

**IDAHO VIRTUAL ACADEMY LEA NO. 452**

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Report on Audited  
Basic  
Financial Statements  
and  
Additional Information

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For the Year Ended June 30, 2019

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**Idaho Virtual Academy LEA No. 452**

Title Page

1965 S. Eagle Rd., Ste. 190  
Meridian, ID 83642

**Board of Trustees**

Bjorn Handeen	Chairman
Melissa Krein	Vice Chairman
Irene Shaver	Treasurer
Anne MacConnell	Director
Jeff Thompson	Director

**Administrators**

Kelly Edginton	Head of School
Michael Wexler	Finance Manager
Mike Groshong	HR Director



**ZWYGART JOHN**  
CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

16130 North Merchant Way, Suite 120 ♦ Nampa, Idaho 83687

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## **Independent Auditor's Report**

To the Board of Directors  
Idaho Virtual Academy LEA No. 452  
Meridian, Idaho

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Idaho Virtual Academy LEA No. 452 (the Charter), as of and for the year ended June 30, 2019, 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.

### **Auditor's Responsibility**

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

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

Management has not performed the actuarial calculations for other post-employment benefits for the governmental activities and, accordingly, has not considered the Charter's other post-employment benefit liability. Accounting principles generally accepted in the United States of America require that a liability be recorded for other post-employment benefits, which would decrease net assets, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net assets, liabilities, and expenses in the governmental activities is not reasonably determinable.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Idaho Virtual Academy LEA No. 452, as of June 30, 2019, 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.

### **Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Idaho Virtual Academy LEA No. 452, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the Charter's proportionate share of the Net Pension Liability, and schedule of Charter contributions on pages 26 to 29 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 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United State 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Idaho Virtual Academy LEA No. 452's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2019, on our consideration 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 of internal control over financial reporting and compliance and the results of that 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.

**Zwygart John & Associates, CPAs PLLC**

Nampa, Idaho  
September 19, 2019

**Idaho Virtual Academy LEA No. 452**  
Statement of Net Position  
June 30, 2019

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 383,824
Receivables, Net:	
Intergovernmental	1,111,078
Other	54,067
Prepaid Items	138,019
Capital Assets:	
Equipment, Net	4,896
Total Capital Assets	4,896
<b>Total Assets</b>	1,691,884
 <b>Deferred Outflows</b>	
Pension Related Items	895,625
<b>Total Deferred Outflows</b>	895,625
 <b>Liabilities</b>	
Accounts Payable	42,621
K12 Payable	1,261,385
Salaries and Benefits Payable	382,983
Long-Term Liabilities:	
Due in More Than One Year	
Net Pension Liability	1,786,065
<b>Total Liabilities</b>	3,473,054
 <b>Deferred Inflows</b>	
Pension Related Items	419,779
<b>Total Deferred Inflows</b>	419,779
 <b>Net Position</b>	
Invested in Capital Assets, Net of Related Debt	4,896
Unrestricted (Deficit) Surplus	(1,310,220)
<b>Total Net Position</b>	\$ (1,305,324)

The accompanying notes are an integral  
part of the financial statements.



**Idaho Virtual Academy LEA No. 452**  
Statement of Activities  
For the Year Ended June 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
Instruction	\$ 10,097,344	\$ -	\$ 1,388,572	\$ -	\$ (8,708,772)
Support Services	2,930,701	-	-	-	(2,930,701)
<b>Total Governmental Activities</b>	<b>\$ 13,028,045</b>	<b>\$ -</b>	<b>\$ 1,388,572</b>	<b>\$ -</b>	<b>(11,639,473)</b>

General Revenues:	
State Sources	11,690,727
Earnings on Investments	16,490
Total General Revenues and Special Items	<u>11,707,217</u>
Change in Net Position	<u>67,744</u>
Net Position, Beginning of Year	<u>(1,373,068)</u>
Net Position, End of Year	<u><u>\$ (1,305,324)</u></u>

The accompanying notes are an integral part of the financial statements.

**Idaho Virtual Academy LEA No. 452**

Balance Sheet -  
Governmental Funds  
June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 383,824	\$ -	\$ 383,824
Receivables, Net:			
Intergovernmental	1,077,851	33,227	1,111,078
Other	54,067	-	54,067
Prepaid Items	87,901	50,118	138,019
Interfund Receivable	83,345	-	83,345
Total Assets	\$ 1,686,988	\$ 83,345	\$ 1,770,333
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable	\$ 42,621	\$ -	\$ 42,621
Interfund Payable	-	83,345	83,345
K12 Payable	1,261,385	-	1,261,385
Salaries and Benefits Payable	382,983	-	382,983
Total Liabilities	1,686,989	83,345	1,770,334
Fund Balances:			
Nonspendable	87,901	50,118	138,019
Unassigned	(87,902)	(50,118)	(138,020)
Total Fund Balances	(1)	-	(1)
Total Liabilities and Fund Balances	\$ 1,686,988	\$ 83,345	\$ 1,770,333

The accompanying notes are an integral  
part of the financial statements.

**Idaho Virtual Academy LEA No. 452**  
 Reconciliation of the Balance Sheet of the Governmental Funds  
 to the Statement of Net Position  
 June 30, 2019

Total Fund Balances - Governmental Funds	\$	(1)
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Equipment, Net of \$46,770 Accumulated Depreciation		4,896
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The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$ (1,786,065)	
Pension Related Deferred Inflows	(419,779)	
Pension Related Deferred Outflows	895,625	
Total Pension Related Items		(1,310,219)
Total Net Position-Governmental Activities		\$ (1,305,324)

The accompanying notes are an integral  
 part of the financial statements.

**Idaho Virtual Academy LEA No. 452**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
State Sources	\$ 11,448,061	\$ 242,666	\$ 11,690,727
Grants and Contributions	19,167	1,369,405	1,388,572
Earnings on Investment	16,490	-	16,490
Total Revenues	<u>11,483,718</u>	<u>1,612,071</u>	<u>13,095,789</u>
<b>Expenditures</b>			
Current:			
Instruction	8,756,433	1,410,139	10,166,572
Support Services	2,727,286	201,932	2,929,218
Total Expenditures	<u>11,483,719</u>	<u>1,612,071</u>	<u>13,095,790</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
<b>Other Financing Sources (Uses)</b>			
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1)	-	(1)
Fund Balances - Beginning	-	-	-
Fund Balances - Ending	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>

The accompanying notes are an integral  
part of the financial statements.

**Idaho Virtual Academy LEA No. 452**  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of the  
 Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2019

Total Net Change in Fund Balance - Governmental Funds	\$	(1)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$	-	
Depreciation		<u>(1,483)</u>	(1,483)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.

		<u>69,228</u>
Change in Net Position of Governmental Activities	\$	<u><u>67,744</u></u>

The accompanying notes are an integral  
 part of the financial statements.

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Reporting Entity

The accompanying financial statements present the activities of Idaho Virtual Academy LEA No. 452 (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 operations, and the primary accountability for fiscal matters. In addition, the Charter's reporting entity does not contain any component units as defined by the Governmental Accounting Standards Board.

- Basis of Presentation, Basis of Accounting

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 state formula aid, are presented as general revenues.

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

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1. 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 are aggregated and reported as nonmajor funds.

The Charter reports the following major governmental funds:

- *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.

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. Transfers, proceeds of general long-term liabilities, and acquisitions under capital leases are reported under other financing sources and uses.

Fund Balance Reporting and Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

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

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Nonspendable.* Balances, for example, in permanent funds, prepaid expenditures, and inventories that are permanently precluded from conversion to cash.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (committed and assigned) 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 Directors, the Charter's highest level of decision making authority, through a formal action. The Board of Directors would also have 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 or fund balance available to finance 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 private outside parties, the federal government, or the State of Idaho and must be spent according to the stipulations of the private outside party or the corresponding federal or state program.

- Assets and Liabilities

- Cash Equivalents

The Charter requires all cash belonging to the Charter to be placed in custody of the Clerk/Business Manager. A "Pooled Cash" concept is therefore 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. The Charter considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. See Note 2.



Idaho Virtual Academy LEA No. 452

Notes to Financial Statements  
For the Year Ended June 30, 2019

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

All trade and intergovernmental receivables are shown net of an allowance for uncollectibles. The Charter believes all receivables are collectible, thus no allowance has been established.

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</u> <u>Policy</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Equipment	\$ 5,000	Straight-line	3-10 years

An exception to the capitalization threshold includes assets acquired with debt. All of these assets are to be capitalized, regardless of cost.

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

The Charter has no infrastructure to report.

Compensated Absences

The Charter provides sick leave and personal leave to the full-time certified employees. The estimated amount of compensation for further amounts is believed to be immaterial and accordingly no liability has been recorded.

Accounts Payable

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

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

For purposes of measuring the net pension liability 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 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.

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.

2. CASH

Deposits

As of June 30, 2019, the carrying amount of the Charter's deposits was \$380,583 and the respective bank balances totaled \$601,542. \$601,542 of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the Charter.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter's deposits may not be returned. As of June 30, 2019, all of the Charter's deposits were covered by federal depository insurance or by collateral held by the Charter's agent or pledging financial institution's trust department or agent in the name of the Charter, and thus were exposed to custodial credit risk. The Charter does not have a formal policy limiting its exposure to custodial credit risk.

Investments

The Charter voluntarily participates in the State of Idaho Investment Pool, which does not have a credit rating. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the Pool is with the State Treasurer and Idaho Code defines allowable investments. The fair value of the Charter's investment in the Pool is the same as the value of Pool shares.

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

2. CASH (continued)

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's investments at June 30, 2019, are summarized below:

Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
External Investment Pool	<u>\$ 3,241</u>	<u>\$ 3,241</u>	<u>\$ -</u>

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

	Governmental Activities
Cash and cash equivalents	\$ 380,583
Investments categorized as deposits	<u>3,241</u>
	<u>\$ 383,824</u>

3. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Charter expects such amounts, if any, to be immaterial.

4. 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, and e) worker's compensation, i.e. employee injuries. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

5. RELATED PARTIES

The Charter has contracted with the Virginia based company K12 Inc., to provide all educational materials as well as school administrative and technical services.

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

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5. RELATED PARTIES (continued)

Educational materials include online curriculum, class textbooks, workbooks, and supplies, teaching materials, and computers for students and teachers. School administrators, including financial personnel, are employed by K12 Inc. The administration reports to an independent Charter Board of Directors. K12 Inc. charges a service fee for administrative and technical services. This fee is based upon a percentage of revenues. The current rates are 15% for administration and 7% for technical services for a total of 22%.

Upon the service agreement, effective July 1, 2009, between K12 Inc. and the Charter, K12 Inc. has committed to provide credits (balanced budget credits) to be applied to K12 Inc. invoices up to the amount necessary to assure the Charter does not end a fiscal year with an accumulated deficit. During the fiscal year ended June 30, 2019, K12 Inc. provided balanced budget credits amounting to \$2,919,135 against amounts due to it. The amounts were treated as a reduction of expenses for financial reporting purposes.

The amount paid by the Charter for education materials, computers, online curriculum and administrative and technical services for the year ended June 30, 2019, was \$5,170,469 (net of the balanced budget credits). This represents 40% of the Charter's total expenditures. The amount owed to K12 Inc. as of June 30, 2019 is \$1,261,385.

6. OTHER COMMITMENTS

The Charter credit cards available for use with a total credit limit of \$2,000. \$607 of the available credit was in use as of June 30, 2019.

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

7. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance</u> <u>6/30/2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2019</u>
<u>Governmental Activities:</u>				
Capital Assets Being Depreciated				
Equipment	\$ 51,666	\$ -	\$ -	\$ 51,666
Total Historical Cost	<u>51,666</u>	<u>-</u>	<u>-</u>	<u>51,666</u>
Less: Accumulated Depreciation				
Equipment	<u>45,287</u>	<u>1,483</u>	<u>-</u>	<u>46,770</u>
Total Acc. Depr.	<u>45,287</u>	<u>1,483</u>	<u>-</u>	<u>46,770</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 6,379</u>	<u>\$ (1,483)</u>	<u>\$ -</u>	<u>\$ 4,896</u>

Depreciation expense was charged to the functions of the District as follows:

<u>Governmental Activities:</u>	
Instruction	<u>\$ 1,483</u>

8. COMPENSATED ABSENCES

The Charter provides ten days of flex time to certified employees that are lost each year if not used. Classified employees receive two weeks of vacation each year and are allowed to carry over one week of vacation time beyond the fiscal year end. They also provide sick leave that may carry over from year-to-year but is not payable if employees were terminated or quit. The Charter awards vacation leave to eligible employees on July 1<sup>st</sup>. The Charter has determined the amount of vacation leave is not material to the financial statements.

9. LEASE COMMITMENTS

Operating Leases

The following are leases the Charter has entered into whose terms are generally more than one year in length:

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

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9. LEASE COMMITMENTS (continued)

- In May 2013, the Charter entered into a lease agreement for administrative office space located in Meridian, Idaho. The lease period is for seven years and is due monthly in amounts ranging from \$23,513 to \$27,950.
- The Charter entered into a lease agreement for copiers in June 2017, for a term of 60 months at \$2,553 per month.

Future minimum lease payments are as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2020	364,750
2021	141,150
2022	<u>28,085</u>
	<u>\$ 533,985</u>

The Charter also leases student computers from K12, Inc., a related party, on a yearly basis and amounts vary from year-to-year due to student enrollment, amounts K12, Inc, choose to write-off, and other factors. Rent/Lease expenditure is \$1,168,058.

Total rent/lease expenditures for the year ended June 30, 2019 was \$1,556,668.

10. INTERNAL BALANCES

Balance due between funds consisted of the following:

\$ 83,345 Due to the General fund from nonmajor funds representing cash overdrafts

11. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments consist of \$1,145,145 as a reimbursement from the State of Idaho for school support and Medicaid Match \$20,000, for a total of \$1,165,145.

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

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12. PENSION PLAN

*Plan Description*

Idaho Virtual Academy LEA No. 452 contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

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

*Pension Benefits*

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

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

*Member and Employer Contributions*

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

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

12. PENSION PLAN (continued)

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2018, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. Idaho Virtual Academy LEA No. 452's contributions were \$464,407 the year ended June 30, 2019.

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

At June 30, 2019, Idaho Virtual Academy LEA No. 452 reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date Idaho Virtual Academy LEA No. 452's proportion of the net pension liability was based on Idaho Virtual Academy LEA No.452'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, 2018, Idaho Virtual Academy LEA No. 452's proportion was 0.1210877 percent.

For the year ended June 30, 2019, Idaho Virtual Academy LEA No. 452 recognized pension expense (revenue) \$395,179 of . At June 30, 2019, Idaho Virtual Academy LEA No. 452 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 196,059	\$ 134,891
Changes in assumptions or other inputs	116,219	-
Net difference between projected and actual earnings on pension plan investments	-	198,442
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	118,940	86,446
Idaho Virtual Academy LEA N. 452's contributions subsequent to the measurement date	464,407	-
<b>Total</b>	<b>\$ 895,625</b>	<b>419,779</b>



**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

12. PENSION PLAN (continued)

\$464,407 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, 2019.

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, 2017, the beginning of the measurement period ended June 30, 2018, is 4.9 and 5.5 for the measurement period June 30, 2018.

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:

<b>For the Year Ended June 30:</b>	<b>PERSI</b>
2020	\$ 632,406
2021	39,922
2022	(140,159)
2023	(43,569)
2024	(12,754)

*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	7.10%, net of investment expense
Cost-of-living	1%

## Idaho Virtual Academy LEA No. 452

### Notes to Financial Statements For the Year Ended June 30, 2019

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#### 12. PENSION PLAN (continued)

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

1. Set back 3 years for teachers
2. No offset for male fire and police
3. Forward one year for female fire and police
4. 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, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

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 Virtual Academy LEA No. 452**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

12. PENSION PLAN (continued)

<b>Asset Class</b>	<b>Expected Return</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
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%

<b>Total Fund</b>	<b>Expected Return</b>	<b>Expected Inflation</b>	<b>Expected Real Return</b>	<b>Expected Risk</b>
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

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	0.40%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b><u>7.10%</u></b>

*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.

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

**Idaho Virtual Academy LEA No. 452**

Notes to Financial Statements  
For the Year Ended June 30, 2019

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12. PENSION PLAN (continued)

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer'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:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Employer's proportionate share of the net pension liability (asset)	\$ 4,470,924	\$ 1,786,065	\$(437,109)

*Pension plan fiduciary net position*

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

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

***REQUIRED SUPPLEMENTARY INFORMATION***

**Idaho Virtual Academy LEA No. 452**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
State Sources	\$ 12,495,925	\$ 12,495,925	\$ 11,448,061	\$ (1,047,864)
Grants and Contributions	490,000	490,000	19,167	(470,833)
Earnings on Investment	10,000	10,000	16,490	6,490
Total Revenues	<u>12,995,925</u>	<u>12,995,925</u>	<u>11,483,718</u>	<u>(1,512,207)</u>
<b>Expenditures</b>				
Current:				
Instruction	9,104,296	9,104,296	8,756,433	347,863
Support Services	3,630,955	3,630,955	2,727,286	903,669
Total Expenditures	<u>12,735,251</u>	<u>12,735,251</u>	<u>11,483,719</u>	<u>1,251,532</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>260,674</u>	<u>260,674</u>	<u>(1)</u>	<u>(260,675)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	(260,674)	(260,674)	-	260,674
Total Other Financing Sources (Uses)	<u>(260,674)</u>	<u>(260,674)</u>	<u>-</u>	<u>260,674</u>
Net Change in Fund Balances	-	-	(1)	(1)
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>

**Idaho Virtual Academy LEA No. 452**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2019

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1. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. Prior to June 1, the Executive Director and the Board of Directors 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).
- F. Budgeted amounts are as originally adopted, or amended by the Board of Directors.

**Idaho Virtual Academy LEA No. 452**  
Schedule of the Charter's Proportionate Share of the  
Net Pension Liability

Public Employees Retirement System of Idaho

	Last 10 - Fiscal Years*				
	2019	2018	2017	2016	2015
Charter's proportion of the net pension liability (asset)	0.1210877%	0.1255361%	0.1230437%	0.1248037%	0.1135918%
Charter's proportionate share of the net pension liability (asset)	\$ 1,786,065	\$ 1,973,212	\$ 2,494,285	\$ 1,643,462	\$ 836,213
Charter's covered-employee payroll	\$ 4,102,531	\$ 3,895,828	\$ 3,899,060	\$ 3,598,661	\$ 3,495,718
Charter's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.54%	50.65%	63.97%	45.67%	23.92%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	87.26%	87.26%	91.38%	94.95%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Virtual Academy LEA No. 452 will present information for those years for which information is available.

Data reported is measured as of June 30, 2018



**Idaho Virtual Academy LEA No. 452**  
**Schedule of Charter Contributions**

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years\*

	2019	2018	2017	2016	2015
Contractually required contributions	\$ 464,407	\$ 441,008	\$ 441,374	\$ 407,368	\$ 395,715
Contributions in relation to the contractually required contribution	<u>464,407</u>	<u>441,008</u>	<u>441,374</u>	<u>407,368</u>	<u>395,715</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter's covered-employee payroll	\$ 4,102,531	\$ 3,895,828	\$ 3,899,060	\$ 3,598,661	\$ 3,495,718
Contributions as a percentage of covered-employee payroll	11.32%	11.32%	11.32%	11.32%	11.32%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Virtual Academy LEA No. 452 will present information for those years for which information is Data reported is measured as of June 30, 2019

***SUPPLEMENTAL INFORMATION***

**Idaho Virtual Academy LEA No. 452**  
Combining Balance Sheet - Nonmajor Special Revenue Funds  
June 30, 2019

	Technology Fund	Substance Abuse	Title I	Title IV-B
<b>Assets</b>				
Receivables, Net:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Prepaid Items	29,508	-	-	-
<b>Total Assets</b>	<b>\$ 29,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>				
Interfund Payable	\$ 29,508	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>29,508</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>				
Nonspendable	29,508	-	-	-
Unassigned	(29,508)	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Idaho Virtual Academy LEA No. 452**  
Combining Balance Sheet - Nonmajor Special Revenue Funds  
June 30, 2019  
(Continued from page 30)

	<u>Medicaid</u>	<u>Title IV</u>	<u>Title II-A</u>	<u>Lottery</u>	<u>Total</u>
<b>Assets</b>					
Receivables, Net:					
Intergovernmental	\$ 20,000	\$ -	\$ 13,227	\$ -	\$ 33,227
Prepaid Items	-	-	-	20,610	50,118
Total Assets	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 13,227</u>	<u>\$ 20,610</u>	<u>83,345</u>
<b>Liabilities</b>					
Interfund Payable	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 13,227</u>	<u>\$ 20,610</u>	<u>\$ 83,345</u>
Total Liabilities	<u>20,000</u>	<u>-</u>	<u>13,227</u>	<u>20,610</u>	<u>83,345</u>
<b>Fund Balance</b>					
Nonspendable	-	-	-	20,610	50,118
Unassigned	-	-	-	(20,610)	(50,118)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 13,227</u>	<u>\$ 20,610</u>	<u>\$ 83,345</u>

**Idaho Virtual Academy LEA No. 452**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2019

	Technology Fund	Substance Abuse	Title I	Title IV-B
<b>Revenues</b>				
State Sources	\$ 103,720	\$ 25,897	\$ -	\$ -
Grants and Contributions	-	-	595,288	352,876
Total Revenues	<u>103,720</u>	<u>25,897</u>	<u>595,288</u>	<u>352,876</u>
<b>Expenditures</b>				
Current:				
Instruction	-	3,287	595,288	352,876
Support Services	103,720	22,610	-	-
Total Expenditures	<u>103,720</u>	<u>25,897</u>	<u>595,288</u>	<u>352,876</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Idaho Virtual Academy LEA No. 452**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2019  
(Continued from page 32)

	<u>Medicaid</u>	<u>Title IV</u>	<u>Title II-A</u>	<u>Lottery</u>	<u>Total</u>
<b>Revenues</b>					
State Sources	\$ -	\$ -	\$ -	\$ 113,049	\$ 242,666
Grants and Contributions	238,465	55,604	75,602	51,570	1,369,405
Total Revenues	<u>238,465</u>	<u>55,604</u>	<u>75,602</u>	<u>164,619</u>	<u>1,612,071</u>
<b>Expenditures</b>					
Current:					
Instruction	238,465	55,604	-	164,619	1,410,139
Support Services	-	-	75,602	-	201,932
Total Expenditures	<u>238,465</u>	<u>55,604</u>	<u>75,602</u>	<u>164,619</u>	<u>1,612,071</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances					
	-	-	-	-	-
Fund Balances - Beginning					
	-	-	-	-	-
Fund Balances - Ending					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***FEDERAL REPORTS***

**Idaho Virtual Academy LEA No. 452**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant No.</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
Passed through State Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	S010A170012	\$ 595,288
Title VI-B Special Education Grants to States	84.027	H027A170088	\$ 348,820
Special Education Preschool Grants	84.173	H173A170030	<u>4,056</u>
Special Education Cluster (IDEA)			352,876
Improving Teacher Quality State Grants	84.367	S010A170011	75,602
Student Support and Academic Enrichment	84.424	SA24A170013	<u>55,604</u>
Total U.S. Department of Education			<u>1,079,370</u>
Total Federal Financial Assistance Expended			<u>\$ 1,079,370</u>

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting



**Idaho Virtual Academy LEA No. 452**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

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1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Idaho Virtual Academy LEA No. 452 under programs of the Federal Government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Idaho Virtual Academy LEA No. 452, it is not intended to and does not present the financial position or changes in Net Position of Idaho Virtual Academy LEA No. 452.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the accrual basis of accounting. As such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

Idaho Virtual Academy LEA No. 452 has elected to use the 10-percent de minimis indirect cost rate.



**ZWYGART JOHN**  
CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

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Phone: 208-459-4649 ♦ FAX: 208-229-0404

**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  
Idaho Virtual Academy LEA No. 452  
Meridian, 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 Virtual Academy LEA No. 452, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Idaho Virtual Academy LEA No. 452's basic financial statements and have issued our report thereon dated September 19, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Idaho Virtual Academy LEA No. 452'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 Idaho Virtual Academy LEA No. 452's internal control. Accordingly, we do not express an opinion on the effectiveness of Idaho Virtual Academy LEA No. 452'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Virtual Academy LEA No. 452's financial statements are free from 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.

*Zwyzart John & Associates, CPAs PLLC*

Nampa, Idaho  
September 19, 2019



**ZWYGART JOHN**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors  
Idaho Virtual Academy LEA No. 452  
Meridian, Idaho

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

We have audit Idaho Virtual Academy LEA No. 452's (the Charter) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Charter's major federal programs for the year ended June 30, 2019. The Charter's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Idaho Virtual Academy LEA No. 452's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence the Charter's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Idaho Virtual Academy LEA No. 452, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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

Management of Idaho Virtual Academy LEA No. 452, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter's internal control over compliance.

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

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

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

***Zwygart John & Associates, CPAs PLLC***

Nampa, Idaho  
September 19, 2019

**Idaho Virtual Academy LEA No. 452**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2019

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Qualified - Governmental Activities; Unqualified - Major Funds and Aggregate Remaining Fund Information

Internal control over financial reporting:

- Significant deficiency(ies) disclosed?                     yes     none reported
- Material weakness(es) disclosed?                         yes     none reported
- Noncompliance material to financial statements  
noted?     yes     no

*Federal Awards*

Internal control over major programs:

- Significant deficiencies identified?                         yes     none reported
- Material weaknesses identified?                             yes     none reported

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

- Any audit findings disclosed that are required to  
be reported in accordance with 2CFR SECTION  
200.516(A)?     yes     no

Identification of major programs:

CFDA Numbers	Name of Federal Program
84.010	Title I Grants to Local Educational Agencies

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

- Auditee qualified as low-risk auditee?                     yes     no

**Section II - Financial Statement Findings**

None reported.

**Section III - Findings and Questioned Costs for Federal Awards**

None reported.