

American Heritage Charter School

Year Ended June 30, 2019

Audited Financial Statements



AMERICAN HERITAGE CHARTER SCHOOL
Table of Contents

Financial Section

Independent Auditor's Report..... 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

Fund Financial Statements

Balance Sheet – Governmental Funds..... 6

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... 9

Statement of Fiduciary Net Position..... 12

Notes to Financial Statements 13

Required Supplementary Information

Budgetary Comparison Schedule – General and Major Special Revenue Funds..... 24

Schedule of Employer’s Share of Net Pension Liability 26

Schedule of Employer Contributions..... 27

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds..... 28

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds..... 31

Other Reports

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards 34



Independent Auditor's Report

Board of Directors
American Heritage Charter School

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 American Heritage Charter School (the School) as of and for the year ended June 30, 2019, 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 has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the other postemployment benefits as well as certain note disclosures and required supplementary information. The amount by which the departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses, note disclosures, and required supplementary information 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, 2019, 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, 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 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 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 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 August 30, 2019, 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
August 30, 2019

AMERICAN HERITAGE CHARTER SCHOOL

Statement of Net Position

June 30, 2019

	Governmental Activities
Assets	
Current Assets	
Cash	\$1,114,656
Receivables:	
Local Sources	0
State Sources	61,992
Federal Sources	54,883
Total Current Assets	<u>1,231,531</u>
Noncurrent Assets	
Nondepreciable Capital Assets	0
Depreciable Net Capital Assets	222,249
Total Noncurrent Assets	<u>222,249</u>
Total Assets	<u><u>1,453,780</u></u>
Deferred Outflows of Resources	
Pension Deferred Outflows	234,162
Total Deferred Outflows of Resources	<u>234,162</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$1,687,942</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$6,080
Salaries & Benefits Payable	190,012
Unspent Grant Allocation	23,100
Total Current Liabilities	<u>219,192</u>
Noncurrent Liabilities	
Net Pension Liability	513,350
Total Noncurrent Liabilities	<u>513,350</u>
Total Liabilities	<u>732,542</u>
Deferred Inflows of Resources	
Pension Deferred Inflows	95,806
Total Deferred Inflows of Resources	<u>95,806</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>828,348</u></u>
Net Position	
Net Investment in Capital Assets	222,249
Restricted:	
Special Programs	44,710
Unrestricted	592,635
Total Net Position	<u>859,594</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u><u>\$1,687,942</u></u>

See Accompanying Notes

AMERICAN HERITAGE CHARTER SCHOOL

Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions		
Governmental Activities					
Instructional Programs					
Elementary School	\$819,686		\$120,308		(\$699,378)
Secondary School	496,785		119,244		(377,541)
Special Education	118,740		60,595		(58,145)
Support Service Programs					
Attendance - Guidance - Health	24,162		6,234		(17,928)
Special Education Support Services	14,264				(14,264)
Instruction Improvement	40,853		16,283		(24,570)
Educational Media	299				(299)
Instruction-Related Technology	85,701		61,696		(24,005)
Board of Education	25,124				(25,124)
District Administration	27,437				(27,437)
School Administration	148,801				(148,801)
Business Operation	185,671		24,677		(160,994)
Administrative Technology	28,257		25,708		(2,549)
Buildings - Care	180,735				(180,735)
Maintenance - Non-Student Occupied	10,036				(10,036)
Maintenance - Student Occupied	81,053				(81,053)
Maintenance - Grounds	31,418				(31,418)
Security	5,218				(5,218)
Pupil-To-School Transportation	18,008				(18,008)
Pupil-Activity Transportation	0				0
Non-Instructional Programs					
Child Nutrition	91,841	\$40,129	46,999		(4,713)
Capital Assets - Student Occupied	14,470				(14,470)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	465				(465)
Total	\$2,449,024	\$40,129	\$481,744	\$0	(1,927,151)
General Revenues					
Local Revenue					12,450
State Revenue					2,387,158
Federal Revenue					0
Pension Revenue (Expense)					(189,721)
Total					2,209,887
Change in Net Position					282,736
Net Position - Beginning					576,858
Net Position - Ending					\$859,594

AMERICAN HERITAGE CHARTER SCHOOL

Balance Sheet - Governmental Funds

June 30, 2019

	General Fund	Child Nutrition Fund	Other Governmental Funds
Assets			
Cash	\$1,066,834	\$5,454	\$42,368
Receivables:			
Local Sources			0
State Sources	61,992		0
Federal Sources			54,883
Due From Other Funds	27,773		0
Total Assets	<u>\$1,156,599</u>	<u>\$5,454</u>	<u>\$97,251</u>
Liabilities			
Accounts Payable	\$5,017	\$345	\$718
Due To Other Funds			27,773
Salaries & Benefits Payable	183,953		6,059
Unspent Grant Allocation			23,100
Total Liabilities	<u>188,970</u>	<u>\$345</u>	<u>57,650</u>
Fund Balances			
Restricted:			
Special Programs		5,109	39,601
Unassigned	967,629		0
Total Fund Balances	<u>967,629</u>	<u>5,109</u>	<u>39,601</u>
Total Liabilities and Fund Balances	<u>\$1,156,599</u>	<u>\$5,454</u>	<u>\$97,251</u>

AMERICAN HERITAGE CHARTER SCHOOL

Balance Sheet - Governmental Funds

June 30, 2019

	Total Governmental Funds
Assets	
Cash	\$1,114,656
Receivables:	
Local Sources	0
State Sources	61,992
Federal Sources	54,883
Due From Other Funds	27,773
Total Assets	<u><u>\$1,259,304</u></u>
Liabilities	
Accounts Payable	\$6,080
Due To Other Funds	27,773
Salaries & Benefits Payable	190,012
Unspent Grant Allocation	23,100
Total Liabilities	<u><u>246,965</u></u>
Fund Balances	
Restricted:	
Special Programs	44,710
Unassigned	967,629
Total Fund Balances	<u><u>1,012,339</u></u>
Total Liabilities and Fund Balances	<u><u>\$1,259,304</u></u>

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

Total Governmental Fund Balances	\$1,012,339
---	-------------

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.	222,249
---	---------

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.	(374,994)
--	-----------

Net Position of Governmental Activities	<u><u>\$859,594</u></u>
--	-------------------------

AMERICAN HERITAGE CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2019

	General Fund	Child Nutrition Fund	Other Governmental Funds
Revenues			
Local Revenue	\$23,730	\$40,129	\$0
State Revenue	2,387,158		93,638
Federal Revenue		46,999	329,827
Total Revenues	<u>2,410,888</u>	<u>87,128</u>	<u>423,465</u>
Expenditures			
Instructional Programs			
Elementary School	793,900		109,028
Secondary School	544,208		119,244
Special Education	55,733		63,007
Support Service Programs			
Attendance - Guidance - Health	17,437		6,725
Special Education Support Services	14,264		0
Instruction Improvement	24,570		16,283
Educational Media	299		0
Instruction-Related Technology	32,750		52,951
Board of Education	25,124		0
District Administration	27,437		0
School Administration	148,801		0
Business Operation	160,994		24,677
Administrative Technology	2,549		25,708
Buildings - Care	180,735		0
Maintenance - Non-Student Occupied	10,036		0
Maintenance - Student Occupied	81,053		0
Maintenance - Grounds	31,418		0
Security	5,218		0
Pupil-To-School Transportation	18,008		0
Pupil-Activity Transportation			0
Non-Instructional Programs			
Child Nutrition	1,959	89,882	0
Capital Assets - Student Occupied			0
Capital Assets - Non-Student Occupied	50,000		0
Debt Service - Principal	8,502		0
Debt Service - Interest	465		0
Total Expenditures	<u>2,235,460</u>	<u>89,882</u>	<u>417,623</u>
Excess (Deficiency) of Revenues Over Expenditures	175,428	(2,754)	5,842
Other Financing Sources (Uses)			
Transfers In			0
Transfers Out			0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	175,428	(2,754)	5,842
Fund Balances - Beginning	792,201	7,863	33,759
Fund Balances - Ending	<u>\$967,629</u>	<u>\$5,109</u>	<u>\$39,601</u>

AMERICAN HERITAGE CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2019

	Total Governmental Funds
Revenues	
Local Revenue	\$63,859
State Revenue	2,480,796
Federal Revenue	376,826
Total Revenues	2,921,481
Expenditures	
Instructional Programs	
Elementary School	902,928
Secondary School	663,452
Special Education	118,740
Support Service Programs	
Attendance - Guidance - Health	24,162
Special Education Support Services	14,264
Instruction Improvement	40,853
Educational Media	299
Instruction-Related Technology	85,701
Board of Education	25,124
District Administration	27,437
School Administration	148,801
Business Operation	185,671
Administrative Technology	28,257
Buildings - Care	180,735
Maintenance - Non-Student Occupied	10,036
Maintenance - Student Occupied	81,053
Maintenance - Grounds	31,418
Security	5,218
Pupil-To-School Transportation	18,008
Pupil-Activity Transportation	0
Non-Instructional Programs	
Child Nutrition	91,841
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	50,000
Debt Service - Principal	8,502
Debt Service - Interest	465
Total Expenditures	2,742,965
Excess (Deficiency) of Revenues Over Expenditures	178,516
Other Financing Sources (Uses)	
Transfers In	0
Transfers Out	0
Total Other Financing Sources (Uses)	0
Net Change in Fund Balances	178,516
Fund Balances - Beginning	833,823
Fund Balances - Ending	\$1,012,339

AMERICAN HERITAGE CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2019

Page 3 of 3

**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 \$178,516

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. 141,032

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 8,502

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. (45,314)

Change in Net Position of Governmental Activities \$282,736

AMERICAN HERITAGE CHARTER SCHOOL

Statement of Fiduciary Net Position

June 30, 2019

	Agency Funds <u>Student Activity</u>
Assets	
Cash	\$20,123
Total Assets	<u>\$20,123</u>
Liabilities	
Due to Student Groups	\$20,123
Total Liabilities	<u>20,123</u>
Net Position	
Total Net Position	<u>0</u>
Total Liabilities and Net Position	<u>\$20,123</u>

AMERICAN HERITAGE CHARTER SCHOOL
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – American Heritage Charter School (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.

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

AMERICAN HERITAGE CHARTER SCHOOL
Notes to Financial Statements

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).

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Fiduciary funds of the School include:

Agency Funds – Agency funds are used to account for assets held by the School on behalf of students.

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 full 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 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 stated at the lower of cost or net realizable value using the first-in, first-out method.

AMERICAN HERITAGE CHARTER SCHOOL
Notes to 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.

Other Post-Employment Benefits – The School does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the School insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an “implicit subsidy” since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that liabilities and related expenses can be recorded in the government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the School accounts for the other-post employment benefits for retirees on the pay-as-you-go basis.

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 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.

AMERICAN HERITAGE CHARTER SCHOOL
Notes to Financial Statements

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 tax returns for the current year and prior two years are subject to examination by the IRS and state tax authorities, generally for three years after they are 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.

Custodial 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 custodial 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.

B. CASH

Cash consists of the following at year end:

	Governmental Funds	Fiduciary Funds	Total
Cash - Deposits	\$1,114,656	\$20,123	\$1,134,779
Total	\$1,114,656	\$20,123	\$1,134,779

Deposits – At year end, the carrying amounts of the School's deposits were \$1,134,779 and the bank balances were \$1,156,853. Of the bank balances, \$500,000 was insured and the remainder was uninsured and uncollateralized.

AMERICAN HERITAGE CHARTER SCHOOL
Notes to Financial Statements

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Total
State Sources			
Foundation Program	\$61,992		\$61,992
Total	<u>\$61,992</u>		<u>\$61,992</u>
Federal Sources			
Special Programs		\$54,883	\$54,883
Total		<u>\$54,883</u>	<u>\$54,883</u>

AMERICAN HERITAGE CHARTER SCHOOL
Notes to Financial Statements

D. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$0			\$0
Total	0	\$0	\$0	0
Depreciable Capital Assets				
Buildings	77,552	50,000		127,552
Equipment	13,689	105,502		119,191
Subtotal	91,241	155,502	0	246,743
Accumulated Depreciation				
Buildings	5,486	2,551		8,037
Equipment	4,538	11,919		16,457
Subtotal	10,024	14,470	0	24,494
Total	81,217	141,032	0	222,249
Net Capital Assets	\$81,217	\$141,032	\$0	\$222,249

Depreciation expense of \$14,470 was charged to the capital assets – student occupied program.

E. OPERATING LEASE

The School has an operating lease for its premises. The lease is non-cancelable, has a term from August 31, 2015 through June 30, 2036, and calls for monthly payments of \$7,455. Total lease payments for the year amounted to \$89,464.

Future minimum lease payments are estimated as follows:

Year Ended	
6/30/20	\$89,464
6/30/21	89,464
6/30/22	89,464
6/30/23	89,464
6/30/24	89,464
6/30/25-29	447,320
6/30/30-34	447,320
6/30/35-36	178,928
Total	\$1,520,888

AMERICAN HERITAGE CHARTER SCHOOL
Notes to Financial Statements

F. LONG-TERM DEBT

<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	\$8,502		\$8,502	\$0	\$0
Total	<u>\$8,502</u>	<u>\$0</u>	<u>\$8,502</u>	<u>\$0</u>	<u>\$0</u>

Interest and related costs during the year amounted to \$465 and were charged to the debt service – interest program.

G. 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.

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.

AMERICAN HERITAGE CHARTER SCHOOL
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, 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% for general employees and 11.66% for police and firefighters. The School's contributions were \$144,407 for 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, the School 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. 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, 2019, the School's proportion was 0.0348030 percent.

For the year ended June 30, 2019, the School recognized pension revenue (expense) of (\$189,721). At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$56,351	\$38,770
Changes in assumptions or other inputs	33,404	
Net difference between projected and actual earnings on pension plan investments		57,036
Employer contributions subsequent to the measurement date	144,407	
Total	\$234,162	\$95,806

\$144,407 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 pension (expense) or reduction of the pension revenue in the year ending June 30, 2020.

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.

AMERICAN HERITAGE CHARTER SCHOOL
Notes to Financial Statements

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

Year Ended	
6/30/20	\$41,729
6/30/21	4,917
6/30/22	(42,065)
6/30/23	(10,632)
Total	<u><u>(\$6,051)</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, 2018 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, 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.

AMERICAN HERITAGE CHARTER SCHOOL
Notes to Financial Statements

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.

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

*Expected arithmetic return net of fees and expenses

Actuarial Assumptions

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

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 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

AMERICAN HERITAGE CHARTER SCHOOL
Notes to Financial Statements

would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
School's proportionate share of the net pension liability (asset)	\$1,285,032	\$513,350	(\$125,634)

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.

Impacts on the School's net position

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the School may periodically experience a deficit in its net position. This can occur as a result of recording the School's allocable portion of the net pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan whenever deemed necessary), such deficits are not deemed to be of substantial concern.

H. INTERFUND BALANCES

Interfund balances at year end consist of the following:

	Due From Fund	
Due To Fund	Nonmajor Governmental	Total
General	\$27,773	\$27,773
Total	\$27,773	\$27,773

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.

AMERICAN HERITAGE CHARTER SCHOOL
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2019

General Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			Amounts
	Original	Final		Positive
				(Negative)
Revenues				
Local Revenue	\$10,104	\$22,514	\$23,730	\$1,216
State Revenue	2,471,469	2,282,156	2,387,158	105,002
Federal Revenue	0	0	0	0
Total Revenues	2,481,573	2,304,670	2,410,888	106,218
Expenditures				
Instructional Programs				
Elementary School	852,584	779,919	793,900	(13,981)
Secondary School	587,889	564,341	544,208	20,133
Special Education	24,158	36,012	55,733	(19,721)
Support Service Programs				
Attendance - Guidance - Health	22,392	18,702	17,437	1,265
Special Education Support Services	33,238	14,264	14,264	0
Instruction Improvement	31,200	31,200	24,570	6,630
Educational Media	0	0	299	(299)
Instruction-Related Technology	70,037	38,350	32,750	5,600
Board of Education	42,628	26,707	25,124	1,583
District Administration	28,991	30,108	27,437	2,671
School Administration	163,863	152,311	148,801	3,510
Business Operation	172,398	164,634	160,994	3,640
Administrative Technology	40,882	3,073	2,549	524
Buildings - Care	205,893	178,525	180,735	(2,210)
Maintenance - Non-Student Occupied	22,357	13,057	10,036	3,021
Maintenance - Student Occupied	76,225	82,240	81,053	1,187
Maintenance - Grounds	31,045	34,275	31,418	2,857
Security	7,868	6,065	5,218	847
Pupil-To-School Transportation	16,000	19,000	18,008	992
Pupil-Activity Transportation	20,000	0	0	0
Non-Instructional Programs				
Child Nutrition	2,400	1,959	1,959	0
Capital Assets - Student Occupied	0	50,000	0	50,000
Capital Assets - Non-Student Occupied	0	0	50,000	(50,000)
Debt Service - Principal	26,857	8,169	8,502	(333)
Debt Service - Interest	2,668	799	465	334
Total Expenditures	2,481,573	2,253,710	2,235,460	18,250 *
Excess (Deficiency) of Revenues				
Over Expenditures	0	50,960	175,428	124,468
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	(27,899)	0	27,899 *
Total Other Financing Sources (Uses)	0	(27,899)	0	27,899
Net Change in Fund Balances	0	23,061	175,428	152,367
Fund Balances - Beginning	497,601	792,201	792,201	0
Fund Balances - Ending	\$497,601	\$815,262	\$967,629	\$152,367

*Total expenditures (over) under appropriations are: \$46,149

AMERICAN HERITAGE CHARTER SCHOOL
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2019

Child Nutrition Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance
	Original	Final		Positive (Negative)
Revenues				
Local Revenue	\$40,389	\$31,169	\$40,129	\$8,960
Federal Revenue	43,677	24,998	46,999	22,001
Total Revenues	<u>84,066</u>	<u>56,167</u>	<u>87,128</u>	<u>30,961</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	84,066	84,066	89,882	(5,816)
Total Expenditures	<u>84,066</u>	<u>84,066</u>	<u>89,882</u>	<u>(5,816) *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	(27,899)	(2,754)	25,145
Other Financing Sources (Uses)				
Transfers In	0	27,899	0	(27,899)
Transfers Out	0	0	0	0 *
Total Other Financing Sources (Uses)	<u>0</u>	<u>27,899</u>	<u>0</u>	<u>(27,899)</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>(2,754)</u>	<u>(2,754)</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>7,863</u>	<u>7,863</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$5,109</u>	<u>\$5,109</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u><u>(\$5,816)</u></u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's portion of the net pension liability	0.0348030%	0.0290522%	0.0235665%	0.0235944%	0.0202394%
School's proportionate share of the net pension liability	\$513,350	\$456,651	\$477,729	\$310,700	\$148,994
School's covered payroll	\$1,093,330	\$918,004	\$689,390	\$660,875	\$548,313
School's proportional share of the net pension liability as a percentage of its covered payroll	46.95%	49.74%	69.30%	45.07%	22.54%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	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.

AMERICAN HERITAGE CHARTER SCHOOL

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$144,407	\$123,765	\$103,918	\$78,039	\$74,811
Contributions in relation to the statutorily required contribution	\$144,407	\$123,765	\$103,918	\$78,039	\$74,811
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	<u>\$1,275,680</u>	<u>\$1,093,330</u>	<u>\$918,004</u>	<u>\$689,390</u>	<u>\$660,875</u>
Contributions as a percentage of covered payroll	11.32%	11.32%	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.

AMERICAN HERITAGE CHARTER SCHOOL
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds			
	School Building Maintenance	Technology	Substance Abuse	Title I-A ESSA IBP
Assets				
Cash	\$8,405	\$31,256	\$1,989	
Receivables:				
Local Sources				
State Sources				
Federal Sources				\$13,838
Due From Other Funds				
Total Assets	\$8,405	\$31,256	\$1,989	\$13,838
Liabilities				
Accounts Payable				
Due To Other Funds				\$4,094
Salaries & Benefits Payable		\$2,049		
Unspent Grant Allocation				9,744
Total Liabilities	\$0	2,049	\$0	13,838
Fund Balances				
Restricted:				
Special Programs	8,405	29,207	1,989	
Unassigned				
Total Fund Balances	8,405	29,207	1,989	0
Total Liabilities and Fund Balances	\$8,405	\$31,256	\$1,989	\$13,838

AMERICAN HERITAGE CHARTER SCHOOL
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds			
	IDEA Part B 611 School Age 3-21	School Based Medicaid	Title IV-A ESSA SS & AE	Title V-B ESSA REI
Assets				
Cash		\$718		
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$12,697		\$12,476	\$10,254
Due From Other Funds				
Total Assets	<u>\$12,697</u>	<u>\$718</u>	<u>\$12,476</u>	<u>\$10,254</u>
Liabilities				
Accounts Payable		\$718		
Due To Other Funds	\$8,687		\$923	\$10,254
Salaries & Benefits Payable	4,010			
Unspent Grant Allocation			11,553	
Total Liabilities	<u>12,697</u>	<u>718</u>	<u>12,476</u>	<u>10,254</u>
Fund Balances				
Restricted:				
Special Programs				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$12,697</u>	<u>\$718</u>	<u>\$12,476</u>	<u>\$10,254</u>

AMERICAN HERITAGE CHARTER SCHOOL
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds		
	Title II-A ESSA SEI	Charter School Program Grant	Total
Assets			
Cash			\$42,368
Receivables:			
Local Sources			0
State Sources			0
Federal Sources	\$2,531	\$3,087	54,883
Due From Other Funds			0
Total Assets	\$2,531	\$3,087	\$97,251
Liabilities			
Accounts Payable			\$718
Due To Other Funds	\$728	\$3,087	27,773
Salaries & Benefits Payable			6,059
Unspent Grant Allocation	1,803		23,100
Total Liabilities	2,531	3,087	57,650
Fund Balances			
Restricted:			
Special Programs			39,601
Unassigned			0
Total Fund Balances	0	0	39,601
Total Liabilities and Fund Balances	\$2,531	\$3,087	\$97,251

AMERICAN HERITAGE CHARTER SCHOOL
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds			
	School Building Maintenance	Technology	Substance Abuse	Title I-A ESSA IBP
Revenues				
Local Revenue				
State Revenue		\$87,404	\$6,234	
Federal Revenue				\$33,377
Total Revenues	<u>\$0</u>	<u>87,404</u>	<u>6,234</u>	<u>33,377</u>
Expenditures				
Instructional Programs				
Elementary School				33,377
Secondary School				
Special Education				
Support Service Programs				
Attendance - Guidance - Health			6,725	
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology		52,951		
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology		25,708		
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>0</u>	<u>78,659</u>	<u>6,725</u>	<u>33,377</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>8,745</u>	<u>(491)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>8,745</u>	<u>(491)</u>	<u>0</u>
Fund Balances - Beginning	<u>8,405</u>	<u>20,462</u>	<u>2,480</u>	<u>0</u>
Fund Balances - Ending	<u>\$8,405</u>	<u>\$29,207</u>	<u>\$1,989</u>	<u>\$0</u>

AMERICAN HERITAGE CHARTER SCHOOL
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds			
	IDEA Part B 611 School Age 3-21	School Based Medicaid	Title IV-A ESSA SS & AE	Title V-B ESSA REI
Revenues				
Local Revenue				
State Revenue				
Federal Revenue	\$44,016	\$16,579	\$1,997	\$23,625
Total Revenues	<u>44,016</u>	<u>16,579</u>	<u>1,997</u>	<u>23,625</u>
Expenditures				
Instructional Programs				
Elementary School			1,973	15,810
Secondary School			24	
Special Education	44,016	18,991		
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				7,815
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>44,016</u>	<u>18,991</u>	<u>1,997</u>	<u>23,625</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(2,412)	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	(2,412)	0	0
Fund Balances - Beginning	0	2,412	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

AMERICAN HERITAGE CHARTER SCHOOL
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds		
	Title II-A	Charter	Total
	ESSA SEI	School Program Grant	
Revenues			
Local Revenue			\$0
State Revenue			93,638
Federal Revenue	\$8,468	\$201,765	329,827
Total Revenues	<u>8,468</u>	<u>201,765</u>	<u>423,465</u>
Expenditures			
Instructional Programs			
Elementary School		57,868	109,028
Secondary School		119,220	119,244
Special Education			63,007
Support Service Programs			
Attendance - Guidance - Health			6,725
Special Education Support Services			0
Instruction Improvement	8,468		16,283
Educational Media			0
Instruction-Related Technology			52,951
Board of Education			0
District Administration			0
School Administration			0
Business Operation		24,677	24,677
Administrative Technology			25,708
Buildings - Care			0
Maintenance - Non-Student Occupied			0
Maintenance - Student Occupied			0
Maintenance - Grounds			0
Security			0
Pupil-To-School Transportation			0
Pupil-Activity 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
Total Expenditures	<u>8,468</u>	<u>201,765</u>	<u>417,623</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	5,842
Other Financing Sources (Uses)			
Transfers In			0
Transfers Out			0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	5,842
Fund Balances - Beginning	0	0	33,759
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$39,601</u>



**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
American Heritage Charter School

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 American Heritage Charter School (the School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 30, 2019.

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
August 30, 2019