



Financial Statements
June 30, 2022

Lakeview Academy of Science, Arts and Technology

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Independent Auditor's Report

The Board of Directors
Lakeview Academy of Science, Arts and Technology
Saratoga Springs, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of Lakeview Academy of Science, Arts and Technology (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the 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 School 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 School'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 Responsibilities 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 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 School'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 School'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenue, expenditures, and changes in fund balance – budget and actual – general fund and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the

limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022, 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, 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 School'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 School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Ogden, Utah
October 20, 2022

The discussion and analysis of the Lakeview Academy of Science, Arts and Technology's (the School) financial performance provides an overall review of financial activities for the fiscal year.

FINANCIAL HIGHLIGHTS

The state of Utah continued to increase support to public education by an increase in the WPU of approximately six percent. The school also continued to utilize available COVID-relief funding to support operations. These increases in revenue along with continued conservative budgeting practices resulted in a positive change in net position for the year. The school has strong reserves and enrollment has rebounded from the dip due to COVID in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the School's basic financial statements. These financial statements include three primary components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The basic financial statements consist of two kinds of statements that present different views of the School'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 School's finances. The government-wide statements report information about the School 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 and liabilities of the School, with the difference between the two providing the net position. Increases or decreases in the net position may indicate whether the financial position of the School is improving or deteriorating, respectively.

The Statement of Activities reflects changes in net position during the fiscal year. Changes in net position are reported using the accrual basis of accounting, similar to that used by private-sector companies. Accrual basis accounting takes into account all current year related revenue and expenditures, regardless of when cash is received or paid.

The GWFS presents an aggregate view of the School's finances and contains useful long-term information as well as information for the just-completed fiscal year.

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

In the GWFS, the School's activities are all classified as governmental 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 the State of Utah Minimum School Program. The GWFS can be found on pages 9-10 of this report.

Fund Financial Statements

Funds are accounting devices the School 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 School. 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 School as a whole.

The School establishes other funds, as necessary, to control and manage money for particular purposes or to show that it is properly using certain revenue.

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 School's near-term financing decisions.

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

Notes

The notes to the financial statements starting on page 15 provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the School's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the School's budget data for the year.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of an organization's financial position. With additional funding and a expenditures only slightly increasing during the fiscal year, the School was able to increase its net position from fiscal year 2021.

	2022	2021
Assets		
Current and other assets	\$ 5,789,415	\$ 5,351,286
Capital assets	11,561,499	11,865,563
Total assets	<u>\$ 17,350,914</u>	<u>\$ 17,216,849</u>
Liabilities		
Current and other liabilities	\$ 811,292	\$ 1,138,123
Long-term liabilities	13,002,309	13,320,458
Total liabilities	<u>13,813,601</u>	<u>14,458,581</u>
Net Position		
Net investment in capital assets	(1,440,810)	(1,454,895)
Restricted	1,704,288	1,626,051
Unrestricted	3,273,835	2,587,112
Total net position	<u>\$ 3,537,313</u>	<u>\$ 2,758,268</u>

A portion of the School's net position is the investments in capital assets (i.e., buildings and improvements, land, equipment and land improvements) and the related debt used to acquire those assets still outstanding. These capital assets provide services to students; consequently, these assets are not available for future spending. Restricted net position is restricted for debt service and program restrictions. The remaining portion of the School's net position is unrestricted.

Governmental Activities

Changes in Net Position – The table below shows the changes in net position for the fiscal years 2022 and 2021. The School relies on state and federal support for 98% of its governmental activities for the year ended June 30, 2022. The School had total revenue of \$8,899,024 and total expenses of \$8,119,979, during the year ended June 30, 2022. The School had an increase in net position of \$779,045 during the year ended June 30, 2022. This was in large part due to reduction in expenditures during the fiscal year. The School experienced a reduction in textbook spending, resignation of teachers, and educator bonuses paid by the State of Utah via pass-through during fiscal year 2022.

Lakeview Academy of Science, Arts and Technology
Management's Discussion and Analysis
June 30, 2022

	2022	2021	Change
Revenue			
Program revenue			
State and federal aid	\$ 8,713,491	\$ 8,212,431	\$ 501,060
Charges for services	-	11,209	(11,209)
Operating grants and contributions	41,784	15,312	26,472
Other local revenue	143,749	113,845	29,904
Total revenue	8,899,024	8,352,797	546,227
Expenses			
Instructional	4,641,607	4,693,044	(51,437)
Support services			
Students	240,647	268,556	(27,909)
Staff assistance	432,094	451,874	(19,780)
General	41,567	31,000	10,567
School administration	496,633	440,839	55,794
Central services	262,258	265,933	(3,675)
Operation and maintenance of facilities	909,306	988,799	(79,493)
Transportation	53,329	24,551	28,778
School food services	484,660	316,045	168,615
Loss on disposal of capital assets	-	119,476	(119,476)
Interest and other costs	557,878	559,042	(1,164)
Total expenses	8,119,979	8,159,159	(39,180)
Change in Net Position	<u>\$ 779,045</u>	<u>\$ 193,638</u>	<u>\$ 585,407</u>

Governmental Funds

The focus of the School'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 School. At the end of the current fiscal year, the general fund balance is \$5,084,565, which is an increase of \$762,427 from the prior year. The increase is primarily related to the Food Service Program and due to increased pandemic reimbursement rates in 2022. The balance in the state restricted programs is primarily due to state calculations of benefit amounts that are automatically remitted to the School that are in excess of actual benefit costs.

Expenditures for general School purposes totaled \$8,136,597, which is an increase of \$171,019 from the prior year, primarily due to an increase in food related expenses of approximately \$169,000.

General fund salaries totaled \$4,342,581, while the associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental and vision added \$1,203,747 to arrive at 68.2% of the School's general fund expenditures.

Budgetary Highlights

The School adopts an original budget in June for the subsequent year.

Actual expenditures in the General fund were \$256,196 less than the amended budget. This difference is within the budgetary compliance requirement of 5%.

Capital Assets

The School has invested \$16,269,854 in a wide range of capital assets, but primarily in land and building and improvements. The total accumulated depreciation on these assets amounts to \$4,708,355. There were capital asset additions of \$116,239 and transfers from construction in progress to equipment totaling \$2,347 for fiscal year 2022.

Additional information regarding the School's capital assets can be found in Note 3 to the basic financial statements.

Long-Term Debt

Long-term debt consists of outstanding bonds with a financial institution totaling \$12,825,000, with rates ranging from 2% to 5%. See Note 4 to the financial statements for more information about long-term debt.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board Chair, Alan Daniels, at the Lakeview Academy of Science, Arts and Technology, 527 W 400 N, Saratoga Springs, Utah 84045, or by email at adaniels@lakeview-academy.com.

Lakeview Academy of Science, Arts and Technology

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash and equivalents	\$ 4,281,335
Restricted cash and investments	1,439,281
State receivables	21,904
Federal receivables	43,135
Other receivables	692
Prepaid expenses	3,068
Capital assets (not subject to depreciation)	2,281,845
Capital assets (net of accumulated depreciation)	<u>9,279,654</u>
Total assets	<u>17,350,914</u>
Liabilities	
Accounts payable	66,272
Accrued liabilities	638,578
Accrued interest	106,442
Long-term liabilities	
Due within one year - bonds payable	320,000
Due in more than one year - bonds payable	<u>12,682,309</u>
Total liabilities	<u>13,813,601</u>
Net Position	
Net investment in capital assets	(1,440,810)
Restricted for	
Special education	10,292
Teacher salary supplement program	6,408
Capital field trips	818
Substance abuse prevention	56
Food service	247,433
Debt service	1,439,281
Unrestricted	<u>3,273,835</u>
Total net position	<u><u>\$ 3,537,313</u></u>

Lakeview Academy of Science, Arts and Technology

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	Program Revenue			Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<i>Governmental activities</i>				
Instructional	\$ 4,641,607	\$ -	\$ 4,739,153	\$ 97,546
Support services				
Students	240,647	-	-	(240,647)
Staff assistance	432,094	-	-	(432,094)
General	41,567	-	-	(41,567)
School administration	496,633	-	-	(496,633)
Central services	262,258	-	-	(262,258)
Operation and maintenance of facilities	909,306	-	-	(909,306)
Transportation	53,329	-	-	(53,329)
School food services	484,660	-	-	(484,660)
Interest and other costs	557,878	-	-	(557,878)
Total Governmental Activities	\$ 8,119,979	\$ -	\$ 4,739,153	(3,380,826)
General Revenue				
Grants and contributions not restricted to specific programs				
State aid				4,016,122
Local revenue				137,388
Interest earnings				6,361
Total general revenue				4,159,871
Change in Net Position				779,045
Net Position, Beginning of Year				2,758,268
Net Position, End of Year				\$ 3,537,313

Lakeview Academy of Science, Arts and Technology

Balance Sheet – Governmental Funds

June 30, 2022

	<u>General</u>
Assets	
Cash and investments	\$ 4,281,335
Restricted cash and investments	1,439,281
State receivables	21,904
Federal receivables	43,135
Other receivables	692
Prepaid expenses	<u>3,068</u>
Total assets	<u><u>\$ 5,789,415</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 66,272
Accrued liabilities	<u>638,578</u>
Total liabilities	<u>704,850</u>
Fund Balance	
Nonspendable	
Prepaid expenses	3,068
Restricted for	
Special education	10,292
Teacher salary supplement program	6,408
Capital field trips	818
Substance abuse prevention	56
Food service	247,433
Debt service	1,439,281
Unassigned	<u>3,377,209</u>
Total fund balance	<u>5,084,565</u>
	<u><u>\$ 5,789,415</u></u>

Lakeview Academy of Science, Arts and Technology
Reconciliation for Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds \$ 5,084,565

The cost of capital assets (land, buildings and improvements, equipment and land improvements) purchased or constructed is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the School as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the statement of activities. Because depreciation expense does not affect financial resources, it is not reported in government funds.

Costs of capital assets	16,269,854	
Depreciation expense to date	<u>(4,708,355)</u>	
		11,561,499

Long-term liabilities applicable to governmental activities 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. Balances at year end are:

Long-term liabilities		
Bonds payable	(13,002,309)	
Accrued interest	<u>(106,442)</u>	
		<u>(13,108,751)</u>

Net Position		<u><u>\$ 3,537,313</u></u>
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Lakeview Academy of Science, Arts and Technology
Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds
Year Ended June 30, 2022

	<u>General</u>
Revenue	
State aid	\$ 7,946,187
Federal aid	767,304
Earnings on investments	6,361
School fees	125,874
Other local sources	53,298
	<u>8,899,024</u>
Total revenue	
Expenditures	
Instructional	<u>4,641,607</u>
Support services	
Students	240,647
Staff assistance	432,094
General	41,567
School administration	496,633
Central services	262,258
Operation and maintenance of facilities	489,002
Transportation	53,329
	<u>2,015,530</u>
Total support services	
Non instructional	
School food services program	484,660
Capital outlay	116,239
	<u>600,899</u>
Total non instructional	
Debt service	
Principal	305,000
Interest	573,561
	<u>878,561</u>
Total debt service	
Total expenditures	<u>8,136,597</u>
Excess of Revenue Over Expenditures	762,427
Fund Balance, Beginning of Year	<u>4,322,138</u>
Fund Balance, End of Year	<u><u>\$ 5,084,565</u></u>

Lakeview Academy of Science, Arts and Technology
Reconciliation of Governmental Funds Statement of Revenue, Expenditures,
and Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2022

Total Net Change in Fund Balance - Governmental Funds	\$	762,427
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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 expense. This is the amount by which depreciation expense exceeded capital outlays during the fiscal year:

Capital outlay	116,239		
Depreciation expense	(420,304)		(304,065)

The governmental funds report repayment of long-term liability payments as expenditures. Interest is recognized as an expenditure in the governmental activities when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of debt and related items is as follows:

Repayment of bonds payable principal	305,000		
Amortization of bond premium	13,149		
Change in accrued interest	2,534		320,683

Change in Net Position of Governmental Activities	\$	779,045
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Note 1 - Summary of Significant Accounting Policies

Lakeview Academy of Science, Arts and Technology (the School) was incorporated in the State of Utah on May 5, 2005 as a nonprofit organization involved in public education. The School operates a public charter school in Saratoga Springs, Utah, and serves students from kindergarten through grade nine.

The School provides the following activities: education, encompassing instruction, student and staff support activities and facilities maintenance and operation. Supporting activities include general and administrative services which are overall entity-related administrative costs.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

Financial Reporting Entity

The School follows Governmental Accounting Standards Board (GASB) in determining the reporting entity and 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 School's Board of Directors (the Board).

The accounts of the School 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 School 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 School's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The general fund is considered a major fund. Governmental funds include:

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

Measurement Focus and Basis of Accounting**Government-Wide Financial Statements (GWFS)**

The statement of net position and the statement of activities display 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. Revenue, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenue, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* in the GWFS.

Program Revenue

Program revenue included in the statement of activities derive directly from the program itself or from parties outside the School's citizenry, as a whole; program revenue reduces the cost of the function to be financed from the School's general revenue. Program revenue includes 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 School 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. Depreciation expense is not specifically identified by function and is considered an allocated indirect expense. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Fund Financial Statements (FFS)**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, revenue is 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 School considers all revenue available if they are collected within 90 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 and deferred outflows and inflows of resources, as applicable, are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance.

The governmental funds use the following practices in recording revenue and expenditures:

Revenue

Entitlements and shared revenue (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid 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 (collected within 90 days of year-end) when cash is received by the School and are recognized as revenue at that time. The School's period of availability is 90 days subsequent to year end.

Expenditures

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

Restricted Cash and Investments

Cash and investments restricted for debt service is cash and investments set aside for bonds payable reserve requirements.

Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables

All receivables are shown net of any allowance for uncollectible amounts. No allowances for uncollectible items have been recorded as of June 30, 2022.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

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 and improvements	3-39 years
Equipment	3-10 years
Furniture and fixtures	5-20 years

The School's capitalization threshold is \$5,000. The cost of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are not capitalized.

Long-Term Liabilities

For government-wide reporting, material premiums and discounts are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method. Debt is reported net of the applicable premium or discount. Issuance costs are expensed as incurred.

For fund financial reporting, premiums and discounts, as well as issuance costs are recognized in the period the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use is either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

It is the School's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance of Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School has historically shown prepaids as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the general obligations and are restricted through debt covenants.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action by the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

Assigned: This classification includes amounts that are constrained by the Board's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or by the Board delegating this responsibility to the Head of School or her designee through the budgetary process.

Unassigned: This classification includes the residual fund balance for the general fund and the amount established for minimum funding.

The School would typically use restricted fund balances first, followed by committed resources, and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Grants and Other Intergovernmental Revenue

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

Implementation of GASB Statement No. 87

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financing reporting for leases by governments. The Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously classified as operating leases. This statement is effective for reporting periods beginning after June 15, 2021, as it was postponed by eighteen months with the issuance of GASB Statement No. 95. The School adopted this guidance for the period ended June 30, 2022, and it did not have a material impact on the School's financial statements.

Note 2 - Cash and Investments

At June 30, 2022, the School's cash and investments consisted of the following:

Cash			
Insured		\$	250,000
Uninsured and not collateralized			<u>4,103,348</u>
Total bank balance of deposits		\$	<u><u>4,353,348</u></u>
	<u>Rating</u>	<u>Fair Value</u>	<u>Investment Maturities</u>
Investments			
PTIF	Unrated	\$ <u>1,367,268</u>	Less than 1 year
Total cash and investments		\$ <u><u>5,720,616</u></u>	

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act (the Act) that relate to the deposit and investment of public funds.

The School follows the requirements of the Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of School funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Act defines the types of securities authorized as appropriate investments for the School's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the School to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the state; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on a fair value basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

The School measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The investments consist only of the PTIF which are classified as Level 2. The PTIF funds use the application of the June 30, 2022, fair value as calculated by the Utah State Treasurer, to the School's average daily balance in the Fund. The School currently has no assets that qualify for Level 1 or 3 investments.

The following table illustrates the investments by the appropriate levels for the School:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2022				
PTIF	\$ 1,367,268	\$ -	\$ 1,367,268	\$ -

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The School's policy for managing custodial credit risk is to adhere to the Act. The Act requires all deposits of the School to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School's policy for reducing its exposure to credit risk is to comply with the Act, as previously discussed.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investment in a single issuer. The School's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the state to five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

Note 3 - Capital Assets

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

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Governmental activities				
Capital assets, not subject to depreciation				
Land	\$ 2,281,845	\$ -	\$ -	\$ 2,281,845
Construction in progress	2,347	-	(2,347)	-
Total capital assets, not subject to depreciation	<u>2,284,192</u>	<u>-</u>	<u>(2,347)</u>	<u>2,281,845</u>
Capital assets				
Buildings and improvements	12,868,680	-	-	12,868,680
Equipment	543,589	118,586	(121,524)	540,651
Land Improvements	578,678	-	-	578,678
Total capital assets	<u>13,990,947</u>	<u>118,586</u>	<u>(121,524)</u>	<u>13,988,009</u>
Less accumulated depreciation for				
Buildings and improvements	(3,743,465)	(353,188)	-	(4,096,653)
Equipment	(472,090)	(24,621)	121,524	(375,187)
Land Improvements	<u>(194,020)</u>	<u>(42,495)</u>	<u>-</u>	<u>(236,515)</u>
Total accumulated depreciation	<u>(4,409,575)</u>	<u>(420,304)</u>	<u>121,524</u>	<u>(4,708,355)</u>
Total capital assets, subject to depreciation	<u>9,581,372</u>	<u>(301,718)</u>	<u>-</u>	<u>9,279,654</u>
Total capital assets, net	<u>\$ 11,865,564</u>	<u>\$ (301,718)</u>	<u>\$ (2,347)</u>	<u>\$ 11,561,499</u>

Depreciation expense was charged to operation and maintenance of facilities function of the School.

Note 4 - Long-Term Liabilities

A summary of activity for the long-term liabilities is as follows:

	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
Bonds payable	\$ 13,130,000	\$ -	\$ (305,000)	\$ 12,825,000	\$ 320,000
Bonds premium	190,458	-	(13,149)	177,309	-
	<u>\$ 13,320,458</u>	<u>\$ -</u>	<u>\$ (318,149)</u>	<u>\$ 13,002,309</u>	<u>\$ 320,000</u>

Lakeview Academy of Science, Arts and Technology

Notes to Financial Statements

June 30, 2022

Long-term liabilities as of June 30, 2022, consist of the following:

Series 2015 Revenue Bonds issued for \$14,520,000 and bearing interest at 2.0-5.0%. Variable semi-annual interest payments commencing April 2016 and variable annual principle payments commencing October 2016 are required through October 2045. The bonds were sold at a premium which is being amortized using the effective interest rate method over the life of the bonds. The proceeds were used to purchase a school building. The School is required to meet certain covenants including debt coverage and cash available as defined by their bonds payable agreement.

\$ 12,825,000

Bond premium, net

177,309

\$ 13,002,309

The annual requirements to pay principal and interest on the outstanding long-term liabilities is as follows:

Years Ending	Principal	Interest	Total
2023	\$ 320,000	\$ 506,200	\$ 826,200
2024	335,000	493,100	828,100
2025	345,000	479,500	824,500
2026	360,000	465,400	825,400
2027	375,000	452,575	827,575
2028-2032	2,085,000	2,072,419	4,157,419
2033-2037	2,615,000	1,553,906	4,168,906
2038-2042	3,255,000	949,838	4,204,838
2043-2046	3,135,000	257,500	3,392,500
Total	<u>\$ 12,825,000</u>	<u>\$ 7,230,438</u>	<u>\$ 20,055,438</u>

Note 5 - Concentrations

The School's principal source of support is state and federal-based support revenue. For the year ended June 30, 2022, this funding source accounted for approximately 98% of all revenue.

Note 6 - Insurance

The School is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. The School purchases liability and property insurance through Utah State Risk Management. The School purchases liability and property insurance from Cincinnati Insurance Company. The School has in effect property and casualty insurance coverage for its building and contents in the amount of \$23,865,592. The School also maintains a General Liability Policy (Professional Liability, Employee Dishonesty/Faithful, Performance Errors & Omissions) with \$1,000,000 per occurrence and a \$3,000,000 General Aggregate. The School has a separate Treasurer's Bond through the Cincinnati Insurance Companies for

\$400,000. Worker's compensation insurance is purchased from WCF Mutual Insurance Company in the amount of \$500,000 per claim.

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 7 - Benefit Plan

The School sponsors a 401(k) retirement plan (the Plan). The Plan provides that all full-time teachers and administrators that work more than 1,000 hours per year are eligible to participate. The School contributes 7% of all eligible gross wages of employees to the plan. The School's contribution expense for the year ended June 30, 2022, was \$251,299.



Required Supplementary Information
June 30, 2022

Lakeview Academy of Science, Arts and Technology

Lakeview Academy of Science, Arts and Technology
Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenue				
State aid	\$ 7,886,429	\$ 7,948,104	\$ 7,946,187	\$ (1,917)
Federal aid	622,605	755,077	767,304	12,227
Earnings on investments	8,500	6,000	6,361	361
School fees	72,100	68,000	125,874	57,874
School lunch sales	2,500	9,415	-	(9,415)
Other local sources	39,050	108,655	53,298	(55,357)
Total revenue	8,631,184	8,895,251	8,899,024	3,773
Expenditures				
Instructional	5,267,006	4,791,952	4,641,607	150,345
Support services				
Students	243,684	239,697	240,647	(950)
Staff assistance	290,575	446,089	432,094	13,995
General	24,500	43,349	41,567	1,782
School administration	419,556	504,704	496,633	8,071
Central services	258,951	266,621	262,258	4,363
Operation and maintenance of facilities	543,550	571,368	489,002	82,366
Transportation	48,500	56,433	53,329	3,104
Total support services	1,829,316	2,128,261	2,015,530	112,731
Non instructional				
School food services program	317,902	548,472	484,660	63,812
Capital outlay	100,000	66,198	116,239	(50,041)
Total non instructional	417,902	614,670	600,899	13,771
Debt service				
Principal	305,000	305,000	305,000	-
Interest	552,710	552,910	573,561	(20,651)
Total debt service	857,710	857,910	878,561	(20,651)
Total expenditures	8,371,934	8,392,793	8,136,597	256,196
Excess of Revenue Over Expenditures	\$ 259,250	\$ 502,458	\$ 762,427	\$ 259,969

Note 1 - Basis of Budgeting

The School follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The School's Principal is appointed as the budget officer. Before June 1 of each year, the budget officer shall prepare a tentative budget, with supporting documentation, to be submitted to the Board.
2. The tentative budget and supporting documents shall include the following items:
 - a. The revenue and expenditures of the preceding fiscal year
 - b. The estimated revenue and expenditures of the current fiscal year
 - c. A detailed estimate of the essential expenditures for all the purposes for the next succeeding fiscal year, and
 - d. The estimated financial condition of the School at the close of the fiscal year
3. The tentative budget shall be filed with the School's Principal for public inspection at least 15 days before the date of the tentative budget's proposed adoption by the Board.
4. Before June 30 of each year, the Board will adopt a budget for the next fiscal year.
5. By the sooner of July 15 or 30 days of adopting a budget, the Board will file a copy of the adopted budget with the state auditor and the State Board of Education.



Compliance Reports

June 30, 2022

Lakeview Academy of Science, Arts and Technology



**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***

The Board of Directors
Lakeview Academy of Science, Arts and Technology
Saratoga Springs, Utah

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 and the major fund of Lakeview Academy of Science, Arts and Technology (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and the related notes to the financial statements and have issued our report thereon dated October 20, 2022.

Report on 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) 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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School'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. 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.

Report on 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 financial statements. 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 result of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Ogden, Utah
October 20, 2022



**Independent Auditor's Report on Compliance and Report on Internal Control over Compliance
as Required by the *State Compliance Audit Guide***

The Board of Directors
Lakeview Academy of Science, Arts and Technology
Saratoga Springs, Utah

Report on Compliance

We have audited Lakeview Academy of Science, Arts and Technology's (the School) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2022.

State compliance requirements were tested for the year ended June 30, 2022, in the following areas:

Budgetary Compliance
Fraud Risk Assessment
Internal Control Systems
Public Treasurer's Bond
Public Education Programs

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the School's compliance with those requirements.

Opinion on Compliance

In our opinion, the School complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the state compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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



Ogden, Utah
October 20, 2022