



Financial Statements  
June 30, 2024

# Meridian Technical Charter High School, Inc.

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## Independent Auditor's Report

The Board of Directors  
Meridian Technical Charter High School, Inc.  
Meridian, Idaho

### Report on the Audit of the Financial Statements

#### ***Qualified and Unmodified Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meridian Technical Charter High School, Inc. (the Charter) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements as listed in the table of contents.

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

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of the report, the accompanying 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, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Unmodified Opinions on Each Major Fund and the Aggregate Remaining Fund Information***

In our opinion, the accompanying 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 Charter, as of June 30, 2024, 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.

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

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

***Matter Giving Rise to Qualified Opinion on 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 plan. 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.

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

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

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedule of employer’s share of net pension liability/(asset), schedule of employer contributions and budgetary comparison information (required supplementary information) as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2024, 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 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 Charter’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 Charter’s internal control over financial reporting and compliance.



Boise, Idaho  
August 20, 2024

The management's discussion and analysis of the Meridian Technical Charter High School Inc.'s (the Charter) financial performance provides an overall review of financial activities for the fiscal year.

### **Financial Highlights**

- The majority of the Charter's revenue source is received from the state and as long as the state funding formula remains stable, the financial position of the Charter will be stable.

### **Overview of the Financial Statements**

This section of the annual financial report consists of three parts: management's discussion and analysis, basic financial statements, and required supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the Charter's financial activities.

### **Government-Wide Financial Statements (GWFS)**

The GWFS (i.e., Statement of Net Position and Statement of Activities) provide readers with a broad overview of the Charter's finances. The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. The government-wide statements report information about the Charter as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position provides information on all of the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the Charter, with the difference between the assets/deferred outflow of resources with the liabilities/deferred inflow of resources providing the net position. Increases or decreases in the net position may indicate whether the financial position of the Charter is improving or deteriorating, respectively.

The Statement of Activities shows how the net position of the Charter have changed throughout the fiscal year. Changes in the net position occur as soon as the underlying event gives rise.

The statements present an aggregate view of the Charter's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.

To assess the overall financial condition of the Charter, additional non-financial factors, such as changes in the Charter's property such as the condition of school buildings and other facilities, should be considered.

In the government-wide financial statements, the Charter's activities are all classified as government activities. Governmental activities include all regular and special education, all educational support activities, administration, custodial, maintenance, transportation, and food services. Most of these activities are supported by property taxes and formula aid from the State of Idaho.

The government-wide financial statements can be found on pages 9-10 of this report.

## **Fund Financial Statements**

Funds are accounting devices the Charter uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Fund financial statements focus on individual parts of the Charter. Fund statements generally report operations in more detail than the government-wide statements. This statement focuses on its most significant or "major" funds and not on the Charter as a whole.

Some funds are required by state law and by bond covenants. The Charter establishes other funds to control and manage money for particular purposes (i.e., repaying its long-term debt) or to show that it is properly using certain revenues (i.e., capital project funds).

*Governmental funds* – Governmental funds account for nearly the same functions as the governmental activities. However, unlike the GWFS, Governmental Funds focus on near-term inflows and outflows as well as the balances left at year end that are available for funding future basic services.

It is useful to compare information found in the governmental funds with that of the governmental activities. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

*Notes* – The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the Charter's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the Charter's budget data for the year and schedule of employer's share of net pension liability/(asset) and schedule of employer contributions.

**Government-Wide Financial Analysis**

Net position may serve as a useful indicator of a Charter's financial position. In the case of the Charter, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$1,563,629 at the close of the most recent fiscal year.

	June 30, 2024	June 30, 2023
Assets		
Current assets	\$ 2,228,578	\$ 1,717,267
Capital assets, net	312,000	223,696
Total assets	2,540,578	1,940,963
Deferred Outflows of Resources	645,492	813,470
Liabilities		
Current liabilities	294,282	250,704
Long-term liabilities	1,297,074	1,289,697
Total liabilities	1,591,356	1,540,401
Deferred Inflows of Resources	31,085	30,345
Net Position		
Investment in capital assets	262,300	223,696
Restricted	444,681	377,108
Unrestricted	856,648	582,883
	\$ 1,563,629	\$ 1,183,687

A portion of the Charter's net position (17%) reflect investment in capital assets (i.e., furniture and equipment). These capital assets provide services to students; consequently, these assets are not available for future spending. The restricted portion of the Charter's net position (28%) is restricted for career technology and career development.

The remaining portions of the Charter's net position (55%) is unrestricted.



## Meridian Technical Charter High School, Inc.

Management's Discussion and Analysis

June 30, 2024

*Changes in Net Position* – The table below shows the changes in net position for the fiscal year 2023-2024. The Charter relies on state support for 93% of its governmental activities. The Charter had total revenues of \$3,191,611 and total expenses of \$2,811,669 that generated an increase in net position of \$379,942. This increase in net position is due to an increase in the state foundation payment.

	June 30, 2024	June 30, 2023
<b>Revenues</b>		
Program revenues		
Charges for service	\$ 95,835	\$ 96,879
Operating grants and contributions	412,942	381,091
Capital grants and contributions	-	58,059
Other local revenue	21,675	16,240
Investment earnings	70,514	41,269
Grants and contributions not restricted		
State foundation program	2,590,645	2,148,372
Total revenue	3,191,611	2,741,910
<b>Expenses</b>		
Instruction	1,934,614	1,881,656
Support services	877,055	841,357
Total expenses	2,811,669	2,723,013
Change in Net Position	\$ 379,942	\$ 18,897

### CHARTERS FUNDS FINANCIAL ANALYSIS

As noted earlier, the Charter uses funds to demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the Charter's governmental funds is to provide balances of spendable resources and to provide data on near-term inflows and outflows.

**General Fund** – The general fund is the general operating fund for the Charter. At the end of the current fiscal year, the general fund balance is \$1,525,905 which is an increase of \$432,594 from the prior year which is set aside for future expenditures in 2025.

Expenditures for general Charter purposes totaled \$2,249,615 which is an increase of \$170,478 is due to an increase in salary expense compared to the prior year.

General fund salaries totaled \$1,368,634 while the associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental, vision and life added \$436,090 to arrive at 81% of the Charter's general fund expenditures. Accounting and custodial staff are not included in these numbers as it is paid through a purchased service.

### **Budgetary Highlights**

Actual general fund expenditures were \$166,484 less than the amended budget. This reduction is due to the fact that this money was retained for future capital and equipment purchases, and to retain a safety cushion for any possible future budget cuts.

The Charter contracts for all its accounting and payroll services with the West Ada School District.

### **Capital Assets**

The Charter has invested \$815,847 in a wide range of capital assets. The total accumulated depreciation on these assets amounts to \$503,847. Capital asset additions totaled \$146,107 and relate to equipment as well as subscription-based information technology arrangements (SBITAs).

Additional information regarding the Charter's capital assets can be found in Note 4 to the basic financial statements.

### **Long-Term Debt**

The Charter has long-term debt associated with their subscription-based information technology arrangements.

Additional information regarding the Charter's long-term debt can be found in Note 5 to the basic financial statements.

### **Economic Factors and Next Year's Budget**

Due to the uncertain times, state funding is highly variable. Salaries and benefits for staff are not fully funded by state funding, and the Charter therefore needs to augment salaries with other discretionary state funding.

### **CONTACTING THE CHARTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Charter's finances and to demonstrate the Charter's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chairman of the Board, Mr. Wally Hedrick, 3800 N. Locust Grove, Meridian, ID 83646, by phone at (208) 890-3101, or by e-mail at [wallyhedrick@aol.com](mailto:wallyhedrick@aol.com).

## Meridian Technical Charter High School, Inc.

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,120,795
State receivables	95,928
Other receivable	3,856
Prepays	7,999
	<u>2,228,578</u>
Capital assets	
Capital assets (net of accumulated depreciation)	262,300
Right to use subscription IT assets	49,700
	<u>312,000</u>
Total assets	<u>2,540,578</u>
Deferred Outflows of Resources	
Pension Obligations	<u>645,492</u>
Liabilities	
Accounts, salaries, and other payables	268,392
Right to use subscription IT liability, current portion	25,890
Right to use subscription IT liability, long term portion	23,810
Net pension liability	1,273,264
	<u>1,591,356</u>
Deferred Inflows of Resources	
Pension Obligations	<u>31,085</u>
Net Position	
Investment in capital assets	262,300
Restricted	444,681
Unrestricted	856,648
	<u>1,563,629</u>
Total net position	<u>\$ 1,563,629</u>

Meridian Technical Charter High School, Inc.

Statement of Activities  
Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental activities</i>					
Instruction					
Elementary programs					
Secondary/alternative programs	\$ 1,793,946	\$ 95,835	\$ 412,942	\$ -	\$ (1,285,169)
Exceptional programs	27,363	-	-	-	(27,363)
School activities program	113,305	-	-	-	(113,305)
Support services					
Attendance, guidance, health	120,364	-	-	-	(120,364)
Instructional improvement	27,101	-	-	-	(27,101)
School administration	599,802	-	-	-	(599,802)
Maintenance and custodial	128,000	-	-	-	(128,000)
Transportation program	1,788	-	-	-	(1,788)
<b>Total governmental activities</b>	<b>\$ 2,811,669</b>	<b>\$ 95,835</b>	<b>\$ 412,942</b>	<b>\$ -</b>	<b>(2,302,892)</b>
General Revenues					
Grants and contributions not restricted to specific programs					
State foundation program					2,590,645
Other revenue					21,675
Interest earnings					70,514
<b>Total general revenues</b>					<b>2,682,834</b>
Change in Net Position					379,942
Net Position, Beginning of Year					1,183,687
Net Position, End of Year					<b>\$ 1,563,629</b>

Meridian Technical Charter High School, Inc.

Balance Sheet – Governmental Funds

June 30, 2024

	General	Career Technical Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,676,320	\$ 404,125	\$ 40,350	\$ 2,120,795
Receivables				
State receivables	95,928	-	-	95,928
Other receivables	3,856	-	-	3,856
Prepays	7,999	-	-	7,999
	<u>\$ 1,784,103</u>	<u>\$ 404,125</u>	<u>\$ 40,350</u>	<u>\$ 2,228,578</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 461	\$ 755	\$ -	\$ 1,216
Salaries and benefits payable	257,737	9,439	-	267,176
	<u>258,198</u>	<u>10,194</u>	<u>-</u>	<u>268,392</u>
<b>Fund Balance</b>				
Nonspendable				
Prepays	7,999	-	-	7,999
Restricted for				
Scholarships	-	-	18,892	18,892
Professional development	10,400	-	-	10,400
Associated student body	-	-	21,458	21,458
Career technical	-	393,931	-	393,931
Unassigned	1,507,506	-	-	1,507,506
	<u>1,525,905</u>	<u>393,931</u>	<u>40,350</u>	<u>1,960,186</u>
Total fund balance	<u>\$ 1,784,103</u>	<u>\$ 404,125</u>	<u>\$ 40,350</u>	<u>\$ 2,228,578</u>

Meridian Technical Charter High School, Inc.  
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2024

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Total fund balances - governmental funds		\$ 1,960,186
<p>The cost of capital assets (land, buildings, furniture, equipment, construction in process, and subscriptions) purchased, entered into, or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Charter as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense), or contract period of the subscription (as amortization expense as applicable), to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense and amortization expense does not affect financial resources, it is not reported in government funds.</p>		
Costs of capital assets	815,847	
Depreciation expense to date	<u>(503,847)</u>	312,000
Subscriptions are not due and payable in the current period, and therefore, are not reported in the funds		(49,700)
Pension Liability not reported in the funds		(1,273,264)
Deferred outflows of resources related to pension obligations		645,492
Deferred inflows of resources related to pensions		<u>(31,085)</u>
Net Position		<u>\$ 1,563,629</u>

Meridian Technical Charter High School, Inc.  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2024

	General	Career Technical Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
State revenue	\$ 2,439,651	\$ -	\$ -	\$ 2,439,651
Other state support revenue	150,994	288,841	86,648	526,483
Federal revenue	18,227	-	37,453	55,680
Interest income	69,889	-	625	70,514
Other revenue	3,448	-	95,835	99,283
<b>Total revenue</b>	<b>2,682,209</b>	<b>288,841</b>	<b>220,561</b>	<b>3,191,611</b>
<b>Expenditures</b>				
<b>Instructional</b>				
Secondary school programs	1,359,485	-	53,885	1,413,370
Alternative school programs	-	227,552	-	227,552
Exceptional school programs	27,363	-	-	27,363
School activity programs	22,080	-	90,205	112,285
<b>Total instructional</b>	<b>1,408,928</b>	<b>227,552</b>	<b>144,090</b>	<b>1,780,570</b>
<b>Support services</b>				
Attendance, guidance, health	120,364	-	-	120,364
Instructional improvement	15,658	-	-	15,658
School administration	556,296	-	-	556,296
Custodial	126,906	-	-	126,906
Security	-	-	-	-
Transportation program	1,788	-	-	1,788
<b>Total support services</b>	<b>821,012</b>	<b>-</b>	<b>-</b>	<b>821,012</b>
<b>Non Instructional</b>				
Capital outlay	19,675	-	126,431	146,106
<b>Total non instructional</b>	<b>19,675</b>	<b>-</b>	<b>126,431</b>	<b>146,106</b>
<b>Total expenditures</b>	<b>2,249,615</b>	<b>227,552</b>	<b>270,521</b>	<b>2,747,688</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>432,594</b>	<b>61,289</b>	<b>(49,960)</b>	<b>443,923</b>
<b>Other Financing Sources (Uses)</b>				
Subscriptions	-	-	49,700	49,700
<b>Net Change in Fund Balance</b>	<b>432,594</b>	<b>61,289</b>	<b>(260)</b>	<b>493,623</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,093,311</b>	<b>332,642</b>	<b>40,610</b>	<b>1,466,563</b>
<b>Fund Balance, End of Year</b>	<b>\$ 1,525,905</b>	<b>\$ 393,931</b>	<b>\$ 40,350</b>	<b>\$ 1,960,186</b>

Meridian Technical Charter High School, Inc.

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to  
the Statement of Activities  
Year Ended June 30, 2024

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Total net change in fund balances - governmental funds \$ 493,623

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization expense during the fiscal year:

Capital outlay	146,107	
Depreciation and amortization expense	<u>(57,803)</u>	88,304

The issuance of long-term debt provides current financial resources to governmental funds, but are not reported as revenues in the state of activities resources of government funds

Subscription proceeds	(49,700)
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Pension contributions are reported in government funds as expenditures, while on the Statement of Activities, the contributions are contributions are considered deferred outflow.

	<u>(152,285)</u>
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Change in Net Position	<u><u>\$ 379,942</u></u>
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**Note 1 - Summary of Significant Accounting Policies****Entity and Charter**

Meridian Technical Charter High School, Inc. (the Charter) is organized and operated as a nonprofit corporation in the State of Idaho. The Charter was created in 1999 to expand the academic choices available within the West Ada School District (the District) for the purpose of developing specific occupational opportunities in the areas of communications/computer technology. The Charter operates a charter school for grades ninth through twelfth, which is classified as a high school education program. The Charter is located in Ada County in Southwest Idaho.

The Charter's original charter was issued in 1999 through the District. Subsequently, the 2004 Idaho Legislature approved Senate Bill 1444 (the Bill) which clarified and updated the existing charter school enabling legislation. Under terms of the Bill, a charter may be revoked by the authorized chartering entity if the public charter school has failed to cure a defect after receiving reasonable notice and having had a reasonable opportunity to cure the defect. Revocation may not occur until the public charter school has been afforded a public hearing. Defects that could subject a public charter school to revocation include failure to follow the procedure set forth in the approved charter, failure to substantially meet any of the student educational standards identified in the approved charter, failure to meet generally accepted accounting standards of fiscal management, failure to submit required reports to the charter authorizing authority, and/or violation of any provision of law. Further, all charters issued or renewed after April 1, 2004 will be for an indefinite period of time. Management of the Charter believes they have complied with all of the charter requirements.

**Regulatory Reporting**

As required by the enabling legislation, the Charter is organized as a non-profit corporation. During the 2001 legislative session, the Idaho Legislature passed a bill that requires charter schools to provide financial reporting on a governmental basis of accounting. Therefore, in these financial statements, the accounting policies of the Charter conform to generally accepted accounting principles and to State laws applicable to governments. The following is a summary of the more significant policies:

**Financial Reporting Entity**

The Charter follows Governmental Accounting Standards Board (GASB) in determining the reporting entity and its component units. The financial reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, and agencies of the primary government whose budgets are controlled or whose boards are appointed by the Charter's Board of Trustees.

The accounts of the Charter are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the Charter are classified as governmental funds. The fund classifications and a description of each existing fund type follow:

### **Governmental Funds**

Governmental funds are used to account for the Charter's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The general fund and career technical fund are considered major funds while the remaining governmental funds are considered non-major.

Governmental funds include:

General fund – the primary operating fund of the Charter accounts for all financial resources, except those required to be accounted for in other funds.

Special revenue funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

### **Measurement Focus and Basis of Accounting**

#### **Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position resulting from nonexchange transactions are recognized in accordance with the requirements of GASB.

#### **Program Revenues**

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Charter's citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Charter's general revenues. Program revenues include charges to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

**Allocation of Indirect Expenses**

The Charter reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities.

**Fund Financial Statements****Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual, defined as measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Charter considers all revenues available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. With this measurement focus, only current assets and current liabilities are generally included on the governmental funds balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Federal and State reimbursement-type grants are recorded as intergovernmental revenues when the related expenditures/expenses are incurred and, in the governmental funds, when the revenues meet the availability criterion.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the Charter and are recognized as revenue at that time.

**Expenditures**

Expenditures are recorded as incurred. Salaries for July and August are accrued at June 30 as it relates to work performed prior to year end.

### Cash and Cash Equivalents

The Charter pools cash of all funds into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Under state law, the Charter may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principal offices in Idaho.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates used in preparing these financial statements include those assumed in determining the actuarial assumptions made in the net pension liability. Accordingly, actual results could differ from those estimates.

### Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated acquisition value at the date of donation. Estimated useful lives are management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings	25-50 years
Improvements other than buildings	15-50 years
Vehicles	5-20 years
Furniture and equipment	3-10 years

The Charter's capitalization threshold is \$7,500. The Charter may capitalize assets that are individually below the capitalization threshold identified if when combined with other similar type assets combined are greater than 1% of the total approved budget for the year under audit.

The cost of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are not capitalized.

The Charter does not possess any material amounts of infrastructure capital assets (e.g. roads, bridges, parking lots, and sewer). In the future, if such items are built or constructed, and appear to be material in cost compared to all capital assets, they will be capitalized and depreciated over their estimated useful lives.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the Charter's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the

subscription term or useful life of the underlying asset using the straight line method. The amortization period for the two SBITA contracts was 3 years for fiber optic internet service and 5 years for capital asset management software.

### **Long-Term Obligations**

Subscription long-term obligations represent the Charter's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the Charter.

### **Other Post Employment Benefit**

The Charter did not obtain an actuarial valuation or complete a specified alternative measurement method for its single employer other post-employment benefit (OPEB) plan and has elected to not record the OPEB liability and related amounts for the single employer OPEB plan in its governmental activities financial statements.

Further, management has elected to exclude the net OPEB asset and related amounts for its proportionate share of the PERSI Sick Leave Insurance Fund. Accounting principles generally accepted in the United States of America require all OPEB amounts to be recorded based on an actuarial valuation or a specified alternative measurement method. It also requires certain disclosures regarding the contributions, OPEB obligation and expense, and related deferred outflows of resources and deferred inflows of resources. The amounts by which the departure would affect net position, assets, liabilities, deferred inflows of resources, deferred outflows of resources, expenses and disclosures are not reasonably determinable.

### **Fund Balances of Fund Financial Statements**

Fund balances of the governmental funds are classified as follows:

- **Nonspendable fund balance**—amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- **Restricted fund balance**—amounts that can be spent only for specific purposes because of charter sponsoring organization, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed fund balance**—amounts constrained to specific purposes by the Charter itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Charter takes the same highest level action to remove or change the constraint.
- **Assigned fund balance**—amounts the Charter intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by a principal if the Board of Trustees delegates the authority.
- **Unassigned fund balance**—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

**Use of Restricted/Unrestricted Net Position and Fund Balances**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Charter's policy is to apply restricted net position first. When an expenditure is incurred for purposes for which restricted, committed, assigned, and unassigned fund balances are available, the Charter's policy is to apply restricted fund balance, then committed fund balance, then assigned fund balance, then unassigned fund balances.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows and inflows for the Charter relate to pension obligations.

**Pensions**

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

**Note 2 - Cash and Cash Equivalents**

At June 30, 2024, the Charter's bank balance of cash and certificates of deposit consisted of the following:

<u>Deposits</u>	<u>Balance</u>
Insured	\$ 1,650,000
Uninsured or not collateralized	459,520
	<u>          </u>
Total bank balance of deposits and certificates of deposit	<u>\$ 2,109,520</u>

The total certificate of deposit as of June 30, 2024 was \$1,400,000 and is included in the balance above. The certificate of deposit was recorded at cost plus accrued interest.

**Note 3 - Due from Other Agencies and Units of Government**

There was \$95,928 due from the state of Idaho as of June 30, 2024.

**Note 4 - Capital Assets**

A summary of activity in the capital assets is as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Governmental activities				
Capital assets being depreciated				
Buildings and improvements	\$ 288,690	\$ 20,732	\$ -	\$ 309,422
Furniture and equipment	<u>381,050</u>	<u>75,675</u>	<u>-</u>	<u>456,725</u>
Total capital assets being depreciated	<u>669,740</u>	<u>96,407</u>	<u>-</u>	<u>766,147</u>
Less accumulated depreciation for				
Buildings, and improvements	(141,578)	(17,549)	-	(159,127)
Furniture and equipment	<u>(304,466)</u>	<u>(40,254)</u>	<u>-</u>	<u>(344,720)</u>
Total accumulated depreciation	<u>(446,044)</u>	<u>(57,803)</u>	<u>-</u>	<u>(503,847)</u>
Right to use Subscription IT				
Assets not Being Amortized	<u>-</u>	<u>49,700</u>	<u>-</u>	<u>49,700</u>
Total capital assets, net	<u>\$ 223,696</u>	<u>\$ 88,304</u>	<u>\$ -</u>	<u>\$ 312,000</u>

Depreciation expense was charged to the functions/programs of the Charter as follows:

Governmental activities	
Secondary/alternative programs	\$ 56,708
Maintenance and custodial	<u>1,095</u>
Total depreciation – governmental activities	<u>\$ 57,803</u>

**Note 5 - Subscription-Based Information Technology Arrangements (SBITAs)**

During the current year ended June 30, 2024 the Charter entered into two SBITA contracts for fiber optic internet service and capital asset management software totaling \$49,700. The maturity of these contracts range from 2026 through 2029. Each SBITA contract begins during fiscal year 2025 and as such there was no associated amortization expense during the current year. The subscription liability was valued using a discount rate of 5.5% based on the federal reserve borrowing rate at the inception of the subscriptions.

Meridian Technical Charter High School, Inc.

Notes to Financial Statements

June 30, 2024

A summary of the change in subscription IT liabilities during the year ended June 30, 2024 is as follows:

	Balance 7/1/2023	Additions	Deletions	Balance 7/1/2024	Due Within One Year
Subscription IT Liabilities	\$ -	\$ 49,700	\$ -	\$ 49,700	\$ 25,890

Remaining principal and interest payments on subscriptions are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 25,890	\$ 1,586	\$ 27,476
2026	11,579	971	12,550
2027	12,232	314	12,546
Total minimum obligations	\$ 49,701	\$ 2,871	\$ 52,572

**Note 6 - Concentrations**

The Charter's principal source of support is State base support revenue. For the year ended June 30, 2024, this funding source accounted for approximately 93% of all revenues.

**Note 7 - Insurance**

The Charter is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. The Charter purchases insurance for property losses from independent carriers. The Charter has in effect property insurance coverage up to \$2,000,000 with a \$5,000 deductible per incident. Worker's compensation insurance is purchased from the State of Idaho in accordance with State requirements. The Charter maintains a \$2,000,000 commercial general liability policy per occurrence and a \$5,000,000 maximum aggregate.

There have been no significant reductions in insurance coverage from the previous year, and no settlements in excess of insurance coverage in any of the prior three fiscal years.



**Note 8 - In-Kind Donations**

The Charter does not record various types of in-kind support including contributed building space and professional services. The lease between the District and the Charter renews annually each year at the Charter's option. Under the lease agreement, rent is \$1 plus funds the Charter receives through facilities funding pursuant to IC 33-5208 subsection 5, which are held for future Charter real property improvements by the District. The Charter paid rent of \$73,820 during the year ended June 30, 2024, pursuant to this agreement. The fair value of the annual lease payments is approximately \$340,457.

**Note 9 - Pension Plan****Plan Description**

The 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](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% 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 with 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% of the employer rate. As of June 30, 2024, it was 7.62% for general employees. The employer contribution rate is set by the Retirement Board and was 12.69 % of covered compensation. The Charter's contributions were \$181,650 for the year ended June 30, 2024.

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

At June 30, 2024, the Charter reported an asset for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter's proportion of the net pension liability was based on the Charter'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, 2023, the Charter's portion was .031906020%. At June 30, 2022, the Charter's portion was .032743740%.

For the year ended June 30, 2024, the Charter recognized pension expense of \$152,285. At June 30, 2024, the Charter reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 126,080	\$ -
Net difference between projected and actual earnings on pension plan investments	119,515	-
Differences between expected and actual experience	218,247	-
2022 change in proportionate share	-	1,664
2023 change in proportionate share	-	15,805
2024 change in proportionate share	-	13,616
Charter's contributions subsequent to the measurement date	181,650	-
Total	<u>\$ 645,492</u>	<u>\$ 31,085</u>

\$181,650 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through PERSI (active and inactive employees) determined July 1, 2022 the beginning of the measurement period ended June 30, 2022 is 4.6 years, and 4.4 years for the measurement period ended June 30, 2023.

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:

Years Ended June 30,

2025	\$ 154,073
2026	66,637
2027	233,316
2028	<u>(21,269)</u>
	<u>\$ 432,757</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 individuals 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases, including inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1.00%

**Contributing Members, Service Retirement Members and Beneficiaries**

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 General Tables, increased 12%
Teachers - Females	Pub-2010 General Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, Increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, Increased 26%
	5% of Fire and Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

Assumptions used to calculate the enclosed figures are described in the 2021 Experience Study. The Total Pension Liability as of June 30, 2023 is based on the results of an actuarial valuation dated July 1, 2021.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are development 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. 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 PERSI'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 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 2023.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on the 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.

**Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following represents the Charter's proportionate share of the net pension liability calculated using the discount rate of 6.35%, 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 (5.35%) or 1-percentage-point higher (7.35%) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Charter's proportionate share of the net pension liability (asset)	<u>\$ 2,290,018</u>	<u>\$ 1,273,264</u>	<u>\$ 442,259</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension's plan 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 supplemental information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

**Payables to the Pension Plan**

At June 30, 2024, the Charter reported no payable to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.



Required Supplementary Information  
June 30, 2024

**Meridian Technical Charter High School,  
Inc.**

Meridian Technical Charter High School, Inc.  
Schedule of Employer's Share of Net Pension Liability/(Asset) and Schedule of Employer Contributions  
Year Ended June 30, 2024

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

**PERSI - Base Plan**

**Last 10 - Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Employer's proportion of the net pension liability	0.03190602%	0.03274374%	0.03470654%	0.03492630%	0.03492090%
Employer's proportionate share of the net pension liability/(asset)	\$ 1,273,264	\$ 1,289,697	\$ (27,411)	\$ 811,035	\$ 398,612
Covered payroll	\$ 1,399,014	\$ 1,310,586	\$ 1,310,981	\$ 1,264,585	\$ 1,203,173
Employer's proportional share of the net pension liability/asset as a percentage of its covered payroll	91.01%	98.41%	2.09%	64.13%	33.13%
Plan fiduciary net position as a percentage of the total pension liability	83.83%	83.09%	100.36%	88.22%	93.79%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer's proportion of the net pension liability	0.03494760%	0.03381740%	0.03447400%	0.03615360%	0.03686720%
Employer's proportionate share of the net pension liability/(asset)	\$ 515,483	\$ 531,551	\$ 698,841	\$ 476,084	\$ 271,400
Covered payroll	\$ 1,115,429	\$ 1,058,274	\$ 1,030,521	\$ 1,032,623	\$ 1,005,568
Employer's proportional share of the net pension liability/asset as a percentage of its covered payroll	46.21%	50.23%	67.81%	46.10%	26.99%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	87.26%	91.38%	94.95%

Data reported is measured as of June 30, 2023.

Meridian Technical Charter High School, Inc.  
Schedule of Employer's Share of Net Pension Liability/(Asset) and Schedule of Employer Contributions  
Year Ended June 30, 2024

**Schedule of Employer Contributions**

**PERSI - Base Plan**

**Last 10 - Fiscal Years**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Statutorily required contribution	\$ 181,650	\$ 164,647	\$ 154,562	\$ 154,878	\$ 149,637
Contributions in relation to the statutorily required contribution	\$ (181,650)	\$ (164,647)	\$ (154,562)	\$ (154,878)	\$ (149,637)
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,424,415	\$ 1,399,014	\$ 1,310,586	\$ 1,310,981	\$ 1,264,585
Contributions as a percentage of the covered payroll	12.75%	11.77%	11.79%	11.81%	11.83%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily required contribution	\$ 136,458	\$ 127,104	\$ 114,135	\$ 115,207	\$ 115,637
Contributions in relation to the statutorily required contribution	\$ (136,458)	\$ (127,104)	\$ (114,135)	\$ (115,207)	\$ (115,637)
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,203,173	\$ 515,483	\$ 531,551	\$ 698,841	\$ 1,032,623
Contributions as a percentage of the covered payroll	11.34%	24.66%	21.47%	16.49%	11.20%

Data reported is measured as of June 30, 2023.



Meridian Technical Charter High School, Inc.

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund  
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenue</b>				
State revenue	\$ 2,577,075	\$ 2,576,663	\$ 2,590,645	\$ 13,982
Federal revenue	10,000	15,000	18,227	3,227
Local revenues	500	-	1,593	1,593
Interest income	36,000	67,011	69,889	2,878
Other revenue	1,500	1,000	1,855	855
<b>Total revenue</b>	<b>2,625,075</b>	<b>2,659,674</b>	<b>2,682,209</b>	<b>22,535</b>
<b>Expenditures</b>				
Salaries	1,394,684	1,365,402	1,368,634	(3,232)
Benefits	518,137	464,275	463,090	1,185
Purchased services	406,657	375,167	369,234	5,933
Supplies and materials	27,600	22,548	18,118	4,430
Insurance and judgements	9,400	10,864	10,864	-
Contingency	160,000	160,000	-	160,000
Capital outlay program	940,164	17,843	19,675	(1,832)
<b>Total expenditures</b>	<b>3,456,642</b>	<b>2,416,099</b>	<b>2,249,615</b>	<b>166,484</b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<b>\$ (831,567)</b>	<b>\$ 243,575</b>	<b>\$ 432,594</b>	<b>\$ 189,019</b>

Meridian Technical Charter High School, Inc.

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Career Technical Fund  
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenue				
State revenue	\$ 210,908	\$ 288,841	\$ 288,841	\$ -
Total revenue	<u>210,908</u>	<u>288,841</u>	<u>288,841</u>	<u>-</u>
Expenditures				
Salaries	75,871	67,722	70,920	(3,198)
Benefits	18,554	17,867	18,828	(961)
Purchased services	71,802	80,581	61,868	18,713
Supplies and materials	56,324	75,856	75,368	488
Insurance and judgements	750	568	568	-
Capital Outlay Program	290,993	-	-	-
Total expenditures	<u>514,294</u>	<u>242,594</u>	<u>227,552</u>	<u>15,042</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ (303,386)</u>	<u>\$ 46,247</u>	<u>\$ 61,289</u>	<u>\$ 15,042</u>

**Note 1 - Basis of Budgeting**

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

1. The Charter annually prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made (including interest and principal due on the bonded debt) and by itemizing and classifying the proposed expenditures by department, fund or service as nearly as may be practicable. To support such proposed expenditures, the Charter prepares an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared and classifies such receipts by source as nearly as may be possible and practicable.
2. The proposed budget is published in the local newspaper.
3. A public hearing is conducted to obtain citizen comments.
4. The budget is formally adopted through approval by the Board of Directors and published in the local newspaper.
5. The Charter may, after school starts and actual enrollments figures are known, amend the budget using the same procedure that was used in adopting the original budget. A budget may be amended downward in any instance. However, amendment to a greater amount than adopted can only happen if the Charter receives additional revenues in that fiscal year as a result of an increase in non-property tax related receipts. Once the change is justified, the process for formal adoption is as described above.
6. Formal budgetary integration is employed as a management control device during the year for all funds. Legal budgetary control is established based upon total revenues and expenditures.
7. Budgets for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The level of control (level at which expenditures may not exceed budget) is the fund.
8. All annual appropriations lapse at fiscal year end.



Other Information  
June 30, 2024

# Meridian Technical Charter High School, Inc.



**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***

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

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Meridian Technical Charter High School, Inc. (the Charter), as of and for the year ended June 30, 2024, which collectively comprise the Charter’s basic financial statements and the related notes to the financial statements, and have issued our report thereon dated August 20, 2024.

In our report, our opinion on the financial statements was qualified, as discussed in the “Basis for Qualified and Unmodified Opinions” paragraph in the report on the financial statements, management did not obtain an actuarial valuation and did not record the other-post-employment benefit (OPEB) liability.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter'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 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 Charter’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses 2024-001 that we consider to be a significant deficiency.

#### **Report On Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

#### **Charter's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Charter's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Charter's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### **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 Charter'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 Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
August 20, 2024

## **2024-001 Financial Statement Preparation and Audit Adjustments**

### **Criteria:**

Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited. This includes proper reporting on a modified accrual basis of accounting and the ability to convert the trial balance from modified accrual to full accrual under the requirements of the Governmental Accounting Standards Board (GASB). It also includes the ability to prepare the required footnote disclosures by GASB.

### **Condition:**

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included government-wide reporting conversion entries and footnotes.

### **Effect:**

The auditor proposed government-wide reporting conversion entries and prepared the footnotes and reported financial data in accordance with generally accepted accounting principles.

### **Cause:**

The size of the Charter and the limited number of accounting personnel makes it difficult to implement this level of internal control.

### **Recommendation:**

We recommend management and those charged with governance annually analyze the cost/benefit of implementing a control system which would allow for the preparation of financial statements and the related disclosure and reconsider whether to accept the degree of risk associated with this condition because of cost or other considerations.

### **Response and Action Plan of Management:**

The Charter agrees that having an internal control system over financial reporting is an important part of the Charter's overall internal control process. The Charter has performed a cost/benefit analysis of implementing these controls and concluded the resources were not in place to effectively implement the necessary changes for the year ended June 30, 2024.