

Financial Statements

June 30, 2026

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

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meridian Technical Charter High School, Inc. (the Charter) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities Opinion Unit

In our opinion, except for the effects of the matter described in the "Basis for Qualified and Unmodified Opinions" section of the report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Charter, as of June 30, 2026, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Charter, as of June 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matter Giving Rise to Qualified Opinion on Governmental Activities Opinion Unit

Management has elected not to adopt the provisions of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses associated with other post-employment benefits (OPEB). The standard also requires certain note disclosures and required supplementary information (RSI) about the OPEB plan. The amounts by which the departure would affect net position, assets, liabilities, deferred outflows of resources and deferred inflows of resources, expenses, disclosures and RSI are not reasonably determinable.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2026, on our consideration of the Charter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
August 19, 2026

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

Financial Highlights

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

Overview of the Financial Statements

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

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

Government-Wide Financial Statements (GWFS)

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Meridian Technical Charter High School, Inc.

Management's Discussion and Analysis

June 30, 2026

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a Charter's financial position. In the case of the Charter, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$2,022,981 at the close of the most recent fiscal year.

	June 30, 2026	June 30, 2025
Assets		
Current assets	\$ 2,758,474	\$ 2,380,020
Capital assets, net	305,927	301,882
Total assets	3,064,401	2,681,902
Deferred Outflows of Resources	430,196	469,169
Liabilities		
Current liabilities	248,851	246,915
Long-term liabilities	847,123	1,232,568
Total liabilities	1,095,974	1,479,483
Deferred Inflows of Resources	375,642	41,525
Net Position		
Net investment in capital assets	293,695	278,072
Restricted	449,673	437,258
Unrestricted	1,279,613	914,733
	<u>\$ 2,022,981</u>	<u>\$ 1,630,063</u>

The overall current assets for the Charter increased from the prior year due to an increase in overall cash. See discussion under the statement of activities regarding why the overall cash position increased. The fluctuation in the deferred outflows of resources, long-term liabilities, and deferred inflows of resources was due to recording the current year impact of GASB 68.

A portion of the Charter's net position (15%) reflects the net investment in capital assets (i.e., furniture and equipment). These capital assets provide services to students; consequently, these assets are not available for future spending. The restricted portion of the Charter's net position (22%) is restricted for scholarships, the ASB, career technology, and career development.

The remaining portions of the Charter's net position (63%) is unrestricted.

Meridian Technical Charter High School, Inc.

Management's Discussion and Analysis

June 30, 2026

Changes in Net Position – The table below shows the changes in net position for the fiscal year 2025-2026. The Charter relies on state support for 94% of its governmental activities. The Charter had total revenues of \$3,389,951 and total expenses of \$2,997,033 that generated an increase in net position of \$392,918. This increase in net position is due to an increase in the state foundation program revenue. It is also because of decreases in instruction expenses due to less salary expense resulting from retirements being replaced with less experienced teachers, and unusual staff leaves resulting in substitute costs in lieu of salary.

	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Revenues		
Program revenues		
Charges for service	\$ 46,858	\$ 75,219
Operating grants and contributions	373,849	352,528
Capital grants and contributions	30,000	-
Other local revenue	9,580	24,139
Investment earnings	99,926	92,389
Grants and contributions not restricted		
State foundation program	<u>2,829,738</u>	<u>2,650,526</u>
Total revenue	<u>3,389,951</u>	<u>3,194,801</u>
Expenses		
Instruction	1,964,529	2,183,889
Support services	<u>1,032,504</u>	<u>944,478</u>
Total expenses	<u>2,997,033</u>	<u>3,128,367</u>
Change in Net Position	<u>\$ 392,918</u>	<u>\$ 66,434</u>

CHARTERS FUNDS FINANCIAL ANALYSIS

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

Governmental Funds

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

General Fund – The general fund is the general operating fund for the Charter. At the end of the current fiscal year, the general fund balance is \$2,079,074 which is an increase of \$371,649 from the prior year which is set aside for future expenditures in 2027.

Expenditures for general Charter purposes totaled \$2,616,709, which is an increase of \$32,240, is primarily due to an increase in administrative expenses compared to the prior year.

General fund salaries totaled \$1,494,483 while the associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental, vision and life added \$570,963 to arrive at 79% of the Charter's general fund expenditures. Accounting and custodial staff are not included in these numbers as it is paid through a purchased service.

Capital Assets

The Charter has invested \$993,275 in capital assets. The total accumulated depreciation and amortization on these assets amounts to \$687,348. Capital asset additions totaled \$110,820 and relate to equipment and buildings and improvement.

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

Long-Term Debt

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

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

Currently Known Facts, Decisions, or Conditions

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

CONTACTING THE CHARTER'S FINANCIAL MANAGEMENT

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

Meridian Technical Charter High School, Inc.

Statement of Net Position

June 30, 2026

Assets	
Cash, cash equivalents, and investments	\$ 2,693,512
State receivables	57,414
Other receivable	<u>7,548</u>
	2,758,474
Capital assets	
Capital assets (net of accumulated depreciation)	<u>305,927</u>
	305,927
Total assets	<u>3,064,401</u>
Deferred Outflows of Resources	
Pension liability	<u>430,196</u>
Liabilities	
Accounts, salaries, and other payables	236,619
Right to use subscription IT liability, current portion	12,232
Net pension liability	<u>847,123</u>
Total liabilities	<u>1,095,974</u>
Deferred Inflows of Resources	
Pension liability	<u>375,642</u>
Net Position	
Net investment in capital assets	293,695
Restricted	449,673
Unrestricted	<u>1,279,613</u>
Total net position	<u>\$ 2,022,981</u>

Meridian Technical Charter High School, Inc.

Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental activities</i>					
Instruction					
Elementary programs					
Secondary/alternative programs	\$ 1,874,276	\$ 46,858	\$ 373,849	\$ -	\$ (1,453,569)
Exceptional programs	32,918	-	-	-	(32,918)
School activities program	57,335	-	-	-	(57,335)
Support services					
Attendance, guidance, health	114,003	-	-	-	(114,003)
Instructional improvement	20,978	-	-	-	(20,978)
School administration	668,679	-	-	-	(668,679)
Maintenance and custodial	228,844	-	-	30,000	(198,844)
Total governmental activities	<u>\$ 2,997,033</u>	<u>\$ 46,858</u>	<u>\$ 373,849</u>	<u>\$ 30,000</u>	<u>(2,546,326)</u>
General Revenues					
Grants and contributions not restricted to specific programs					
State foundation program					2,829,738
Other revenue					9,580
Interest earnings					99,926
Total general revenues					<u>2,939,244</u>
Change in Net Position					392,918
Net Position, Beginning of Year					<u>1,630,063</u>
Net Position, End of Year					<u>\$ 2,022,981</u>

Meridian Technical Charter High School, Inc.

Balance Sheet – Governmental Funds

June 30, 2026

	General	Career Technical Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash, cash equivalents, and investments	\$ 2,243,134	\$ 408,857	\$ 41,521	\$ 2,693,512
Receivables				
State receivables	57,414	-	-	57,414
Other receivables	5,674	-	1,874	7,548
	<u>\$ 2,306,222</u>	<u>\$ 408,857</u>	<u>\$ 43,395</u>	<u>\$ 2,758,474</u>
Liabilities and Fund Balance				
Liabilities				
Salaries and benefits payable	\$ 227,148	\$ 9,471	\$ -	\$ 236,619
Total liabilities	<u>227,148</u>	<u>9,471</u>	<u>-</u>	<u>236,619</u>
Fund Balance				
Restricted for				
Scholarships	-	-	20,178	20,178
Professional development	6,892	-	-	6,892
Associated student body	-	-	23,217	23,217
Career technical	-	399,386	-	399,386
Committed for				
Growth	1,400,000	-	-	1,400,000
Unassigned	672,182	-	-	672,182
Total fund balance	<u>2,079,074</u>	<u>399,386</u>	<u>43,395</u>	<u>2,521,855</u>
	<u>\$ 2,306,222</u>	<u>\$ 408,857</u>	<u>\$ 43,395</u>	<u>\$ 2,758,474</u>

Meridian Technical Charter High School, Inc.
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2026

Total fund balances - governmental funds	\$ 2,521,855
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The cost of capital assets (land, buildings, furniture, equipment, construction in process, and subscriptions) purchased, entered into, or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Charter as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense), or contract period of the subscription (as amortization expense as applicable), to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense and amortization expense does not affect financial resources, it is not reported in government funds.

Costs of capital assets	993,275	
Depreciation / Amortization expense to date	<u>(687,348)</u>	
		305,927

Long-term liabilities that pertain to governmental funds, including subscription liabilities, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balance at year end are:

Subscription IT liability payable	(12,232)
Pension liability not reported in the funds	(847,123)
Deferred outflows of resources related to pension liability	430,196
Deferred inflows of resources related to pension liability	<u>(375,642)</u>
Net Position	<u><u>\$ 2,022,981</u></u>

Meridian Technical Charter High School, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2026

	General	Career Technical Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
State revenue	\$ 2,692,036	\$ -	\$ -	\$ 2,692,036
Other state support revenue	137,702	278,408	70,566	486,676
Federal revenue	19,835	-	5,040	24,875
Interest income	99,205	-	721	99,926
Other revenue	39,580	-	46,858	86,438
Total revenue	<u>2,988,358</u>	<u>278,408</u>	<u>123,185</u>	<u>3,389,951</u>
Expenditures				
Instructional				
Secondary school programs	1,544,857	-	26,857	1,571,714
Alternative school programs	-	267,185	-	267,185
Exceptional school programs	32,920	-	-	32,920
School activity programs	13,857	-	43,479	57,336
Total instructional	<u>1,591,634</u>	<u>267,185</u>	<u>70,336</u>	<u>1,929,155</u>
Support services				
Attendance, guidance, health	109,394	-	4,615	114,009
Instructional improvement	20,979	-	-	20,979
School administration	708,492	-	-	708,492
Custodial	129,324	-	-	129,324
Total support services	<u>968,189</u>	<u>-</u>	<u>4,615</u>	<u>972,804</u>
Non Instructional				
Capital outlay	<u>56,886</u>	<u>9,800</u>	<u>44,134</u>	<u>110,820</u>
Total non instructional	<u>56,886</u>	<u>9,800</u>	<u>44,134</u>	<u>110,820</u>
Total expenditures	<u>2,616,709</u>	<u>276,985</u>	<u>119,085</u>	<u>3,012,779</u>
Excess of Revenue Over Expenditures	371,649	1,423	4,100	377,172
Fund Balance, Beginning of Year	<u>1,707,425</u>	<u>397,963</u>	<u>39,295</u>	<u>2,144,683</u>
Fund Balance, End of Year	<u>\$ 2,079,074</u>	<u>\$ 399,386</u>	<u>\$ 43,395</u>	<u>\$ 2,521,855</u>

Meridian Technical Charter High School, Inc.

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Year Ended June 30, 2026

Total net change in fund balances - governmental funds	\$	377,172
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	110,820	
Depreciation and amortization expense	<u>(106,775)</u>	
		4,045

Debt service payments for principal payments are reported as expenditures in the governmental funds, but are not reported as expenses in the statement of activities.

Subscription principal payments	11,579
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(Expenditures) revenues related to the net pension liability that do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

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Change in Net Position	\$	<u><u>392,918</u></u>
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Note 1 - Summary of Significant Accounting Policies**Entity and Charter**

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

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

Regulatory Reporting

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

Financial Reporting Entity

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

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

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

Governmental Funds

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

Governmental funds include:

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Program Revenues

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

Allocation of Indirect Expenses

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

Fund Financial Statements**Governmental Funds**

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

Revenues

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

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

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

Expenditures

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

Cash, Cash Equivalents, and Investments

The Charter pools cash of all funds into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Cash and cash equivalents includes amounts in demand deposits and interest-bearing demand deposits, time deposit accounts, and the state of Idaho Local Government Investment Pool (LGIP) (See Note 2). Under state law, the Charter may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principal offices in Idaho. Certificates of deposit, which are non-participating contracts, are carried at cost plus accrued interest. The LGIP is stated at amortized cost which approximates fair value.

Estimates

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

Capital Assets

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

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

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

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

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

Subscription assets are recognized at the subscription commencement date and represent the Charter's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period for the two SBITA contracts was 3 years for fiber optic internet service and 5 years for capital asset management software.

Long-Term Obligations

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

Other Post Employment Benefit

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

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

Fund Balances of Fund Financial Statements

Fund balances of the governmental funds are classified as follows:

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

- Assigned fund balance—amounts the Charter intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by a principal if the Board of Trustees delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Use of Restricted/Unrestricted Net Position and Fund Balances

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

Deferred Outflows/Inflows of Resources

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

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

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

Pensions

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

Adoption of New Standard

As of July 1, 2025, the Charter adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the clarity and consistency of financial reporting requirements related to the following areas: 1) Management's discussion and analysis 2) Proprietary fund reporting 3) Unusual or infrequent items and 4) Budgetary comparison schedules. GASB 103 is required to be reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of GASB statement No. 103 had no effect on beginning net position, change in net position, or ending net position change.

As of July 1, 2025, the Charter adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The implementation of this standard establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures and establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. There was not a significant effect on the Charter's financial statements as a result of the implementation of this standard.

Note 2 - Cash, Cash Equivalents, and Investments

At June 30, 2026, the Charter's bank balance of cash, local government investment pool (LGIP) securities, and certificates of deposit consisted of the following:

<u>Deposits</u>	<u>Balance</u>
Insured or collateralized	\$ 1,250,000
Uninsured or not collateralized	189,938
State of Idaho Local Government Investment Pool (LGIP)	<u>1,255,121</u>
Total bank balance of deposits and certificates of deposit and investments	<u>\$ 2,695,059</u>

The total certificate of deposit as of June 30, 2026 was \$1,018,056 and is included in the above balance. The certificate of deposit was recorded at cost plus accrued interest. The LGIP was recorded at net asset value.

Investments in State Investment Pools

The Charter is a voluntary participant in the State of Idaho Local Government Investment Pool (LGIP). The LGIP is regulated by State of Idaho code under the oversight of the Treasurer of the State of Idaho. The LGIP is managed by the State of Idaho Treasurer's Office and is established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The funds of the pool are invested in repurchase agreements, commercial paper, corporate debt investments, U.S. government agency obligations and U.S. treasury obligations. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. The certificates of deposit are federally insured. The Local Government Investment Pool is not currently rated or federally insured. The amount of the Charter's cash in the pool is \$1,255,121 as of June 30, 2026.

The LGIP is invested in accordance with Section 67-1210 and Section 1210A of the Idaho Code. The State Treasurer is a custodian of the LGIP and no other regulatory oversight for the pool is established. The Charter's monies placed with the LGIP for participation in the State's investment pool represent an interest in the pool rather than ownership of specific securities and are recorded at fair value.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Charter does not have a formal policy limiting its investment maturities. The Charter has limited its exposure to fair value losses arising from changes in interest rates with current investment maturities of three years or less. The maturity term of the LGIP as of June 30, 2026, is .26.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Charter does not have a restrictive policy with regard to credit quality but achieves safety through adherence to the list of permitted investments, most of which are backed by the full faith and credit of, or a guarantee of principal and interest by, the U.S. Government, a government agency or issued by a government-sponsored agency, coupled with an appropriate maturity date.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. No specific percentage identifies when concentration risk is present. The GASB has adopted a principle that governments should provide note disclosure when five percent of the entity's total investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure.

The Charter does not have a policy limiting concentration in a single issuer.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of failure of the counterparty, the Charter will be able to recover the value of its investment or collateral securities that are in the possession of the outside party. The Charter does not have a policy restricting possession of securities. However, all investments are held in the Charter's name.

Note 3 - Due from Other Agencies and Units of Government

There was \$57,414 due from the state of Idaho as of June 30, 2026.

Note 4 - Capital Assets

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

	<u>June 30, 2025</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2026</u>
Governmental activities					
Capital assets being depreciated					
Buildings and improvements	\$ 309,422	\$ 19,586	\$ -	(4,371)	\$ 324,637
Furniture and equipment	534,622	91,234	(11,289)	4,371	618,938
Subscription assets	49,700	-	-	-	49,700
Total capital assets being depreciated	<u>893,744</u>	<u>110,820</u>	<u>(11,289)</u>	<u>-</u>	<u>993,275</u>
Less accumulated depreciation/amortization for					
Buildings and improvements	(173,465)	(10,692)	-	-	(184,157)
Furniture and equipment	(403,800)	(81,486)	11,289	-	(473,997)
Subscription assets	(14,597)	(14,597)	-	-	(29,194)
Total accumulated depreciation	<u>(591,862)</u>	<u>(106,775)</u>	<u>11,289</u>	<u>-</u>	<u>(687,348)</u>
Total capital assets, net	<u>\$ 301,882</u>	<u>\$ 4,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,927</u>

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

Governmental activities	
Secondary/alternative programs	\$ 106,496
Maintenance and custodial	<u>279</u>
Total depreciation / amortization – governmental activities	<u>\$ 106,775</u>

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

During the prior year ended June 30, 2024, the Charter entered into two SBITA contracts for fiber optic internet service and capital asset management software totaling \$49,700. The maturity of these contracts range from 2026 through 2029. Each SBITA contract began during fiscal year 2025. Amortization expense during the current year totaled \$14,597. The subscription liability was valued using a discount rate of 5.5% based on the federal reserve borrowing rate at the inception of the subscriptions.

Meridian Technical Charter High School, Inc.

Notes to Financial Statements

June 30, 2026

A summary of the change in subscription IT liabilities during the year ended June 30, 2026 is as follows:

	Balance 7/1/2025	Additions	Deletions	Balance 6/30/2026	Due Within One Year
Subscription IT Liabilities	\$ 23,810	\$ -	\$ (11,579)	\$ 12,232	\$ 12,232

Remaining principal and interest payments on subscriptions are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	\$ 12,232	\$ 314	\$ 12,546
Total minimum obligations	\$ 12,232	\$ 314	\$ 12,546

Note 6 - Concentrations

The Charter's principal source of support is State base support revenue. For the year ended June 30, 2026, this funding source accounted for approximately 94% of all revenues.

Note 7 - Insurance

The Charter is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. The Charter purchases insurance for property losses from independent carriers. The Charter has in effect property insurance coverage up to \$2,000,000 with a \$10,000 deductible per incident. Worker's compensation insurance is purchased from the State of Idaho in accordance with State requirements. The Charter maintains a \$2,000,000 commercial general liability policy per occurrence and a \$5,000,000 maximum aggregate.

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

Note 8 - In-Kind Donations

The Charter does not record various types of in-kind support including contributed building space and professional services. The lease between the District and the Charter renews annually each year at the Charter's option. Under the lease agreement, rent is \$1 plus funds the Charter receives through facilities funding pursuant to IC 33-5208 subsection 5, which are held for future Charter real property improvements by the District. The Charter paid rent of \$81,368 during the year ended June 30, 2026, pursuant to this agreement. The fair value of the annual lease payments is approximately \$391,100.

Note 9 - Pension Plan**Plan Description**

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees. As of June 30, 2026, the contribution rate was 8.08% for school employee members and 7.18% for general members. The employer contribution rate is set by the Retirement Board and was 11.96% of covered compensation for general employees and 13.48% for school employee members. The Charter's contributions were \$203,600 for the year ended June 30, 2026.

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

At June 30, 2026, the Charter reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter's proportion of the net pension liability was based on the Charter's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025, the Charter's portion was 0.03503179%. At June 30, 2024, the Charter's portion was 0.03262368%.

For the year ended June 30, 2026, the Charter recognized pension offset of \$(122). At June 30, 2026, the Charter reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 148,965
Net difference between projected and actual earnings on pension plan investments	-	217,767
Differences between expected and actual experience	159,636	-
2023 change in proportionate share	-	3,647
2024 change in proportionate share	-	5,263
2025 change in proportionate share	9,930	-
2026 change in proportionate share	57,030	-
Charter's contributions subsequent to the measurement date	203,600	-
	<u>\$ 430,196</u>	<u>\$ 375,642</u>
Total		

\$203,600 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027.

The average of the expected remaining service lives of all employees that are provided with pensions through PERSI (active and inactive employees) determined July 1, 2024 the beginning of the measurement period ended June 30, 2024 is 4.4 years, and 4.4 years for the measurement period ended June 30, 2025.

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

Years Ended June 30,

2027	\$ 158,389
2028	(122,173)
2029	(111,134)
2030	(74,128)
	<u>\$ (149,046)</u>

Actuarial Assumptions

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

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases, including inflation	3.15%
Investment rate of return	6.55%, net of investment expenses
Cost-of-living adjustments	1.00%

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

Assumptions used to calculate the enclosed figures are described in the experience study performed for the period from 2020 through 2024. The Total Pension Liability as of June 30, 2026, is based on the results of an actuarial valuation dated July 1, 2025.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2025.

Cash	0%	0.00%
Large Cap	22%	4.75%
Small/Mid Cap	10%	4.95%
International Equity	11%	4.75%
Emerging Markets Equity	11%	4.95%
Domestic Fixed	20%	2.25%
TIPS	10%	2.05%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on the assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following represents the Charter's proportionate share of the net pension liability calculated using the discount rate of 6.55%, as well as what the Charter's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.55%) or 1-percentage-point higher (7.55%) than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
Charter's proportionate share of the net pension liability (asset)	<u>\$ 2,038,189</u>	<u>\$ 847,123</u>	<u>\$ (125,920)</u>

Pension Plan Fiduciary Net Position

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

PERSI issues a publicly available financial report that includes financial statements and the required supplemental information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the Pension Plan

At June 30, 2026, the Charter reported no payable to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Required Supplementary Information
June 30, 2026

Meridian Technical Charter High School, Inc.

Meridian Technical Charter High School, Inc.
Schedule of Employer's Share of Net Pension Liability/(Asset) and Schedule of Employer Contributions
Year Ended June 30, 2026

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 - Fiscal Years

	2025	2024	2023	2022	2021
Employer's proportion of the net pension liability	0.03503179%	0.03262368%	0.03190602%	0.03274374%	0.03470654%
Employer's proportionate share of the net pension liability/(asset)	\$ 847,123	\$ 1,220,336	\$ 1,273,264	\$ 1,289,697	\$ (27,411)
Covered payroll	\$ 1,614,038	\$ 1,424,415	\$ 1,399,014	\$ 1,310,586	\$ 1,310,981
Employer's proportional share of the net pension liability/asset as a percentage of its covered payroll	52.48%	85.67%	91.01%	-98.41%	-2.09%
Plan fiduciary net position as a percentage of the total pension liability	90.89%	85.54%	83.83%	83.09%	100.36%
	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	0.03492630%	0.03492090%	0.03494760%	0.03381740%	0.03447400%
Employer's proportionate share of the net pension liability/(asset)	\$ 811,035	\$ 398,612	\$ 515,483	\$ 531,551	\$ 698,841
Covered payroll	\$ 1,264,585	\$ 1,203,173	\$ 1,115,429	\$ 1,058,274	\$ 1,030,521
Employer's proportional share of the net pension liability/asset as a percentage of its covered payroll	64.13%	33.13%	46.21%	50.23%	67.81%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%	91.69%	90.68%	87.26%

Data reported is measured as of June 30, 2025.

Meridian Technical Charter High School, Inc.
Schedule of Employer's Share of Net Pension Liability/(Asset) and Schedule of Employer Contributions
Year Ended June 30, 2026

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years

	2026	2025	2024	2023	2022
Statutorily required contribution	\$ 203,600	\$ 212,469	\$ 181,650	\$ 164,647	\$ 154,562
Contributions in relation to the statutorily required contribution	\$ (203,600)	\$ (212,469)	\$ (181,650)	\$ (164,647)	\$ (154,562)
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,571,817	\$ 1,614,038	\$ 1,424,415	\$ 1,399,014	\$ 1,310,586
Contributions as a percentage of the covered payroll	12.95%	13.16%	12.75%	11.77%	11.79%

	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 154,878	\$ 149,637	\$ 136,458	\$ 127,104	\$ 114,135
Contributions in relation to the statutorily required contribution	\$ (154,878)	\$ (149,637)	\$ (136,458)	\$ (127,104)	\$ (114,135)
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,310,981	\$ 1,264,585	\$ 1,203,173	\$ 515,483	\$ 531,551
Contributions as a percentage of the covered payroll	11.81%	11.83%	11.34%	24.66%	21.47%

Data reported is measured as of June 30, 2026.

Meridian Technical Charter High School, Inc.

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget- over (under) Actual Amounts
	Original	Final			
Revenue					
State revenue	\$ 2,758,946	\$ 2,828,756	\$ 69,810	\$ 2,829,738	\$ 982
Federal revenue	20,000	15,000	(5,000)	19,835	4,835
Interest income	65,000	97,207	32,207	99,205	1,998
Local revenues	36,500	37,051	551	38,696	1,645
Other revenue	2,500	884	(1,616)	884	-
Total revenue	2,882,946	2,978,898	95,952	2,988,358	9,460
Expenditures					
Salaries	1,478,136	1,498,380	(20,244)	1,494,482	3,898
Benefits	568,875	572,988	(4,113)	570,963	2,025
Purchased services	454,007	468,728	(14,721)	430,030	38,698
Supplies and materials	41,050	40,107	943	39,843	264
Insurance and judgments	12,000	24,505	(12,505)	24,505	-
Contingency	200,000	200,000	-	-	200,000
Capital outlay	1,611,483	57,617	1,553,866	56,886	731
Total expenditures	4,365,551	2,862,325	1,503,226	2,616,709	245,616
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (1,482,605)	\$ 116,573	\$ (1,407,274)	\$ 371,649	\$ (236,156)

Meridian Technical Charter High School, Inc.

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Career Technical Fund Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget- over (under) Actual Amounts
	Original	Final			
Revenue					
State revenue	\$ 259,200	\$ 278,408	\$ 19,208	\$ 278,408	\$ -
Total revenue	259,200	278,408	19,208	278,408	-
Expenditures					
Salaries	89,920	81,195	8,725	77,334	3,861
Benefits	22,823	20,018	2,805	19,834	184
Purchased services	105,300	106,850	(1,550)	107,226	(376)
Supplies and materials	40,357	28,500	11,857	21,313	7,187
Insurance and judgments	800	528	272	528	-
Capital outlay exempt	-	34,011	(34,011)	40,950	(6,939)
Capital outlay program	393,930	7,305	386,625	9,800	(2,495)
Total expenditures	653,130	278,407	374,723	276,985	1,422
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (393,930)	\$ 1	\$ (355,515)	\$ 1,423	\$ 1,422

Note 1 - Basis of Budgeting

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

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

Note 2 - Change in Assumptions

For the pension base plan, economic assumptions were studied in an experience study performed for the period 2020 through 2024. Demographic assumptions, including mortality were studied for the period 2020 through 2024. The Charter's proportionate share of changes in assumptions as of the measurement dated total \$148,965.

Note 3 - Budgetary Differences

For the General Fund budgetary differences from original to final are due to fluctuations primarily in student enrollment on the revenue side and staff salaries on the expense side. Also, the Charter prefers to budget conservatively which is demonstrated by the original to final variance being increased in revenue and decreased in expenses. The final budget does not show the money in fund balance for the next year, hence the large difference in revenue over expenditures. As for the variance of final to actual, the only significant variance was in purchased services. In this situation, there was a possible one time expense that was undetermined at the time of final budget approvals.

For the Career Technical Fund Original to Final variances, revenue change is due to one time money that is sometimes distributed from the state late in the fiscal year if there are additional funds available after the majority of their funds have been distributed. On the expense side, the variances, the only significant changes were in capital outlay exempt and capital outlay. Once staff determines needs during the year, occasionally there are needs that move from supplies to capital outlay. Further, the large difference in capital outlay and revenue over expense is related to fund balance for the upcoming year. The variances between Final and Actual are not significant.

Other Information
June 30, 2026

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Meridian Technical Charter High School, Inc. (the Charter), as of and for the year ended June 30, 2026, which collectively comprise the Charter's basic financial statements and the related notes to the financial statements, and have issued our report thereon dated August 19, 2026.

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

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses 2026-001 that we consider to be a significant deficiency.

Report On Compliance and Other Matters

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

Charter's Response to Findings

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

Purpose of this Report

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

The signature of Eide Bailly LLP is written in a cursive, handwritten style.

Boise, Idaho
August 19, 2026

2026-001 Financial Statement Preparation and Audit Adjustments

Criteria:

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

Condition:

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included government-wide reporting conversion entries and footnotes. Management prepared the fund financials, required supplementary information, and GASB 68 government-wide conversion entry.

Effect:

The auditor proposed government-wide reporting conversion entries based upon information provided by the Charter. The auditor prepared the government-wide financial statements as well as prepared the footnotes and reported financial data in accordance with generally accepted accounting principles.

Cause:

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

Recommendation:

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

Response and Action Plan of Management:

The Charter agrees that having an internal control system over financial reporting is an important part of the Charter's overall internal control process. The Charter has performed a cost/benefit analysis of implementing these controls and concluded the resources were not in place to effectively implement the necessary changes for the year ended June 30, 2026.