



October 12, 2021

To the Board of Directors  
Meridian Medical Arts Charter High School, Inc.  
Meridian, Idaho

We have audited the financial statements of Meridian Medical Arts Charter High School, Inc. as of and for the year ended June 30, 2021, and have issued our report thereon dated October 12, 2021. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated June 24, 2021 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Meridian Medical Arts Charter High School, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding a material control deficiency during our audit in our 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* dated October 12, 2021.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Meridian Medical Arts Charter High School, Inc. is included in Note 1 to the financial statements, the District changed accounting policies related to the accounting for fiduciary activities to adopt the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2020. There have been no other initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate of the employer pension assumption that is based on actuarial estimates provided by Milliman. We evaluated the key factors and assumptions used to develop the employer pension assumption in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Meridian Medical Arts Charter High School, Inc.'s financial statements relates to the disclosure of the net pension liability in Note 8 to the financial statements is sensitive as the footnote supports the assumptions made and inputs used to determine the net pension liability.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The following misstatements that were identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- To correct the prior year capital asset balance of \$460,608 and to correct the prior year amount due to the District by \$33,939, which resulted in an increase in prior year net position of \$494,547.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- An adjustment to record a lease as a capital lease in governmental activities resulting in an understatement of capital assets and capital lease payable by \$6,042. Lease expenditures was overstated by \$1,908 in the general fund during the year ended June 30, 2020. Principal and interest expenditures in the general fund were understated by \$1,810 and \$101 respectively for the year ended June 30, 2021.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Meridian Medical Arts Charter High School, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated October 12, 2021.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Modification of the Auditor's Report**

We have made the following modification to our auditor's report.

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

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 associated with other post-employment benefits (OPEB). The standard also

requires certain note disclosures and required supplementary information (RSI) about the OPEB plans. The amounts by which the departure would affect net position, assets, liabilities, deferred outflows of resources and deferred inflows of resources, expenses, disclosures and RSI are not reasonably determinable.

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

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on the Governmental Activities Opinion Unit” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Charter, as of June 30, 2021, 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.

**Emphasis of Matter – Restatement of Prior Year**

As described in Note 9 to the financial statements, the Charter has restated the beginning net position to correct capital assets as of June 30, 2020. Our opinion is not modified with respect to this matter.

**Emphasis of Matter**

As discussed in Notes 1 and 9 to the financial statements, the Charter has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of fund balance and net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Meridian Medical Arts Charter High School, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Meridian Medical Arts Charter High School, Inc.’s auditors.

This report is intended solely for the information and use of the Board of Directors, and management of Meridian Medical Arts Charter High School, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.



Boise, Idaho