

**VISION CHARTER SCHOOL, INC.**

**AUDITED FINANCIAL STATEMENTS**

**Year Ended June 30, 2017**

VISION CHARTER SCHOOL, INC.

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**FINANCIAL SECTION**

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## Independent Auditor's Report

Board of Directors  
Vision Charter School, Inc.

### 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 Vision Charter School, Inc. (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

Management believes the costs of implementing GASB 45 (having actuarial calculations performed for other post-employment benefits) cannot be justified at this time. 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 position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities has not been determined.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2017, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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

Payette, Idaho  
September 20, 2017

## **BASIC FINANCIAL STATEMENTS**

# VISION CHARTER SCHOOL, INC.

## Statement of Net Position

June 30, 2017

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Current Assets	
Cash	\$2,957,939
Receivables:	
State Sources	128,344
Federal Sources	29,406
Total Current Assets	<u>3,115,689</u>
Noncurrent Assets	
Nondepreciable Capital Assets	3,655,879
Depreciable Net Capital Assets	4,369,379
Total Noncurrent Assets	<u>8,025,258</u>
<b>Total Assets</b>	<u><u>11,140,947</u></u>
<b>Deferred Outflows of Resources</b>	
Pension Sources	965,516
<b>Total Deferred Outflows of Resources</b>	<u>965,516</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$12,106,463</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$52,371
Salaries & Benefits Payable	244,789
Unspent Grant Allocation	0
Accrued Interest	13,786
Long-Term Debt, Current	165,977
Total Current Liabilities	<u>476,923</u>
Noncurrent Liabilities	
Long-Term Debt, Noncurrent	6,826,103
Net Pension Liability	1,390,824
Total Noncurrent Liabilities	<u>8,216,927</u>
<b>Total Liabilities</b>	<u><u>8,693,850</u></u>
<b>Deferred Inflows of Resources</b>	
Pension Sources	454,884
<b>Total Deferred Inflows of Resources</b>	<u>454,884</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u><u>9,148,734</u></u>
<b>Net Position</b>	
Net Investment in Capital Assets	1,019,392
Restricted:	
Special Programs	21,381
Capital Projects	1,418,321
Unrestricted	498,635
<b>Total Net Position</b>	<u>2,957,729</u>
<b>Total Liabilities and Deferred Inflows of Resources and Net Position</b>	<u><u>\$12,106,463</u></u>

See Accompanying Notes

**VISION CHARTER SCHOOL, INC.**

Statement of Activities

Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>	<u>Net (Expense) Revenue And Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>		
<b>Governmental Activities</b>					
Instructional Programs					
Elementary School	\$1,416,854		\$82,278		(\$1,334,576)
Secondary School	1,244,593				(1,244,593)
Special Education	106,946		90,599		(16,347)
School Activity	0				0
Support Service Programs					
Attendance - Guidance - Health	10,268		10,268		0
Instruction Improvement	28,501		16,262		(12,239)
Instruction-Related Technology	65,289		65,289		0
Board of Education	7,750				(7,750)
District Administration	549,004				(549,004)
Buildings - Care	194,323				(194,323)
Maintenance - Student Occupied	66,640				(66,640)
Maintenance - Grounds	8,895				(8,895)
Pupil-To-School Transportation	221,320				(221,320)
Non-Instructional Programs					
Child Nutrition	166,791	\$30,796	156,066		20,071
Capital Assets - Student Occupied	117,394				(117,394)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	122,860				(122,860)
<b>Total</b>	<u>\$4,327,428</u>	<u>\$30,796</u>	<u>\$420,762</u>	<u>\$0</u>	<u>(3,875,870)</u>
<b>General Revenues</b>					
					122,459
Local Revenues					4,309,315
State Revenues					0
Federal Revenues					<u>4,431,774</u>
<b>Total</b>					
<b>Change in Net Position</b>					
					555,904
<b>Net Position - Beginning</b>					
					<u>2,401,825</u>
<b>Net Position - Ending</b>					
					<u>\$2,957,729</u>

**VISION CHARTER SCHOOL, INC.**

Balance Sheet - Governmental Funds

June 30, 2017

	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Capital Construction Fund</b>	<b>Other Governmental Funds</b>
<b>Assets</b>				
Cash	\$1,496,674	\$27,423	\$1,418,321	\$15,521
Receivables:				
State Sources	128,344			0
Federal Sources				29,406
Due From Other Funds	29,406			0
<b>Total Assets</b>	<b>\$1,654,424</b>	<b>\$27,423</b>	<b>\$1,418,321</b>	<b>\$44,927</b>
<b>Liabilities</b>				
Accounts Payable	\$30,808	\$6,563		\$15,000
Due To Other Funds				29,406
Salaries & Benefits Payable	244,789			0
Unspent Grant Allocation				0
<b>Total Liabilities</b>	<b>275,597</b>	<b>6,563</b>	<b>\$0</b>	<b>44,406</b>
<b>Fund Balances</b>				
Restricted:				
Special Programs		20,860		521
Capital Projects			1,418,321	0
Unassigned	1,378,827			0
<b>Total Fund Balances</b>	<b>1,378,827</b>	<b>20,860</b>	<b>1,418,321</b>	<b>521</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,654,424</b>	<b>\$27,423</b>	<b>\$1,418,321</b>	<b>\$44,927</b>

**VISION CHARTER SCHOOL, INC.**  
 Balance Sheet - Governmental Funds  
 June 30, 2017

	<b>Total Governmental Funds</b>
<b>Assets</b>	
Cash	\$2,957,939
Receivables:	
State Sources	128,344
Federal Sources	29,406
Due From Other Funds	29,406
<b>Total Assets</b>	<b>\$3,145,095</b>
 <b>Liabilities</b>	
Accounts Payable	\$52,371
Due To Other Funds	29,406
Salaries & Benefits Payable	244,789
Unspent Grant Allocation	0
<b>Total Liabilities</b>	<b>326,566</b>
 <b>Fund Balances</b>	
Restricted:	
Special Programs	21,381
Capital Projects	1,418,321
Unassigned	1,378,827
<b>Total Fund Balances</b>	<b>2,818,529</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$3,145,095</b>

**VISION CHARTER SCHOOL, INC.**  
Balance Sheet - Governmental Funds  
June 30, 2017

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

<b>Total Governmental Fund Balances</b>	\$2,818,529
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,025,258
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	(7,005,866)
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Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds.	(880,192)
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<b>Net Position of Governmental Activities</b>	<u><u>\$2,957,729</u></u>
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**VISION CHARTER SCHOOL, INC.**

Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2017

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Capital Construction Fund</u>	<u>Other Governmental Funds</u>
<b>Revenues</b>				
Local Revenue	\$122,459	\$30,796		\$0
State Revenue	4,309,315			75,942
Federal Revenue		156,066		188,754
<b>Total Revenues</b>	<u>4,431,774</u>	<u>186,862</u>	<u>\$0</u>	<u>264,696</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	1,360,628			81,893
Secondary School	1,264,594			2,761
Special Education	16,347			90,599
School Activity				0
Support Service Programs				
Attendance - Guidance - Health				10,268
Instruction Improvement				28,501
Instruction-Related Technology				65,289
Board of Education	7,750			0
District Administration	549,004			0
Buildings - Care	194,323			0
Maintenance - Student Occupied	66,640			0
Maintenance - Grounds	8,895			0
Pupil-To-School Transportation	221,320			0
Non-Instructional Programs				
Child Nutrition		166,791		0
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied	479,662		2,966,107	0
Debt Service - Principal	66,211		2,539,839	0
Debt Service - Interest	44,279		75,733	0
<b>Total Expenditures</b>	<u>4,279,653</u>	<u>166,791</u>	<u>5,581,679</u>	<u>279,311</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	152,121	20,071	(5,581,679)	(14,615)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Debt Issuance			7,000,000	
Transfers In				0
Transfers Out				0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>7,000,000</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	152,121	20,071	1,418,321	(14,615)
<b>Fund Balances - Beginning</b>	1,226,706	789	0	15,136
<b>Fund Balances - Ending</b>	<u>\$1,378,827</u>	<u>\$20,860</u>	<u>\$1,418,321</u>	<u>\$521</u>

**VISION CHARTER SCHOOL, INC.**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2017

	<u><b>Total Governmental Funds</b></u>
<b>Revenues</b>	
Local Revenue	\$153,255
State Revenue	4,385,257
Federal Revenue	344,820
<b>Total Revenues</b>	<u>4,883,332</u>
<b>Expenditures</b>	
Instructional Programs	
Elementary School	1,442,521
Secondary School	1,267,355
Special Education	106,946
School Activity	0
Support Service Programs	
Attendance - Guidance - Health	10,268
Instruction Improvement	28,501
Instruction-Related Technology	65,289
Board of Education	7,750
District Administration	549,004
Buildings - Care	194,323
Maintenance - Student Occupied	66,640
Maintenance - Grounds	8,895
Pupil-To-School Transportation	221,320
Non-Instructional Programs	
Child Nutrition	166,791
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	3,445,769
Debt Service - Principal	2,606,050
Debt Service - Interest	120,012
<b>Total Expenditures</b>	<u>10,307,434</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(5,424,102)
<b>Other Financing Sources (Uses)</b>	
Proceeds from Debt Issuance	7,000,000
Transfers In	0
Transfers Out	0
<b>Total Other Financing Sources (Uses)</b>	<u>7,000,000</u>
<b>Net Change in Fund Balances</b>	1,575,898
<b>Fund Balances - Beginning</b>	1,242,631
<b>Fund Balances - Ending</b>	<u><u>\$2,818,529</u></u>

**VISION CHARTER SCHOOL, INC.**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2017

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

**Net Change in Fund Balances - Total Governmental Funds** \$1,575,898

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. 3,328,375

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 2,606,050

Proceeds of debt issuance is a financing source in the governmental funds, but increases long-term debt in the statement of net position. (7,000,000)

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. (2,848)

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. 48,429

**Change in Net Position of Governmental Activities** \$555,904

# VISION CHARTER SCHOOL, INC.

## Notes to Financial Statements

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** – Vision Charter School, Inc. (the School) is organized as a nonprofit corporation providing public charter school educational services as authorized by Section 33 of Idaho Code.

Idaho Code Section 33-5210(3) requires charter schools to comply with the same financial reporting requirements imposed on school districts, i.e. – on a governmental, rather than nonprofit, basis of accounting. Additionally, enabling legislation creates charter schools as public entities, i.e. – as public schools, subject to provisions common with other governmental entities as set forth in Idaho Code Section 33-5204. Accordingly, the School's basis of presentation follows the governmental, rather than nonprofit, reporting model.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to charter schools. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

**Basic Financial Statements - Government-Wide Statements** – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

# VISION CHARTER SCHOOL, INC.

## Notes to Financial Statements

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The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds, when present, are not included in the government-wide statements.

**Basic Financial Statements - Fund Financial Statements** – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the School include:

*General Fund* – The general fund is the School's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

*Capital Projects Funds* – Capital projects funds are used to account for the acquisition of capital assets. Major capital project funds include the construction fund, used to account for debt proceeds and related construction costs.

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

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

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund

## VISION CHARTER SCHOOL, INC.

### Notes to Financial Statements

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liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

**Cash** – Nearly all the cash balances of the School’s funds are pooled for investment purposes. The individual funds’ portions of the pooled cash are reported in each fund as cash. Interest earned on pooled cash is paid to the general fund unless Idaho Code specifies otherwise.

**Receivables** – Receivables are reported net of any estimated uncollectible amounts.

**Inventories** – Material supplies on hand at year end are immaterial and thus not reflected in the financial statements.

**Capital Assets and Depreciation** – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of depreciable assets is recorded using the straight line method.

**Compensated Absences** – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded.

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

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

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

## VISION CHARTER SCHOOL, INC.

### Notes to Financial Statements

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as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

**Income Taxes** – The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income, if any, derived from unrelated business activities. The School's Form 990, Return of Organization Exempt from Income Tax, for the fiscal years ending 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

**Contingent Liabilities** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

**Interfund Activity** – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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

**Nonmonetary Transactions** – Items received via food commodities programs are recognized at their stated fair market value.

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

**VISION CHARTER SCHOOL, INC.**  
Notes to Financial Statements

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**B. CASH**

Cash consists of the following at year end:

Cash - Deposits	\$2,957,939
<b>Total</b>	<u><u>\$2,957,939</u></u>

**Deposits** – At year end, the carrying amounts of the School's deposits were \$2,957,939 and the bank balances were \$3,042,758. Of the bank balances, \$509,511 was insured and the remainder was uninsured and uncollateralized.

**C. RECEIVABLES**

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
State Sources			
Foundation Program	<u>\$128,344</u>		<u>\$128,344</u>
<b>Total</b>	<u><u>\$128,344</u></u>		<u><u>\$128,344</u></u>
Federal Sources			
Special Programs		<u>\$29,406</u>	<u>\$29,406</u>
<b>Total</b>		<u><u>\$29,406</u></u>	<u><u>\$29,406</u></u>

**VISION CHARTER SCHOOL, INC.**  
Notes to Financial Statements

**D. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$210,110			\$210,110
Construction in Progress	0	\$3,445,769		3,445,769
<b>Total</b>	<u>210,110</u>	<u>3,445,769</u>	<u>\$0</u>	<u>3,655,879</u>
Depreciable Capital Assets				
Buildings	4,672,457			4,672,457
Equipment	239,446			239,446
Subtotal	<u>4,911,903</u>	<u>0</u>	<u>0</u>	<u>4,911,903</u>
Accumulated Depreciation				
Buildings	344,745	93,449		438,194
Equipment	80,385	23,945		104,330
Subtotal	<u>425,130</u>	<u>117,394</u>	<u>0</u>	<u>542,524</u>
<b>Total</b>	<u>4,486,773</u>	<u>(117,394)</u>	<u>0</u>	<u>4,369,379</u>
<b>Net Capital Assets</b>	<u>\$4,696,883</u>	<u>\$3,328,375</u>	<u>\$0</u>	<u>\$8,025,258</u>

Depreciation expense of \$117,394 was charged to the capital assets – student occupied program.

**E. LONG-TERM DEBT**

**Bonded Debt** - At year end, the School's bonded debt was as follows:

	<u>Outstanding</u>
2016 - \$6,500,000 - facilities revenue bonds (tax exempt) for capital improvements due in monthly payments with interest at 3.381% through 2026/27 (with balloon payment at maturity of bonds in September 2026), secured by deed of trust and related security agreements, paid through the general fund	<u>\$6,500,000</u>
<b>Total</b>	<u>\$6,500,000</u>

**VISION CHARTER SCHOOL, INC.**  
Notes to Financial Statements

Maturities on the bonds are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
6/30/18	\$144,462	\$144,683
6/30/19	173,315	212,211
6/30/20	179,266	206,260
6/30/21	185,422	200,104
6/30/22	191,789	193,737
6/30/23-27	<u>5,625,746</u>	<u>747,123</u>
<b>Total</b>	<u><u>\$6,500,000</u></u>	<u><u>\$1,704,118</u></u>

**Note Payable** - At year end, the School's note payable was as follows:

Note payable - BH, due in monthly payments of \$2,999 with interest at 3% through 2021/22 (with balloon payment at maturity of note in September 2021), secured by second priority lien on real estate, paid through the general fund

	<u>\$492,080</u>
<b>Total</b>	<u><u>\$492,080</u></u>

Maturities on the note are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
6/30/18	\$21,515	\$14,468
6/30/19	22,170	13,814
6/30/20	22,844	13,139
6/30/21	23,539	12,445
6/30/22	<u>402,012</u>	<u>3,000</u>
<b>Total</b>	<u><u>\$492,080</u></u>	<u><u>\$56,866</u></u>

Changes in long-term debt are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note Payable - W	\$2,598,130		\$2,598,130	\$0	
2016 FR Bonds	0	\$6,500,000		6,500,000	\$144,462
Note Payable - BH	0	500,000	7,920	492,080	21,515
<b>Total</b>	<u><u>\$2,598,130</u></u>	<u><u>\$7,000,000</u></u>	<u><u>\$2,606,050</u></u>	<u><u>\$6,992,080</u></u>	<u><u>\$165,977</u></u>

## VISION CHARTER SCHOOL, INC.

### Notes to Financial Statements

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Interest and related costs during the year amounted to \$122,860 and were charged to the debt service – interest program.

#### **F. PENSION PLAN**

##### *Plan Description*

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

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

##### *Pension Benefits*

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

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

##### *Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as 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.

## VISION CHARTER SCHOOL, INC.

### Notes to Financial Statements

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, 2016 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% for general employees and 11.66% for police and firefighters. The School's contributions were \$257,657 for the year ended June 30, 2017.

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

At June 30, 2017, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2016, the School's proportion was 0.0686097 percent.

For the year ended June 30, 2017, the School recognized pension expense (revenue) of \$209,228. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience		\$138,585
Changes in assumptions or other inputs	\$30,917	
Net difference between projected and actual earnings on pension plan investments	676,942	316,299
Employer contributions subsequent to the measurement date	<u>257,657</u>	
<b>Total</b>	<u><u>\$965,516</u></u>	<u><u>\$454,884</u></u>

\$257,657 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the plan pension expense or reduction of the plan pension revenue in the year ending June 30, 2018.

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, 2015 the beginning of the measurement period ended June 30, 2016 is 4.9 and 5.5 for the measurement period June 30, 2015.

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:

**VISION CHARTER SCHOOL, INC.**  
Notes to Financial Statements

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<b>Year Ended</b>	
6/30/18	\$1,413
6/30/19	1,413
6/30/20	161,359
6/30/21	88,789
<b>Total</b>	<u><u>\$252,974</u></u>

*Actuarial Assumptions*

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

The total pension liability in the June 30, 2016 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 expenses
Cost-of-living adjustments	1%

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

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

An experience study was performed for the period July 1, 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, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

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)

## VISION CHARTER SCHOOL, INC.

### Notes to Financial Statements

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, 2016.

#### Capital Market Assumptions

Asset Class	Expected Return*	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equities	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>Expected</b>	
Total Fund	Expected Return*	Expected Inflation	Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\*Expected arithmetic return net of fees and expenses

#### Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	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

**VISION CHARTER SCHOOL, INC.**

Notes to Financial Statements

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

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

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
School's proportionate share of the net pension liability (asset)	\$2,728,303	\$1,390,824	\$278,562

*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).

**G. INTERFUND BALANCES**

Interfund balances at year end consist of the following:

	<b>Due From Fund</b>	
<b>Due To Fund</b>	<b>Governmental</b>	<b>Total</b>
General	\$29,406	\$29,406
<b>Total</b>	<b>\$29,406</b>	<b>\$29,406</b>

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**VISION CHARTER SCHOOL, INC.**  
**Budgetary Comparison Schedule -**  
**General and Major Special Revenue Funds**  
**Year Ended June 30, 2017**

<b>General Fund</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Final Budget</b>
	<b>(GAAP Basis)</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Variance</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Local Revenue	\$0	\$0	\$122,459	\$122,459
State Revenue	4,174,494	4,350,673	4,309,315	(41,358)
Federal Revenue	0	0	0	0
<b>Total Revenues</b>	<b>4,174,494</b>	<b>4,350,673</b>	<b>4,431,774</b>	<b>81,101</b>
<b>Expenditures</b>				
<b>Instructional Programs</b>				
Elementary School	1,415,456	1,401,466	1,360,628	40,838
Secondary School	993,112	1,270,797	1,264,594	6,203
Special Education	16,347	16,347	16,347	0
School Activity	0	0	0	0
<b>Support Service Programs</b>				
Attendance - Guidance - Health	0	0	0	0
Instruction Improvement	0	0	0	0
Instruction-Related Technology	0	0	0	0
Board of Education	11,400	11,400	7,750	3,650
District Administration	480,065	519,065	549,004	(29,939)
Buildings - Care	206,664	210,592	194,323	16,269
Maintenance - Student Occupied	70,000	70,000	66,640	3,360
Maintenance - Grounds	7,000	9,000	8,895	105
Pupil-To-School Transportation	230,000	235,000	221,320	13,680
<b>Non-Instructional Programs</b>				
Child Nutrition	0	0	0	0
Capital Assets - Student Occupied	200,000	288,144	0	288,144
Capital Assets - Non-Student Occupied	0	0	479,662	(479,662)
Debt Service - Principal	248,176	257,729	66,211	191,518
Debt Service - Interest	155,000	44,279	44,279	0
<b>Total Expenditures</b>	<b>4,033,220</b>	<b>4,333,819</b>	<b>4,279,653</b>	<b>54,166 *</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	141,274	16,854	152,121	135,267
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0 *
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>141,274</b>	<b>16,854</b>	<b>152,121</b>	<b>135,267</b>
<b>Fund Balances - Beginning</b>	<b>934,000</b>	<b>1,226,706</b>	<b>1,226,706</b>	<b>0</b>
<b>Fund Balances - Ending</b>	<b>\$1,075,274</b>	<b>\$1,243,560</b>	<b>\$1,378,827</b>	<b>\$135,267</b>

*\*Total expenditures (over) under appropriations are: \$54,166*

**VISION CHARTER SCHOOL, INC.**  
 Budgetary Comparison Schedule -  
 General and Major Special Revenue Funds  
 Year Ended June 30, 2017

<b>Child Nutrition Fund</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Final Budget</b>
	<b>(GAAP Basis)</b>			<b>Amounts</b>
	<b>Original</b>	<b>Final</b>		<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Local Revenue	\$17,486	\$20,532	\$30,796	\$10,264
State Revenue	0	0	0	0
Federal Revenue	83,250	109,250	156,066	46,816
<b>Total Revenues</b>	<b>100,736</b>	<b>129,782</b>	<b>186,862</b>	<b>57,080</b>
<b>Expenditures</b>				
<b>Instructional Programs</b>				
Elementary School	0	0	0	0
Secondary School	0	0	0	0
Special Education	0	0	0	0
School Activity	0	0	0	0
<b>Support Service Programs</b>				
Attendance - Guidance - Health	0	0	0	0
Instruction Improvement	0	0	0	0
Instruction-Related Technology	0	0	0	0
Board of Education	0	0	0	0
District Administration	0	0	0	0
Buildings - Care	0	0	0	0
Maintenance - Student Occupied	0	0	0	0
Maintenance - Grounds	0	0	0	0
Pupil-To-School Transportation	0	0	0	0
<b>Non-Instructional Programs</b>				
Child Nutrition	100,736	129,782	166,791	(37,009)
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
<b>Total Expenditures</b>	<b>100,736</b>	<b>129,782</b>	<b>166,791</b>	<b>(37,009) *</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	0	0	20,071	20,071
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0 *
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>0</b>	<b>20,071</b>	<b>20,071</b>
<b>Fund Balances - Beginning</b>	<b>0</b>	<b>0</b>	<b>789</b>	<b>(789)</b>
<b>Fund Balances - Ending</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,860</b>	<b>\$19,282</b>

*\*Total expenditures (over) under appropriations are: (37,009)*

**VISION CHARTER SCHOOL, INC.**  
Schedule of Employer's Share of Net Pension Liability  
**PERSI - Base Plan**  
Last 10 - Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's portion of the net pension liability	0.0686097%	0.0707214%	0.0651435%
School's proportionate share of the net pension liability	\$1,390,824	\$931,286	\$479,558
School's covered payroll	\$2,002,668	\$1,996,281	\$1,764,823
School's proportional share of the net pension liability as a percentage of its covered payroll	69.45%	46.65%	27.17%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	91.38%	94.95%

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

Data reported is measured as of June 30.

**VISION CHARTER SCHOOL, INC.**

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$257,657	\$226,702	\$225,979
Contributions in relation to the statutorily required contribution	\$257,657	\$226,702	\$225,979
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	<u>\$2,276,122</u>	<u>\$2,002,668</u>	<u>\$1,996,281</u>
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%

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

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

**SUPPLEMENTARY INFORMATION**

**VISION CHARTER SCHOOL, INC.**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2017

	Special Revenue Funds			Title I-A
	Albertsons	Technology	Substance Abuse	ESEA IBP
<b>Assets</b>				
Cash	\$15,000		\$521	
Receivables:				
State Sources				
Federal Sources				\$17,444
Due From Other Funds				
<b>Total Assets</b>	\$15,000	\$0	\$521	\$17,444
<b>Liabilities</b>				
Accounts Payable	\$15,000			
Due To Other Funds				\$17,444
Salaries & Benefits Payable				
Unspent Grant Allocation				
<b>Total Liabilities</b>	15,000	\$0	\$0	17,444
<b>Fund Balances</b>				
Restricted:				
Special Programs			521	
Capital Projects				
Unassigned				
<b>Total Fund Balances</b>	0	0	521	0
<b>Total Liabilities and Fund Balances</b>	\$15,000	\$0	\$521	\$17,444

**VISION CHARTER SCHOOL, INC.**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2017

	Special Revenue Funds		
	Special Educ. IDEA Part B School-Age	Title II-A Improving Teacher Quality	Total
<b>Assets</b>			
Cash			\$15,521
Receivables:			
State Sources			0
Federal Sources	\$11,962		29,406
Due From Other Funds			0
<b>Total Assets</b>	\$11,962	\$0	\$44,927
<b>Liabilities</b>			
Accounts Payable			\$15,000
Due To Other Funds	\$11,962		29,406
Salaries & Benefits Payable			0
Unspent Grant Allocation			0
<b>Total Liabilities</b>	11,962	\$0	44,406
<b>Fund Balances</b>			
Restricted:			
Special Programs			521
Capital Projects			0
Unassigned			0
<b>Total Fund Balances</b>	0	0	521
<b>Total Liabilities and Fund Balances</b>	\$11,962	\$0	\$44,927

**VISION CHARTER SCHOOL, INC.**

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2017

	<b>Special Revenue Funds</b>			
	<b>Albertsons</b>	<b>Technology</b>	<b>Substance Abuse</b>	<b>Title I-A ESEA IBP</b>
<b>Revenues</b>				
Local Revenue				
State Revenue		\$65,289	\$10,653	
Federal Revenue				\$81,893
<b>Total Revenues</b>	<b>\$0</b>	<b>65,289</b>	<b>10,653</b>	<b>81,893</b>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				81,893
Secondary School	2,761			
Special Education				
School Activity				
Support Service Programs				
Attendance - Guidance - Health			10,268	
Instruction Improvement	12,239			
Instruction-Related Technology		65,289		
Board of Education				
District Administration				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
<b>Total Expenditures</b>	<b>15,000</b>	<b>65,289</b>	<b>10,268</b>	<b>81,893</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(15,000)</b>	<b>0</b>	<b>385</b>	<b>0</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(15,000)</b>	<b>0</b>	<b>385</b>	<b>0</b>
<b>Fund Balances - Beginning</b>	<b>15,000</b>	<b>0</b>	<b>136</b>	<b>0</b>
<b>Fund Balances - Ending</b>	<b>\$0</b>	<b>\$0</b>	<b>\$521</b>	<b>\$0</b>

**VISION CHARTER SCHOOL, INC.**

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2017

	<u>Special Revenue Funds</u>		
	<u>Special Educ. IDEA Part B School-Age</u>	<u>Title II-A Improving Teacher Quality</u>	<u>Total</u>
<b>Revenues</b>			
Local Revenue			\$0
State Revenue			75,942
Federal Revenue	\$90,599	\$16,262	188,754
<b>Total Revenues</b>	<u>90,599</u>	<u>16,262</u>	<u>264,696</u>
<b>Expenditures</b>			
Instructional Programs			
Elementary School			81,893
Secondary School			2,761
Special Education	90,599		90,599
School Activity			0
Support Service Programs			
Attendance - Guidance - Health			10,268
Instruction Improvement		16,262	28,501
Instruction-Related Technology			65,289
Board of Education			0
District Administration			0
Buildings - Care			0
Maintenance - Student Occupied			0
Maintenance - Grounds			0
Pupil-To-School Transportation			0
Non-Instructional Programs			
Child Nutrition			0
Capital Assets - Student Occupied			0
Capital Assets - Non-Student Occupied			0
Debt Service - Principal			0
Debt Service - Interest			0
<b>Total Expenditures</b>	<u>90,599</u>	<u>16,262</u>	<u>279,311</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	(14,615)
<b>Other Financing Sources (Uses)</b>			
Transfers In			0
Transfers Out			0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	(14,615)
<b>Fund Balances - Beginning</b>	0	0	15,136
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$521</u>

## **OTHER REPORTS**

Audits  
Taxes  
Special Services



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**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Vision Charter School, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vision Charter School, Inc. (the School), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 20, 2017.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

Payette, Idaho  
September 20, 2017