

Financial Statements

Idaho Connects Online School #469
Includes Supplemental Information
Year Ended June 30, 2018



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Idaho Connects Online School No. 469

TITLE PAGE

5680 E. Franklin Road, Suite 200

Nampa, Idaho 83687

Board of Trustees

David High Chairman

Jack McMahon Trustee

Collette Wilkes Trustee

Henry Reents Trustee

Administrators

Vickie McCullough Superintendent

Dorian Bell Business Manager

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Idaho Connects Online School No. 469
Nampa, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Idaho Connects Online School No. 469 (the Charter) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter'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.

Auditors' 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 from 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.





Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Idaho Connects Online School No. 469, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note G to the financial statements, the Charter has adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Other Post-Employment Benefits (OPEB), which has resulted in a restatement of the net position as of July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of employer's share of net pension liability and of employer contributions, schedules of employer's share of OPEB sick leave asset and of employer contributions, and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter's financial statements as a whole. The combining 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 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 to 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29 2018, on our consideration of the Charter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on 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 Charter's internal control over financial reporting and compliance.

Harris CPAs

Meridian, Idaho
October 29, 2018

BASIC FINANCIAL STATEMENTS

IDAHO CONNECTS ONLINE SCHOOL #469
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,277,285
Intergovernmental receivables	224,867
Prepaid expenses	34,766
Net pension asset – sick leave	<u>80,894</u>
Total Assets	<u>1,617,812</u>
Deferred outflows of resources - pensions	453,310
Deferred outflows OPEB obligations – sick leave	14,700
Liabilities	
Accounts payable	25,721
Accrued payroll liabilities	134,742
Long-term liabilities, due beyond one year:	
Net pension liability	<u>625,421</u>
Total Liabilities	<u>785,884</u>
Deferred Inflows of Resources - Pensions	93,817
Net Position	
Restricted for:	
Special revenue funds	67,063
Unrestricted	<u>1,139,058</u>
Total Net Position	<u>\$ 1,206,121</u>

See accompanying notes to basic financial statements.

IDAHO CONNECTS ONLINE SCHOOL #469
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	<u>Program Revenues</u>				
	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>		<u>Net (Expense)</u>
	<u>Services and</u>	<u>Grants and</u>	<u>Grants and</u>		<u>Revenue and</u>
<u>Expenses</u>	<u>Sales</u>	<u>Contributions</u>	<u>Contributions</u>		<u>Changes in Net</u>
					<u>Position</u>
Primary Government:					
Governmental activities:					
Instruction	\$ 1,377,904	\$ 16,875	\$ 0	\$ 0	\$ (1,361,029)
Support services	<u>769,972</u>	<u>0</u>	<u>25,971</u>	<u>0</u>	<u>(744,001)</u>
Total Governmental Activities	<u>\$ 2,147,876</u>	<u>\$ 16,875</u>	<u>\$ 25,971</u>	<u>\$ 0</u>	(2,105,030)
General Revenues:					
State sources					1,920,184
Earnings on investments					952
Other-Pension					<u>42,385</u>
Total General Revenues					<u>1,963,521</u>
Change in Net Position					(141,509)
Net Position, Beginning of Year (restated)					<u>1,347,630</u>
Net Position, End of Year					<u>\$ 1,206,121</u>

See accompanying notes to basic financial statements.

IDAHO CONNECTS ONLINE SCHOOL #469
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 1,210,222	\$ 67,063	\$ 1,277,285
Intergovernmental receivables, net	198,896	25,971	224,867
Due from other funds	25,971	0	25,971
Prepaid expenses and other assets	<u>34,766</u>	<u>0</u>	<u>34,766</u>
Total Assets	<u>\$ 1,469,855</u>	<u>\$ 93,034</u>	<u>\$ 1,562,889</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 25,721	\$ 0	\$ 25,721
Accrued payroll liabilities	134,742	0	134,742
Due to other funds	<u>0</u>	<u>25,971</u>	<u>25,971</u>
Total Liabilities	<u>160,463</u>	<u>25,971</u>	<u>186,434</u>
Fund Balances:			
Nonspendable	34,766	0	34,766
Restricted	0	67,063	67,063
Assigned	88,973	0	88,973
Unassigned	<u>1,185,653</u>	<u>0</u>	<u>1,185,653</u>
Total Fund Balances	<u>1,309,392</u>	<u>67,063</u>	<u>1,376,455</u>
Total Liabilities and Fund Balances	<u>\$ 1,469,855</u>	<u>\$ 93,034</u>	<u>\$ 1,562,889</u>

See accompanying notes to basic financial statements.

IDAHO CONNECTS ONLINE SCHOOL #469
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total Fund Balances – Governmental Funds	\$ 1,376,455
Deferred outflows of resources are not reported in the funds, and represent changes in pension assumptions (\$11,566), changes in the employer’s proportion and contributions and differences between the employer’s contributions and the employer’s proportionate contributions (\$202,210), District contributions to the pension subsequent to the measurement date (\$132,067), and changes in the employer’s proportionate share (\$107,467).	453,310
Deferred outflows for OPEB sick leave	14,700
Total OPEB asset for sick leave is a long term asset and is not recognized on the Governmental Statements.	80,894
The District’s proportionate share of net pension liabilities are recognized in the government-wide statements.	(625,421)
Deferred inflows of resources are not reported in the funds, and represent the net difference between projected and actual investment earnings and actual experience on pension plan investments.	<u>(93,817)</u>
Total Net Position – Governmental Activities	<u>\$ 1,206,121</u>

See accompanying notes to basic financial statements.

IDAHO CONNECTS ONLINE SCHOOL #469
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
State	\$ 1,863,258	\$ 56,926	\$ 1,920,184
Grants and contributions	0	25,971	25,971
Earnings on investments	952	0	952
Other	<u>16,875</u>	<u>0</u>	<u>16,875</u>
Total Revenues	<u>1,881,085</u>	<u>82,897</u>	<u>1,963,982</u>
Expenditures			
Current:			
Instruction	1,338,119	39,785	1,377,904
Support services	<u>738,360</u>	<u>31,612</u>	<u>769,972</u>
Total Expenditures	<u>2,076,479</u>	<u>71,397</u>	<u>2,147,876</u>
Net Change in Fund Balances	(195,394)	11,500	(183,894)
Fund Balances – Beginning	<u>1,504,786</u>	<u>55,563</u>	<u>1,560,349</u>
Fund Balances - Ending	<u>\$ 1,309,392</u>	<u>\$ 67,063</u>	<u>\$ 1,376,455</u>

See accompanying notes to basic financial statements.

IDAHO CONNECTS ONLINE SCHOOL #469
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Total Net Change in Fund Balance – Governmental Funds	\$	(183,894)
Pension revenue		<u>42,385</u>
Change in Net Position of Governmental Activities	\$	<u>(141,509)</u>

See accompanying notes to basic financial statements.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note A – Summary of Significant Accounting Policies

Financial Reporting Entity

The accompanying financial statements present the activities of Idaho Connects Online School No. 469 (the Charter). The Charter receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the Charter is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are volunteers and have decision-making authority, the power to designate management, the ability to significantly influence operation, and the primary accountability for fiscal matters. In addition, the Charter's reporting entity does not contain any component units.

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the Charter. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through intergovernmental revenues and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Charter's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses - expenses of the general government related to the administration and support of the Charter's programs, such as personnel and accounting (but not interest on long-term debt), are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues - include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note A – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: The fund financial statements provide information about the Charter's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds would be aggregated and reported as nonmajor funds. The Charter reports the following major governmental fund:

- *General fund.* This is the Charter's primary operating fund. It accounts for all financial resources of the Charter, except those required to be accounted for in another fund.

Measurement Focus /Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Charter receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Charter considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting and Governmental Funds

Different measurement focuses and basis of accounting are used in the government-wide Statement of Net Position and in the Governmental Fund Balance Sheet.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note A – Summary of Significant Accounting Policies (Continued)

The Charter uses the following fund balance categories in the Governmental Fund Balance Sheet:

- *Nonspendable.* Balances, for example, in permanent funds, prepaid expenditures, and inventories that are permanently precluded from conversion to cash.
- *Restricted.* Balances, consisting of restricted assets, constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Assigned.* Balances that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Trustees. As of June 30, 2018, there are amounts of \$88,973 assigned for future expenditures related to innovative student programs and supplemental student support.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (committed) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Trustees, the Charter's highest level of decision making authority, through a formal action. The Board of Trustees also has the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the Charter funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position and fund balances available to financial the program. When both restricted and unrestricted resources are available for use, it is the Charter's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the Charter's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Charter considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

All special revenue funds are restricted by either the federal government or the State of Idaho and must be spent according to the stipulations of the corresponding federal or state program.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note A – Summary of Significant Accounting Policies (Continued)

Cash Equivalents

A “Pooled Cash” concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents.

Prepaid Expenses

Prepaid balances are for payments made by the Charter in the current year to provide services occurring in the subsequent year, and the reserve for prepaid expenses has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables

All trade and other receivables are shown net of an allowance for uncollectible amounts. As of June 30, 2018, no allowance was considered necessary for intergovernmental receivables.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below.

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 5,000	Straight-line	20-50 years
Equipment	\$ 5,000	Straight-line	3-10 years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

At June 30, 2018, the Charter has no capital assets which were required to be capitalized.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note A – Summary of Significant Accounting Policies (Continued)

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Income Taxes

The Charter is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Charter may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2018. The Charter files Form 990 in the U.S. federal jurisdiction. The Charter is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

Pensions

The Charter uses GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) on the government-wide statements to recognize the net pension asset (liability), deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans. The Charter's participation in the plans is mandated by State law and includes the Public Employee Retirement System of Idaho (PERSI). The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note A – Summary of Significant Accounting Policies (Continued)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB asset – Sick Leave, deferred outflows of resources and deferred inflows of resources related to OPEB – Sick Leave, and OPEB – Sick Leave expense; (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to or deductions from Sick Leave Insurance Reserve Fund’s fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note B – Cash and Investments

Deposits

As of June 30, 2018, the carrying amount of the Charter’s deposits was \$1,277,285 and the respective bank balances totaled \$1,301,070, of the total bank balance \$250,000 was covered by federal depository insurance.

At year-end, cash was reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and Cash Equivalents	<u>\$ 1,277,285</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. As of June 30, 2018, \$1,051,070 of the Charter's deposits was not covered by the federal depository insurance and was exposed to custodial credit risk. The Charter does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Charter does not have a formal policy limiting its exposure to custodial credit risk.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note B – Cash and Investments (Continued)

Interest Rate Risk

The Charter does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The Charter follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Charter to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The Charter had no investments as of June 30, 2018.

Note C – Intergovernmental Receivables

Amounts due from other governments consist of \$224,867, as appropriations from the State of Idaho for school support and agreed-upon tuition fees from other Idaho school districts.

Note D – Pension Plan

Plan Description

Idaho Connects Online School No. 469 (Charter) contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note D – Pension Plan (Continued)

Employee membership data related to the PERSI Base Plan, as of June 30, 2017, was as follows:

Retirees and beneficiaries currently receiving benefits	45,468
Terminated employees entitled to but not yet receiving benefits	12,669
Active plan members	<u>70,073</u>
	<u><u>128,210</u></u>

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. Subsequent amounts in parenthesis represent police/firefighters.

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2018 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. Idaho Connects Online School No. 469 contributions were \$132,067 for the year ended June 30, 2018.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note D – Pension Plan (Continued)

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

At June 30, 2018, Idaho Connects Online School No. 469 reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Idaho Connects Online School No. 469's proportion of the net pension liability was based on Idaho Connects Online School No. 469 share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, Idaho Connects Online School No. 469 proportion was 0.0397894 percent.

For the year ended June 30, 2018, Idaho Connects Online School No. 469 recognized pension revenue of \$31,022. At June 30, 2018, Idaho Connects Online School No. 469 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 0	\$ 56,345
Changes in assumptions or other inputs	11,566	
Net difference between projected and actual Earnings on pension plan investments	202,210	37,472
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	107,467	0
Idaho Connects Online School contributions subsequent to the measurement date	<u>132,067</u>	<u>0</u>
Total	<u>\$ 453,310</u>	<u>\$ 93,817</u>

\$132,067 reported as deferred outflows of resources related to pensions resulting from Charter contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note D – Pension Plan (Continued)

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, 2016, the beginning of the measurement period ended June 30, 2017, is 4.9 years and 5.5 years for the measurement period ended June 30, 2016.

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

Year Ending <u>June 30,</u>	<u>Amount</u>
2018	\$ (34,000)
2019	58,759
2020	16,672
2021	(37,041)
2022	0

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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10.00%
Salary inflation	3.75%
Investment rate of return, net of investment expenses	7.10%
Cost-of-living adjustments	1.00%

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note D – Pension Plan (Continued)

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, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017, is based on the results of an actuarial valuation date July 1, 2017.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note D – Pension Plan (Continued)

Capital Market Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of fees and expenses.

Actuarial Assumptions:

Assumed Inflation - Mean	3.25%
Assumed Inflation – Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	<u>0.40%</u>
Long-Term Expected Geometric Rate of Return Net of Investment Expenses	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note D – Pension Plan (Continued)

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

The following presents the Charter's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Charter's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (<u>6.10%</u>)	Current Discount Rate (<u>7.10%</u>)	1% Increase (<u>8.10%</u>)
Employer's proportionate share Of the net pension liability (asset)	\$ <u>1,453,607</u>	\$ <u>625,421</u>	\$ <u>(62,824)</u>

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.

Payables to the pension plan

At June 30, 2018, Idaho Connects Online School No. 469 reported payables to the defined benefit pension plan of \$22,566 for legally required employer contributions and \$9,447 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note E – PERSI OPEB – Sick Leave

Idaho Connects Online School No. 469 (Charter) contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI 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 the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note E – PERSI OPEB – Sick Leave (Continued)

Responsibility for administration of the Sick Leave 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.

OPEB Benefits

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company.

Employer Contributions

The contribution rate for employers are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The Charter's contributions were \$14,700 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Charter reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The Charter's proportion of the net OPEB asset was based on the Charter's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2017, the Charter's proportion was .1053812 percent.

For the year ended June 30, 2018, the Charter recognized OPEB expense offset of \$11,363. \$14,700 reported as deferred outflows of resources related to OPEBs resulting from Charter contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2018.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note E – PERSI OPEB – Sick Leave (Continued)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses

The long-term expected rate of return on OPEB 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 OPEB 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. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

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.

Capital Market Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note E – PERSI OPEB – Sick Leave (Continued)

Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed Inflation – Mean	3.25%
Assumed Inflation – Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.08%
Portfolio Long-term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	<u>0.40%</u>
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	7.10%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.10%. 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 OPEB plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

Sensitivity of the net OPEB asset to changes in the discount rate

The following presents the Charter's proportionate share of the net OPEB asset calculated using the discount rate of 7.10 percent, as well as what the Charter's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share Of the net pension liability (asset)	\$ <u>(71,820)</u>	\$ <u>(80,894)</u>	\$ <u>(91,497)</u>

OPEB plan fiduciary net position

Detailed information about the OPEB 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.

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note E – PERSI OPEB – Sick Leave (Continued)

Payables to the OPEB plan

At June 30, 2018, the Charter reported payables to the defined benefit OPEB plan for legally required employer contributions in the amount of \$2,507. There were no payables for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note F – Risk Management

The Charter is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker’s compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, worker’s compensation, i.e. employee injuries and professional liabilities.

Note G –Adoption of New Standard

As of July 1, 2017, the Charter adopted GASB Statement No. 75, Accounting and Financial Reporting for Other Post-Employment Benefits (OPEB). The implementation of this standard requires governments to calculate and report the cost and obligations associated with the net OPEB Liability in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net OPEB liability. The restatement of net position is identified as follows:

Beginning net position as previously reported at June 30, 2017	\$ 1,263,399
Restatement – Implementation of GASB 75	
Net OPEB asset (measurement date)	68,660
Deferred outflow – contributions after measurement date	<u>15,571</u>
Total prior period adjustment	<u>84,231</u>
Beginning net position, restated	<u><u>\$ 1,347,630</u></u>

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note H – Lease Commitments

The Charter leases office space in Nampa, Idaho. The lease period is for five years, ending July 31, 2022. Payments are due monthly and escalate on an annual basis. Rent expenditures for the year ended June 30, 2018, were \$39,875. Future minimum lease payments are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2019	\$ 42,541
2020	43,392
2021	44,259
2022	45,145
2023	<u>3,768</u>
	<u>\$ 179,105</u>

REQUIRED SUPPLEMENTARY INFORMATION

IDAHO CONNECTS ONLINE SCHOOL #469
BUDGETARY (GAAP BASIS) COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State	\$ 2,041,273	\$ 2,041,273	\$ 1,863,258	\$ (178,015)
Earnings on investments	250	250	952	702
Other	<u>15,040</u>	<u>15,040</u>	<u>16,875</u>	<u>1,835</u>
Total Revenue	2,056,563	2,056,563	1,881,085	(175,478)
Expenditures				
Current:				
Instruction	1,288,719	1,288,719	1,338,119	(49,400)
Support services	<u>766,844</u>	<u>766,844</u>	<u>738,360</u>	<u>28,484</u>
Total Expenditures	<u>2,055,563</u>	<u>2,055,563</u>	<u>2,076,479</u>	<u>(20,916)</u>
Net Change in Fund Balances	1,000	1,000	(195,394)	(196,394)
Fund Balances – Beginning	<u>1,269,105</u>	<u>1,269,105</u>	<u>1,504,786</u>	<u>235,681</u>
Fund Balances – Ending	<u>\$ 1,270,105</u>	<u>\$ 1,270,105</u>	<u>\$ 1,309,392</u>	<u>\$ 39,287</u>

IDAHO CONNECTS ONLINE SCHOOL #469
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

The charter follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to June 1, the Superintendent and the Board of Trustees prepare a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to July 1, the budget is legally enacted through passage at a board meeting.
- D. Formal budgetary integration is employed as a management control device during the year for all the funds.
- E. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

IDAHO CONNECTS ONLINE SCHOOL #469
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND
EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2018

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Employer's portion of net the pension liability	0.0206744%	0.0262038%	0.03331%	0.0397894%
Employer's proportionate share of the net pension liability	\$ 152,196	\$ 345,061	\$ 675,231	\$ 625,421
Employer's covered-employee payroll	\$ 658,907	\$ 761,661	\$ 980,448	\$ 1,263,816
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	23.10%	45.30%	68.87%	49.49%
Plan fiduciary net position as a percentage of total pension liability	94.95%	91.38%	87.26%	90.68%

* GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Charter will present information for those use for which information is available.

Data reported is measured as of June 30, 2017 (measurement date)

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contribution	\$ 74,588	\$ 86,220	\$ 110,987	\$ 143,064
Contributions in relation to statutorily required contribution	\$ 63,403	\$ 83,084	\$ 111,081	\$ 139,386
Contribution (deficiency) excess	\$ (11,185)	\$ (3,136)	\$ 94	\$ (3,678)
Employer's covered-employee payroll	\$ 658,907	\$ 761,661	\$ 980,448	\$ 1,263,816
Contributions as a percentage of covered-employee payroll	9.62%	10.91%	11.33%	11.03%

* GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Charter will present information for those use for which information is available.

Data Reported is measured as of June 30, 2018.

IDAHO CONNECTS ONLINE SCHOOL #469
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB ASSET
PERSI SICK LEAVE AND EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2018

Schedule of Employer's Share of Net OPEB Asset
PERSI – Sick Leave
Last 10 – Fiscal Years *

	2017
Employer's portion of net OPEB asset	0.105%
Employer's proportionate share of the net OPEB asset	\$80,894
Employer's covered-employee payroll	\$1,263,816
Employer's proportionate share of net OPEB asset percentage of its covered-employee payroll	6.40%
Plan fiduciary net position as a percentage of net OPEB asset	136.78%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Charter will present information for those use for which information is available.

Data reported is measured as of June 30, 2017 (measurement date)

Schedule of Employer Contributions
PERSI – Sick Leave
Last 10 – Fiscal Years *

	2017
Statutorily required contribution	\$ 15,924
Contributions in relation to statutorily required contribution	\$ 15,571
Contribution (deficiency) excess	\$ (277)
Employer's covered-employee payroll	\$1,263,816
Contributions as a percentage of covered-employee payroll	1.23%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Charter will present information for those use for which information is available.

Data reported is measured as of June 30, 2018.

SUPPLEMENTARY INFORMATION

IDAHO CONNECTS ONLINE SCHOOL #469
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	<u>Technology</u>	<u>Students Come First PD Grant</u>	<u>Students Come First Mobile Grant</u>	<u>Title VI-B IDEA</u>
Assets				
Cash and cash equivalents	\$ 54,713	\$ 7,259	\$ 3,000	\$ 0
Intergovernmental Receivables, net	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,971</u>
Total Assets	<u>\$ 54,713</u>	<u>\$ 7,259</u>	<u>\$ 3,000</u>	<u>\$ 25,971</u>
Liabilities				
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0
Due to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,971</u>
Total liabilities	0	0	0	25,971
Fund Balance				
Restricted	<u>54,713</u>	<u>7,259</u>	<u>3,000</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 54,713</u>	<u>\$ 7,259</u>	<u>\$ 3,000</u>	<u>\$ 25,971</u>

<u>Professional Development</u>	<u>State Drug Free Schools</u>	<u>AXA Foundation</u>	<u>Total</u>
\$ 2,091	\$ 0	\$ 0	\$ 67,063
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,971</u>
<u>\$ 2,091</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 93,034</u>
\$ 0	0	0	\$ 0
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,971</u>
0	0	0	25,971
<u>2,091</u>	<u>0</u>	<u>0</u>	<u>67,063</u>
<u>\$ 2,091</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 93,034</u>

IDAHO CONNECTS ONLINE SCHOOL #469
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

	<u>Technology</u>	<u>Students Come First PD Grant</u>	<u>Students Come First Mobile Grant</u>	<u>Title VI-B IDEA</u>
Revenues				
State	\$ 52,285	\$ 0	\$ 0	\$ 0
Grants and contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,971</u>
Total Revenues	<u>52,285</u>	<u>0</u>	<u>0</u>	<u>25,971</u>
Expenditures				
Current:				
Instruction	39,785	0	0	0
Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,971</u>
Total Expenditures	<u>39,785</u>	<u>0</u>	<u>0</u>	<u>25,971</u>
Net Change in Fund Balances	12,500	0	0	0
Fund Balances, Beginning	<u>42,213</u>	<u>7,259</u>	<u>3,000</u>	<u>0</u>
Fund Balances, Ending	<u>\$ 54,713</u>	<u>\$ 7,259</u>	<u>\$ 3,000</u>	<u>\$ 0</u>

<u>Professional Development</u>	<u>State Drug Free Schools</u>	<u>AXA Foundation</u>	<u>Total</u>
\$ 0	\$ 4,641	\$ 0	\$ 56,926
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,971</u>
<u>0</u>	<u>4,641</u>	<u>0</u>	<u>82,897</u>
0	0	0	39,785
<u>0</u>	<u>4,641</u>	<u>1,000</u>	<u>31,612</u>
<u>0</u>	<u>4,641</u>	<u>1,000</u>	<u>71,397</u>
0	0	(1,000)	11,500
<u>2,091</u>	<u>0</u>	<u>1,000</u>	<u>55,563</u>
<u>\$ 2,091</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 67,063</u>

FEDERAL REPORT

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
Idaho Connects Online School No. 469
Boise, Idaho

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 Idaho Connects Online School No. 469 as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Idaho Connects Online School No. 469's internal control over financial reporting (internal control) to determine the 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 Charter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter'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 a 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 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 Idaho Connects Online School No. 469'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harris CPAs

Meridian, Idaho
October 29, 2018