</u>
<b>Total Net Position</b>	<u>(7,404,972)</u>
<b>Total Liabilities and Deferred Inflows of Resources and Net Position</b>	<u><u>\$10,299,166</u></u>

See Accompanying Notes

# NORTH STAR CHARTER SCHOOL

## Statement of Activities Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instructional Programs					
Elementary School	\$1,827,653		\$246,338		(\$1,581,315)
Secondary School	1,850,269		207,121		(1,643,148)
Special Education	380,992		127,895		(253,097)
Gifted & Talented	5,932		5,932		0
School Activity	51,938				(51,938)
Support Service Programs					
Attendance - Guidance - Health	1,553		12,922		11,369
Special Education Support Services	57,361				(57,361)
Instruction Improvement	9,474		5,937		(3,537)
Educational Media	4,846		3,957		(889)
Instruction-Related Technology	62,735		62,735		0
Board of Education	43,960				(43,960)
District Administration	1,429,445		47,303		(1,382,142)
Buildings - Care	305,211		6,912		(298,299)
Maintenance - Student Occupied	136,409		4,693		(131,716)
Maintenance - Grounds	13,450				(13,450)
Pupil-To-School Transportation	456,040		274,183		(181,857)
Non-Instructional Programs					
Student Activity	2,040	\$1,533			(507)
Capital Assets - Student Occupied	244,233		24,594		(219,639)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	821,433				(821,433)
<b>Total</b>	<b>\$7,704,974</b>	<b>\$1,533</b>	<b>\$1,030,522</b>	<b>\$0</b>	<b>(6,672,919)</b>
<b>General Revenues</b>					
Local Revenue					242,989
State Revenue					6,533,917
Federal Revenue					0
Pension Revenue (Expense)					(972,747)
<b>Total</b>					<b>5,804,159</b>
<b>Change in Net Position</b>					
					(868,760)
<b>Net Position - Beginning - As Previously Stated</b>					
					(6,715,144)
<b>Restatement - See Note H</b>					
					178,932
<b>Net Position - Beginning - As Restated</b>					
					(6,536,212)
<b>Net Position - Ending</b>					
					<b>(\$7,404,972)</b>

**NORTH STAR CHARTER SCHOOL**

Balance Sheet - Governmental Funds

June 30, 2021

	<b>General Fund</b>	<b>Technology Fund</b>	<b>Bond R&amp;I Fund</b>	<b>Capital Construction Fund</b>
<b>Assets</b>				
Cash & Investments	\$947,929	\$219,953	\$341,866	\$149,119
Receivables:				
State Sources	345,657			
Federal Sources				
Prepaid Expenditures	5,172			
Due From Other Funds	330,193			
<b>Total Assets</b>	<b>\$1,628,951</b>	<b>\$219,953</b>	<b>\$341,866</b>	<b>\$149,119</b>
<b>Liabilities</b>				
Accounts Payable	\$223,653			\$15,047
Due To Other Funds				
Salaries & Benefits Payable	414,235			
Unspent Grant Allocation				
<b>Total Liabilities</b>	<b>637,888</b>	<b>\$0</b>	<b>\$0</b>	<b>15,047</b>
<b>Fund Balances</b>				
Restricted:				
Special Programs		219,953		
Debt Service			341,866	
Capital Projects				134,072
Nonspendable	5,172			
Assigned - Development Fund	71,234			
Unassigned	914,657			
<b>Total Fund Balances</b>	<b>991,063</b>	<b>219,953</b>	<b>341,866</b>	<b>134,072</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,628,951</b>	<b>\$219,953</b>	<b>\$341,866</b>	<b>\$149,119</b>



**NORTH STAR CHARTER SCHOOL**

Balance Sheet - Governmental Funds

June 30, 2021

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>		
Cash & Investments	\$43,569	\$1,702,436
Receivables:		
State Sources	0	345,657
Federal Sources	377,835	377,835
Prepaid Expenditures	0	5,172
Due From Other Funds	0	330,193
<b>Total Assets</b>	<u>\$421,404</u>	<u>\$2,761,293</u>
<b>Liabilities</b>		
Accounts Payable	\$1,542	\$240,242
Due To Other Funds	330,193	330,193
Salaries & Benefits Payable	22,261	436,496
Unspent Grant Allocation	25,381	25,381
<b>Total Liabilities</b>	<u>379,377</u>	<u>1,032,312</u>
<b>Fund Balances</b>		
Restricted:		
Special Programs	42,027	261,980
Debt Service		341,866
Capital Projects	0	134,072
Nonspendable	0	5,172
Assigned - Development Fund	0	71,234
Unassigned	0	914,657
<b>Total Fund Balances</b>	<u>42,027</u>	<u>1,728,981</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$421,404</u>	<u>\$2,761,293</u>

**NORTH STAR CHARTER SCHOOL**  
Balance Sheet - Governmental Funds  
June 30, 2021

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

<b>Total Governmental Fund Balances</b>	\$1,728,981
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,888,666
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Certain liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(14,481,627)
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Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds.	(1,540,992)
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<b>Net Position of Governmental Activities</b>	<u><u>(\$7,404,972)</u></u>
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**NORTH STAR CHARTER SCHOOL**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2021

	<b>General Fund</b>	<b>Technology Fund</b>	<b>Bond R&amp;I Fund</b>	<b>Capital Construction Fund</b>
<b>Revenues</b>				
Local Revenue	\$188,226		\$38	\$24,594
State Revenue	6,533,917	\$106,217		
Federal Revenue	314,874			
<b>Total Revenues</b>	<u>7,037,017</u>	<u>106,217</u>	<u>38</u>	<u>24,594</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	2,009,000			5,148
Secondary School	2,048,222			
Special Education	253,097			
Gifted & Talented				
School Activity				1,680
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services	57,361			
Instruction Improvement	3,537			
Educational Media	889			
Instruction-Related Technology		61,413		
Board of Education	43,960			
District Administration	1,382,142			
Buildings - Care	298,299			
Maintenance - Student Occupied	131,716			
Maintenance - Grounds	13,450			
Pupil-To-School Transportation	181,857			
Non-Instructional Programs				
Student Activity				
Capital Assets - Student Occupied	85,446			35,998
Capital Assets - Non-Student Occupied				
Debt Service - Principal			65,000	
Debt Service - Interest			432,160	
<b>Total Expenditures</b>	<u>6,508,976</u>	<u>61,413</u>	<u>497,160</u>	<u>42,826</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	528,041	44,804	(497,122)	(18,232)
<b>Other Financing Sources (Uses)</b>				
Transfers In	123,769		500,116	31,288
Transfers Out	(500,116)			
<b>Total Other Financing Sources (Uses)</b>	<u>(376,347)</u>	<u>0</u>	<u>500,116</u>	<u>31,288</u>
<b>Net Change in Fund Balances</b>	151,694	44,804	2,994	13,056
<b>Fund Balances - Beginning - As Prev. Stated</b>	839,369	175,149	338,872	121,016
<b>Restatement - See Note H</b>				
<b>Fund Balances - Beginning - As Restated</b>	<u>839,369</u>	<u>175,149</u>	<u>338,872</u>	<u>121,016</u>
<b>Fund Balances - Ending</b>	<u>\$991,063</u>	<u>\$219,953</u>	<u>\$341,866</u>	<u>\$134,072</u>

**NORTH STAR CHARTER SCHOOL**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2021

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>		
Local Revenue	\$57,258	\$270,116
State Revenue	13,830	6,653,964
Federal Revenue	570,007	884,881
<b>Total Revenues</b>	641,095	7,808,961
<b>Expenditures</b>		
Instructional Programs		
Elementary School	44,619	2,058,767
Secondary School	59,099	2,107,321
Special Education	127,895	380,992
Gifted & Talented	5,932	5,932
School Activity	50,258	51,938
Support Service Programs		
Attendance - Guidance - Health	1,553	1,553
Special Education Support Services	0	57,361
Instruction Improvement	5,937	9,474
Educational Media	3,957	4,846
Instruction-Related Technology	1,322	62,735
Board of Education	0	43,960
District Administration	47,303	1,429,445
Buildings - Care	6,912	305,211
Maintenance - Student Occupied	4,693	136,409
Maintenance - Grounds	0	13,450
Pupil-To-School Transportation	274,183	456,040
Non-Instructional Programs		
Student Activity	2,040	2,040
Capital Assets - Student Occupied	0	121,444
Capital Assets - Non-Student Occupied	0	0
Debt Service - Principal	0	65,000
Debt Service - Interest	0	432,160
<b>Total Expenditures</b>	635,703	7,746,078
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	5,392	62,883
<b>Other Financing Sources (Uses)</b>		
Transfers In	5,470	660,643
Transfers Out	(160,527)	(660,643)
<b>Total Other Financing Sources (Uses)</b>	(155,057)	0
<b>Net Change in Fund Balances</b>	(149,665)	62,883
<b>Fund Balances - Beginning - As Prev. Stated</b>	12,760	1,487,166
Restatement - See Note H	178,932	178,932
<b>Fund Balances - Beginning - As Restated</b>	191,692	1,666,098
<b>Fund Balances - Ending</b>	\$42,027	\$1,728,981

**NORTH STAR CHARTER SCHOOL**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2021

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

**Net Change in Fund Balances - Total Governmental Funds** \$62,883

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. (122,789)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 85,487

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. (389,273)

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. (505,068)

**Change in Net Position of Governmental Activities** (\$868,760)

**NORTH STAR CHARTER SCHOOL**  
Notes to Financial Statements

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** – North Star 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

**NORTH STAR CHARTER SCHOOL**  
Notes to Financial Statements

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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.

*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 technology fund, which serves to account for providing revenues and expenditures relating to technology needs.

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

*Capital Projects Funds* – Capital projects funds are used to account for the acquisition of capital assets. Major capital project funds include the capital construction fund, used to account for facility needs and supplies.

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

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

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

**Cash and Investments** – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds based on each fund's respective investment balance. Investments include U.S. government securities and are stated at fair value using quoted market prices (Level 1).

**NORTH STAR CHARTER SCHOOL**  
Notes to Financial Statements

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**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 recorded as a liability in the accompanying financial statements.

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

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

**Net Position** – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

**Fund Balance Classifications** – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity’s governing



**NORTH STAR CHARTER SCHOOL**  
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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.

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

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

**Subsequent Events** – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**NORTH STAR CHARTER SCHOOL**  
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**B. CASH AND INVESTMENTS**

Cash and investments consist of the following at year end:

Cash - Deposits	\$1,360,570
Investments - U.S. Government Securities	<u>341,866</u>
<b>Total</b>	<u><u>\$1,702,436</u></u>

**Deposits** – At year end, the carrying amounts of the School's deposits were \$1,360,570 and the bank balances were \$1,442,158. Of the bank balances, \$250,000 was insured and the remainder was uninsured and uncollateralized.

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

**Interest rate risk:**

Investment Type	<b>Investment Maturity Schedule (In Years)</b>	
	Less Than 1	Total
U.S. Gov't Securities	\$341,866	\$341,866
<b>Total</b>	<u>\$341,866</u>	<u>\$341,866</u>

**Credit rate risk (Moody's rating scale):**

Investment Type	<b>Investment Rating Schedule</b>	
	AAA	Total
U.S. Gov't Securities	\$341,866	\$341,866
<b>Total</b>	<u>\$341,866</u>	<u>\$341,866</u>

**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.

**NORTH STAR CHARTER SCHOOL**  
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**C. RECEIVABLES**

Receivables consist of the following at year end:

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Total</b>
State Sources			
Foundation Program	\$296,771		\$296,771
Special Programs	48,886		48,886
<b>Total</b>	<b>\$345,657</b>		<b>\$345,657</b>
Federal Sources			
Special Programs		\$377,835	\$377,835
<b>Total</b>		<b>\$377,835</b>	<b>\$377,835</b>

**D. CAPITAL ASSETS**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Nondepreciable Capital Assets				
Land	\$1,162,200			\$1,162,200
Construction in Progress	202,071			202,071
<b>Total</b>	<b>1,364,271</b>	<b>\$0</b>	<b>\$0</b>	<b>1,364,271</b>
Depreciable Capital Assets				
Buildings	7,760,471	60,965		7,821,436
Equipment	913,050	21,296	62,183	872,163
Subtotal	<b>8,673,521</b>	<b>82,261</b>	<b>62,183</b>	<b>8,693,599</b>
Accumulated Depreciation				
Buildings	2,310,614	156,428		2,467,042
Equipment	715,723	48,622	62,183	702,162
Subtotal	<b>3,026,337</b>	<b>205,050</b>	<b>62,183</b>	<b>3,169,204</b>
<b>Total</b>	<b>5,647,184</b>	<b>(122,789)</b>	<b>0</b>	<b>5,524,395</b>
<b>Net Capital Assets</b>	<b>\$7,011,455</b>	<b>(\$122,789)</b>	<b>\$0</b>	<b>\$6,888,666</b>

Depreciation expense of \$205,050 was charged to the capital assets – student occupied program.

**NORTH STAR CHARTER SCHOOL**  
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**E. LONG-TERM DEBT AND OBLIGATIONS**

At year end, the School's bonded debt was as follows:

	<b>Outstanding</b>
2014A - \$6,000,000 - facilities revenue refunding bonds (tax exempt) due in semiannual installments with interest at 6.75% through 2048/49, secured by real estate, paid through the bond redemption & interest fund	\$5,915,000
2014B - \$5,798,156 - facilities revenue refunding capital appreciation subordinate bonds (tax exempt), all principal and accrued interest (at 5.00%) is due in 2049/50*, secured by real estate	5,798,156
2014C - \$345,000 - facilities revenue refunding bonds (taxable) due in semiannual installments with interest at 6.00% through 2024/25, secured by real estate, paid through the bond redemption & interest fund	145,000
<b>Total</b>	<b>\$11,858,156</b>

\*The 2014B facilities revenue refunding capital appreciation subordinate bonds require no principal or interest payments until maturity in 2049/50. As a result, these bonds should not have a cash flow impact until maturity.

Maturities on the bonds (cash basis) are estimated as follows:

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>
6/30/22	\$70,000	\$405,750
6/30/23	70,000	401,325
6/30/24	75,000	396,713
6/30/25	80,000	391,725
6/30/26	85,000	386,269
6/30/27-31	605,000	1,823,681
6/30/32-36	885,000	1,571,231
6/30/37-41	1,230,000	1,217,363
6/30/42-46	1,710,000	724,950
6/30/47-50	7,048,156	27,122,057
<b>Total</b>	<b>\$11,858,156</b>	<b>\$34,441,064</b>

Accrued interest, interest paid, and interest expense for the year were as follows:

	<b>Accrued Interest</b>		<b>Interest Paid</b>	<b>Interest Expense</b>
	<b>Beginning Balance</b>	<b>Ending Balance</b>		
Current - Series A&C Bonds	\$206,025	\$203,981	\$432,160	\$430,116
Noncurrent - Series B Bonds	2,028,173	2,419,490	0	391,317
<b>Total</b>	<b>\$2,234,198</b>	<b>\$2,623,471</b>	<b>\$432,160</b>	<b>\$821,433</b>

**NORTH STAR CHARTER SCHOOL**  
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Changes in long-term debt and obligations 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>
2014A F.R.R. Bonds	\$5,940,000		\$25,000	\$5,915,000	\$30,000
2014B F.R.R. Bonds	5,798,156			5,798,156	0
2014C F.R.R. Bonds	185,000		40,000	145,000	40,000
Compensated Absences	20,487		20,487	0	
<b>Total</b>	<b>\$11,943,643</b>	<b>\$0</b>	<b>\$85,487</b>	<b>\$11,858,156</b>	<b>\$70,000</b>

Interest and related costs during the year amounted to \$821,433 and were charged to the debt service – interest program in the statement of activities.

**F. PENSION PLAN**

*Plan Description*

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

**NORTH STAR CHARTER SCHOOL**  
Notes to Financial Statements

defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The School's contributions were \$467,679 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020, the School's proportion was 0.1051059 percent.

For the year ended June 30, 2021, the School recognized pension revenue (expense) of (\$972,747). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$190,693	\$79,694
Changes in assumptions or other inputs	41,277	
Net difference between projected and actual earnings on pension plan investments	279,751	
Employer contributions subsequent to the measurement date	467,679	
<b>Total</b>	<b>\$979,400</b>	<b>\$79,694</b>

\$467,679 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the pension expense or reduction of the pension revenue in the year ending June 30, 2022.

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

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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:

<b>Year Ended</b>	
6/30/22	(\$7,882)
6/30/23	(102,812)
6/30/24	(139,540)
6/30/25	(181,792)
<b>Total</b>	<u><u>(\$432,026)</u></u>

*Actuarial Assumptions*

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

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

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

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

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

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

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

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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 2020.

**Capital Market Assumptions from Callen 2020**

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

**Investment Policy Assumptions from PERSI November 2019**

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

**Economic/Demographic Assumptions from Milliman 2018**

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

*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected



**NORTH STAR CHARTER SCHOOL**  
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rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

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

	<b>1% Decrease (6.05%)</b>	<b>Current Discount Rate (7.05%)</b>	<b>1% Increase (8.05%)</b>
School's proportionate share of the net pension liability (asset)	\$5,005,203	\$2,440,698	\$320,270

*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](http://www.persi.idaho.gov).

*Impacts on the School's net position*

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

**NORTH STAR CHARTER SCHOOL**  
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**G. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at year end consist of the following:

<b>Due To Fund</b>	<b>Due From Fund</b>	
	Nonmajor Governmental	<b>Total</b>
General	\$330,193	\$330,193
<b>Total</b>	<b>\$330,193</b>	<b>\$330,193</b>

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

Interfund transfers during the year consist of the following:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>	<b>Purpose</b>
General	\$123,769	\$500,116	Debt Service, Balance Transfer
Bond Redemption & Interest	500,116		Debt Service
Capital Construction	31,288		Balance Transfer
Nonmajor Governmental	5,470	160,527	Balance Transfer
<b>Total</b>	<b>\$660,643</b>	<b>\$660,643</b>	

**H. PRIOR PERIOD ADJUSTMENT**

During the year, the School implemented GASB No. 84 *Fiduciary Activities*. As required by GASB 84, the School's net position and student activities fund balances were restated by \$178,932 to reflect the implementation of this new standard which requires that certain previously reported fiduciary funds now be classified as governmental funds.

**NORTH STAR CHARTER SCHOOL**

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

<b>General Fund</b>	<b>Budgeted Amounts (GAAP Basis)</b>		<b>Actual Amounts</b>	<b>Final Budget Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Local Revenue	\$163,064	\$163,064	\$188,226	\$25,162
State Revenue	6,420,731	6,420,731	6,533,917	113,186
Federal Revenue	126,420	126,420	314,874	188,454
<b>Total Revenues</b>	<b>6,710,215</b>	<b>6,710,215</b>	<b>7,037,017</b>	<b>326,802</b>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	2,065,132	2,065,132	2,009,000	56,132
Secondary School	1,927,628	1,927,628	2,048,222	(120,594)
Special Education	413,922	413,922	253,097	160,825
Gifted & Talented	0	0		
School Activity	0	0	0	0
Support Service Programs			0	0
Attendance - Guidance - Health	0	0	0	0
Special Education Support Services	0	0	57,361	(57,361)
Instruction Improvement	1,500	1,500	3,537	(2,037)
Educational Media	320	320	889	(569)
Instruction-Related Technology	0	0	0	0
Board of Education	19,750	19,750	43,960	(24,210)
District Administration	964,443	964,443	1,382,142	(417,699)
Buildings - Care	284,311	284,311	298,299	(13,988)
Maintenance - Student Occupied	0	0	131,716	(131,716)
Maintenance - Grounds	0	0	13,450	(13,450)
Pupil-To-School Transportation	455,160	455,160	181,857	273,303
Non-Instructional Programs				
Student Activity	0	0	0	0
Capital Assets - Student Occupied	75,000	75,000	85,446	(10,446)
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
<b>Total Expenditures</b>	<b>6,207,166</b>	<b>6,207,166</b>	<b>6,508,976</b>	<b>(301,810) *</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>503,049</b>	<b>503,049</b>	<b>528,041</b>	<b>24,992</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	123,769	123,769
Transfers Out	(477,953)	(477,953)	(500,116)	(22,163) *
<b>Total Other Financing Sources (Uses)</b>	<b>(477,953)</b>	<b>(477,953)</b>	<b>(376,347)</b>	<b>101,606</b>
<b>Net Change in Fund Balances</b>	<b>25,096</b>	<b>25,096</b>	<b>151,694</b>	<b>126,598</b>
<b>Fund Balances - Beginning</b>	<b>0</b>	<b>0</b>	<b>839,369</b>	<b>839,369</b>
<b>Fund Balances - Ending</b>	<b>\$25,096</b>	<b>\$25,096</b>	<b>\$991,063</b>	<b>\$965,967</b>

\*Total expenditures (over) under appropriations are: (\$323,973)

**NORTH STAR CHARTER SCHOOL**

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

<b>Technology Fund</b>	<b>Budgeted Amounts (GAAP Basis)</b>		<b>Actual Amounts</b>	<b>Final Budget Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Local Revenue	\$0	\$0	\$0	\$0
State Revenue	105,952	105,952	106,217	265
Federal Revenue	0	0	0	0
<b>Total Revenues</b>	<u>105,952</u>	<u>105,952</u>	<u>106,217</u>	<u>265</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	0	0	0	0
Secondary School	0	0	0	0
Special Education	0	0	0	0
Gifted & Talented	0	0	0	0
School Activity	0	0	0	0
Support Service Programs			0	0
Attendance - Guidance - Health	0	0	0	0
Special Education Support Services	0	0	0	0
Instruction Improvement	0	0	0	0
Educational Media	0	0	0	0
Instruction-Related Technology	105,952	105,952	61,413	44,539
Board of Education	0	0	0	0
District Administration	0	0	0	0
Buildings - Care	0	0	0	0
Maintenance - Student Occupied	0	0	0	0
Maintenance - Grounds	0	0	0	0
Pupil-To-School Transportation	0	0	0	0
Non-Instructional Programs				
Student Activity	0	0	0	0
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
<b>Total Expenditures</b>	<u>105,952</u>	<u>105,952</u>	<u>61,413</u>	<u>44,539 *</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	44,804	44,804
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	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	44,804	44,804
<b>Fund Balances - Beginning</b>	0	0	175,149	175,149
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$219,953</u>	<u>\$219,953</u>

\*Total expenditures (over) under appropriations are: \$44,539

**NORTH STAR CHARTER SCHOOL**  
**Schedule of Employer's Share of Net Pension Liability**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>
School's portion of the net pension liability	0.1051059%	0.1005859%	0.1020925%
School's proportionate share of the net pension liability	\$2,440,698	\$1,148,160	\$1,505,882
School's covered payroll	\$3,920,653	\$3,416,304	\$3,416,304
School's proportional share of the net pension liability as a percentage of its covered payroll	62.25%	33.61%	44.08%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%	91.69%
	<u>2018</u>	<u>2017</u>	<u>2016</u>
School's portion of the net pension liability	0.1045074%	0.1002813%	0.0958135%
School's proportionate share of the net pension liability	\$1,642,677	\$2,032,856	\$1,261,708
School's covered payroll	\$3,284,685	\$3,245,923	\$2,936,983
School's proportional share of the net pension liability as a percentage of its covered payroll	50.01%	62.63%	42.96%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%
	<u>2015</u>		
School's portion of the net pension liability			0.0893739%
School's proportionate share of the net pension liability			\$657,932
School's covered payroll			\$2,683,710
School's proportional share of the net pension liability as a percentage of its covered payroll			24.52%
Plan fiduciary net position as a percentage of the total pension liability			94.95%

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

Data reported is measured as of June 30, 2020.

**NORTH STAR CHARTER SCHOOL**  
**Schedule of Employer Contributions**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$467,697	\$468,126	\$386,725
Contributions in relation to the statutorily required contribution	<u>\$467,679</u>	<u>\$468,126</u>	<u>\$386,725</u>
Contribution deficiency (excess)	<u>\$18</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$3,916,910	\$3,920,653	\$3,416,304
Contributions as a percentage of covered payroll	11.94%	11.94%	11.32%

  

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$371,826	\$367,439	\$332,467	\$303,796
Contributions in relation to the statutorily required contribution	<u>\$371,826</u>	<u>\$367,439</u>	<u>\$332,467</u>	<u>\$303,796</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$3,284,684	\$3,245,923	\$2,936,983	\$2,683,710
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

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

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

**NORTH STAR CHARTER SCHOOL**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>Athletics</b>	<b>Student Activity</b>	<b>Substance Abuse</b>	<b>ESSER I</b>
<b>Assets</b>				
Cash & Investments	\$1,336	\$18,104	\$24,129	
Receivables:				
State Sources				
Federal Sources				\$164
Prepaid Expenditures				
Due From Other Funds				
<b>Total Assets</b>	<b>\$1,336</b>	<b>\$18,104</b>	<b>\$24,129</b>	<b>\$164</b>
<b>Liabilities</b>				
Accounts Payable	\$1,336	\$206		
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				\$164
<b>Total Liabilities</b>	<b>1,336</b>	<b>206</b>	<b>\$0</b>	<b>164</b>
<b>Fund Balances</b>				
Restricted:				
Special Programs		17,898	24,129	
Debt Service				
Capital Projects				
Nonspendable				
Assigned - Development Fund				
Unassigned				
<b>Total Fund Balances</b>	<b>0</b>	<b>17,898</b>	<b>24,129</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,336</b>	<b>\$18,104</b>	<b>\$24,129</b>	<b>\$164</b>

**NORTH STAR CHARTER SCHOOL**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>ESSER II</b>	<b>IDEA Part B 611 School Age 3-21</b>	<b>Title IV-A ESSA SS &amp; AE</b>	<b>Title II-A ESSA SEI</b>
<b>Assets</b>				
Cash & Investments				
Receivables:				
State Sources				
Federal Sources	\$308,089			\$7,798
Prepaid Expenditures				
Due From Other Funds				
<b>Total Assets</b>	<u>\$308,089</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,798</u>
<b>Liabilities</b>				
Accounts Payable				
Due To Other Funds	\$308,089			
Salaries & Benefits Payable				
Unspent Grant Allocation				\$7,798
<b>Total Liabilities</b>	<u>308,089</u>	<u>\$0</u>	<u>\$0</u>	<u>7,798</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Nonspendable				
Assigned - Development Fund				
Unassigned				
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$308,089</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,798</u>



**NORTH STAR CHARTER SCHOOL**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2021

	<b>Special Revenue Funds</b>		
	<b>K-4 / K-12 Learning Loss</b>	<b>CRF Non-ESSER</b>	<b>CRF D/B Learning</b>
<b>Assets</b>			
Cash & Investments			
Receivables:			
State Sources			
Federal Sources	\$39,680	\$20,892	\$1,212
Prepaid Expenditures			
Due From Other Funds			
<b>Total Assets</b>	<b>\$39,680</b>	<b>\$20,892</b>	<b>\$1,212</b>
<b>Liabilities</b>			
Accounts Payable			
Due To Other Funds		\$20,892	\$1,212
Salaries & Benefits Payable	\$22,261		
Unspent Grant Allocation	17,419		
<b>Total Liabilities</b>	<b>39,680</b>	<b>20,892</b>	<b>1,212</b>
<b>Fund Balances</b>			
Restricted:			
Special Programs			
Debt Service			
Capital Projects			
Nonspendable			
Assigned - Development Fund			
Unassigned			
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$39,680</b>	<b>\$20,892</b>	<b>\$1,212</b>

**NORTH STAR CHARTER SCHOOL**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2021

	<b>Total</b>
<b>Assets</b>	
Cash & Investments	\$43,569
Receivables:	
State Sources	0
Federal Sources	377,835
Prepaid Expenditures	0
Due From Other Funds	0
<b>Total Assets</b>	<b>\$421,404</b>
 <b>Liabilities</b>	
Accounts Payable	\$1,542
Due To Other Funds	330,193
Salaries & Benefits Payable	22,261
Unspent Grant Allocation	25,381
<b>Total Liabilities</b>	<b>379,377</b>
 <b>Fund Balances</b>	
Restricted:	
Special Programs	42,027
Debt Service	0
Capital Projects	0
Nonspendable	0
Assigned - Development Fund	0
Unassigned	0
<b>Total Fund Balances</b>	<b>42,027</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$421,404</b>

**NORTH STAR CHARTER SCHOOL**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>Athletics</b>	<b>Student Activity</b>	<b>Substance Abuse</b>	<b>ESSER I</b>
<b>Revenues</b>				
Local Revenue	\$55,725	\$1,533		
State Revenue			\$13,830	
Federal Revenue				\$18,397
<b>Total Revenues</b>	<u>55,725</u>	<u>1,533</u>	<u>13,830</u>	<u>18,397</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				7,676
Secondary School	10,937			6,764
Special Education				
Gifted & Talented				
School Activity	50,258			
Support Service Programs				
Attendance - Guidance - Health			1,553	
Special Education Support Services				
Instruction Improvement				
Educational Media				3,957
Instruction-Related Technology				
Board of Education				
District Administration			908	
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Student Activity		2,040		
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
<b>Total Expenditures</b>	<u>61,195</u>	<u>2,040</u>	<u>2,461</u>	<u>18,397</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(5,470)	(507)	11,369	0
<b>Other Financing Sources (Uses)</b>				
Transfers In	5,470			
Transfers Out		(160,527)		
<b>Total Other Financing Sources (Uses)</b>	<u>5,470</u>	<u>(160,527)</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	(161,034)	11,369	0
<b>Fund Balances - Beginning - As Prev. Stated</b>	0	0	12,760	0
<b>Restatement - See Note H</b>		178,932		
<b>Fund Balances - Beginning - As Restated</b>	<u>0</u>	<u>178,932</u>	<u>12,760</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$17,898</u>	<u>\$24,129</u>	<u>\$0</u>

**NORTH STAR CHARTER SCHOOL**  
 Combining Statement of Revenues, Expenditures, and Changes in  
 Fund Balances - Nonmajor Governmental Funds  
 Year Ended June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>ESSER II</b>	<b>IDEA Part B 611 School Age 3-21</b>	<b>Title IV-A ESSA SS &amp; AE</b>	
<b>Revenues</b>				
Local Revenue				
State Revenue				
Federal Revenue	\$308,089	\$126,420	\$5,932	\$5,449
<b>Total Revenues</b>	<u>308,089</u>	<u>126,420</u>	<u>5,932</u>	<u>5,449</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	5,528			
Secondary School	28,339			
Special Education		126,420		
Gifted & Talented			5,932	
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				5,449
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration	39			
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation	274,183			
Non-Instructional Programs				
Student Activity				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
<b>Total Expenditures</b>	<u>308,089</u>	<u>126,420</u>	<u>5,932</u>	<u>5,449</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	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>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances - Beginning - As Prev. Stated</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Restatement - See Note H</b>				
<b>Fund Balances - Beginning - As Restated</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**NORTH STAR CHARTER SCHOOL**  
 Combining Statement of Revenues, Expenditures, and Changes in  
 Fund Balances - Nonmajor Governmental Funds  
 Year Ended June 30, 2021

	<b>Special Revenue Funds</b>		
	<b>K-4 / K-12 Learning Loss</b>	<b>CRF Non-ESSER</b>	<b>CRF D/B Learning</b>
<b>Revenues</b>			
Local Revenue			
State Revenue			
Federal Revenue	\$22,261	\$55,259	\$28,200
<b>Total Revenues</b>	<u>22,261</u>	<u>55,259</u>	<u>28,200</u>
<b>Expenditures</b>			
Instructional Programs			
Elementary School	18,374	9,928	3,113
Secondary School	3,887	1,606	7,566
Special Education		366	1,109
Gifted & Talented			
School Activity			
Support Service Programs			
Attendance - Guidance - Health			
Special Education Support Services			
Instruction Improvement			488
Educational Media			
Instruction-Related Technology			1,322
Board of Education			
District Administration		35,646	10,710
Buildings - Care		4,725	2,187
Maintenance - Student Occupied		2,988	1,705
Maintenance - Grounds			
Pupil-To-School Transportation			
Non-Instructional Programs			
Student Activity			
Capital Assets - Student Occupied			
Capital Assets - Non-Student Occupied			
Debt Service - Principal			
Debt Service - Interest			
<b>Total Expenditures</b>	<u>22,261</u>	<u>55,259</u>	<u>28,200</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	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>
<b>Net Change in Fund Balances</b>	0	0	0
<b>Fund Balances - Beginning - As Prev. Stated</b>	0	0	0
<b>Restatement - See Note H</b>			
<b>Fund Balances - Beginning - As Restated</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**NORTH STAR CHARTER SCHOOL**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2021

	<b>Total</b>
<b>Revenues</b>	
Local Revenue	\$57,258
State Revenue	13,830
Federal Revenue	570,007
<b>Total Revenues</b>	641,095
<b>Expenditures</b>	
<b>Instructional Programs</b>	
Elementary School	44,619
Secondary School	59,099
Special Education	127,895
Gifted & Talented	5,932
School Activity	50,258
<b>Support Service Programs</b>	
Attendance - Guidance - Health	1,553
Special Education Support Services	0
Instruction Improvement	5,937
Educational Media	3,957
Instruction-Related Technology	1,322
Board of Education	0
District Administration	47,303
Buildings - Care	6,912
Maintenance - Student Occupied	4,693
Maintenance - Grounds	0
Pupil-To-School Transportation	274,183
<b>Non-Instructional Programs</b>	
Student Activity	2,040
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
Debt Service - Principal	0
Debt Service - Interest	0
<b>Total Expenditures</b>	635,703
<b>Excess (Deficiency) of Revenues</b>	
<b>Over Expenditures</b>	5,392
<b>Other Financing Sources (Uses)</b>	
Transfers In	5,470
Transfers Out	(160,527)
<b>Total Other Financing Sources (Uses)</b>	(155,057)
<b>Net Change in Fund Balances</b>	(149,665)
<b>Fund Balances - Beginning - As Prev. Stated</b>	12,760
<b>Restatement - See Note H</b>	178,932
<b>Fund Balances - Beginning - As Restated</b>	191,692
<b>Fund Balances - Ending</b>	\$42,027

**NORTH STAR CHARTER SCHOOL**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>US Dept of Treasury</b>			
<i>Passed Through Idaho Dept of Education:</i>			
COVID-19 - Coronavirus Relief Fund	21.019	20-1892-0-1-806	420,594
<b>Total US Dept of Treasury</b>			<u>420,594</u>
<b>US Dept of Education</b>			
<i>Passed Through Idaho Dept of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A200088	126,420
Total Special Education Cluster			<u>126,420</u>
Supporting Effective Instruction State Grants	84.367	S367A18/190011	5,449
Student Support & Academic Enrichment	84.424	S424A180013	5,932
COVID-19 - Education Stabilization Fund	84.425	S425D200043	326,486
<b>Total US Dept of Education</b>			<u>464,287</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$884,881</u></u>

**NOTES:**

**A. Basis of Presentation** - The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

**B. Summary of Significant Accounting Policies** - Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**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  
North Star 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 North Star Charter School (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated October 10, 2021.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



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

### **Purpose of this Report**

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

### ***Quest CPAs PLLC***

Payette, Idaho  
October 10, 2021



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

Board of Directors  
North Star Charter School

### **Report on Compliance for Each Major Federal Program**

We have audited North Star Charter School’s (the School’s) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2021. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

### **Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the School’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School’s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## **Report on Internal Control Over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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

### ***Quest CPAs PLLC***

Payette, Idaho  
October 10, 2021

**NORTH STAR CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021

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**SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report being issued: Unmodified

- Each Major Fund
- Aggreg Remain Fund Info

Qualified

- Gov't Activities

*Internal control over financial reporting:*

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statements noted? No

**FEDERAL AWARDS**

*Internal control over major programs:*

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Major program identification:  
a. COVID-19 - Coronavirus Relief Fund – CFDA #21.019

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as a low-risk auditee? No