# Valley Academy for Career and Technology Education Financial Statements Year Ended June 30, 2022

# Valley Academy for Career and Technology Education

Financial Statements Year Ended June 30, 2022

# VALLEY ACADEMY FOR CAREER AND TECHNOLOGY EDUCATION

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**REPORT ON AUDIT OF FINANCIAL STATEMENTS** 



## **Independent Auditor's Report**

Governing Board Valley Academy for Career and Technology Education

#### **Report on Audit of Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Academy for Career and Technology Education (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley Academy for Career and Technology Education, as of June 30, 2022, 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 Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Valley Academy for Career and Technology Education 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.

#### **Change in Accounting Principle**

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

#### **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 District's ability to continue as a going concern for one year 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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 District'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 District'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, budgetary comparison information, and net pension liability 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.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of Valley Academy for Career and Technology Education'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 Valley Academy for Career and Technology Education'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 Valley Academy for Career and Technology Education's internal control over financial reporting between the testing of an audit performed in accordance with Government Auditing Standards in considering Valley Academy for Career and Technology Education's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C. Flagstaff, Arizona March 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)

As management of the Valley Academy for Career & Technology Education (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

## FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$166,510 which represents a 22 percent increase as a result of an increase in state aid related to additional COVID-related grants.
- General revenues accounted for \$1.9 million in revenue, or 92 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$170,577 or eight percent of total current fiscal year revenues.
- The District had approximately \$1.9 million in expenses related to governmental activities, an increase of two percent from the prior fiscal year primarily as a result of compensation increases for administrative staff members.
- Among major funds, the General Fund had \$1.6 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$1.6 million in expenditures. The General Fund's fund balance increase from \$311,983 at the prior fiscal year end to \$353,545 at the end of the current fiscal year was primarily due to an increase in state equalization assistance.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, and student transportation.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Other State Projects, Community School, School Plant and Unrestricted Capital Outlay Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Funds as required supplementary information. Schedules for the pension plans have also been provided as required supplementary information.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$938,167 at the current fiscal year end.

A portion of the District's net position reflects its investment in capital assets (e.g. buildings and improvements; and vehicles, furniture and equipment), less any related outstanding debt used to acquire those assets. The District had no related debt. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2022 and June 30, 2021.

	As of		As of
	June 30, 202	2 Jun	e 30, 2021
Current assets	\$ 1,595,	065 \$	1,374,035
Capital assets, net	175,	752	91,137
Total assets	1,770,	817	1,465,172
Deferred outflows	180,	684	152,149
Current and other liabilities	169,	894	154,507
Long-term liabilities	671,	089	691,157
Total liabilities		983	845,664
Deferred inflows	172,	351	
Net position:			
Net investment in capital assets	80,	893	91,137
Restricted	1,065,	069	903,122
Unrestricted	(207,	795)	(222,602)
Total net position	\$ 938,	167 \$	771,657

At the end of the current fiscal year, the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission, reported a deficit of \$207,795. The deficit is due to the District's proportionate share of the state pension plan's unfunded liability. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position:

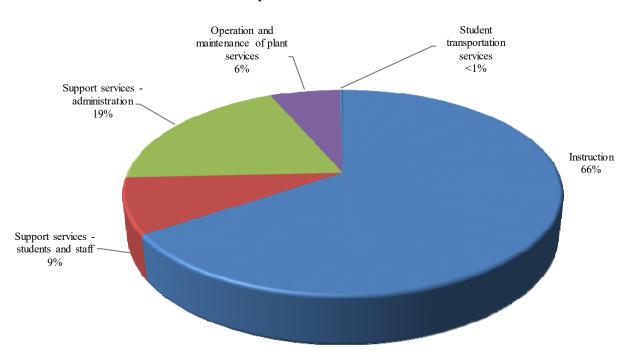
- An increase of \$222,452 in cash and investments as a result of the District utilizing carryover balances to fund operations.
- A decrease of \$100,569 in pension liabilities due to current year changes in estimates and payments.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Changes in net position.** The District's total revenues for the current fiscal year were \$2.1 million. The total cost of all programs and services was \$1.9 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021		
Revenues:				
Program revenues:				
Charges for services	\$ 18,811	\$ 35,201		
Operating grants and contributions	117,402	143,975		
Capital grants and contributions	34,364	42,976		
General revenues:				
Property taxes	529,905	501,702		
Investment income	2,898	4,157		
Unrestricted county aid	321,082	300,246		
Unrestricted state aid	1,009,103	911,690		
Unrestricted federal aid	24,603	17,357		
Total revenues	2,058,168	1,957,304		
Expenses:				
Instruction	1,241,678	1,242,252		
Support services – students and staff	163,477	164,506		
Support services – administration	364,658	327,096		
Operation and maintenance of plant services	118,057	119,620		
Student transportation services	2,197	2,197		
Interest on long-term debt	1,591	0		
Total expenses	1,891,658	1,855,671		
Changes in net position	166,510	101,633		
Net position, beginning	771,657	670,024		
Net position, ending	\$ 938,167	\$ 771,657		

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**



**Expenses - Fiscal Year 2022** 

The following are significant current year transactions that have had an impact on the change in net position.

- The increase of \$37,562 in support services administration expenses was primarily a result of an increase in health insurance and contract service expenses.
- The increase in property taxes revenues was primarily a result of increased funding based on increased assessed values.
- The increase of \$97,413 in unrestricted state aid was primarily the result of increase in base level amount for average daily membership.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	Year Ended June 30, 2022					Year Endeo	l June 3	June 30, 2021		
		Total	Ne	et (Expense)/		Total	Ne	et (Expense)/		
	I	Expenses		Revenue	]	Expenses		Revenue		
Instruction	\$	1,241,678	\$	(1,076,420)	\$	1,242,252	\$	(1,062,430)		
Support services - students and staff		163,477		(158,158)		164,506		(164,506)		
Support services - administration		364,658		(364,658)		327,096		(326,814)		
Operation and maintenance of										
plant services		118,057		(118,057)		119,620		(77,572)		
Student transportation services		2,197		(2,197)		2,197		(2,197)		
Interest on long-term debt		1,591		(1,591)		0		0		
Total	\$	1,891,658	\$	(1,721,081)	\$	1,855,671	\$	(1,633,519)		

- The cost of all governmental activities this year was \$1.9 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$170,577.
- Net cost of governmental activities of \$1.7 million was financed by general revenues, which are made up of primarily property taxes of \$529,905 and state and county aid of \$1.3 million.

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$1.4 million, an increase of \$192,825 due primarily to an increase in state equalization revenue.

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund is the principal operating fund of the District. The increase in fund balance of \$41,562 to \$353,545 as of fiscal year end was a result of an increase in state equalization revenue.

The General Fund comprises 25 percent of the total fund balance. Approximately \$347,374, or 98 percent of the General Fund's fund balance is unassigned.

The Other State Project's fund balance did not change as of fiscal year end.

The Community School Fund's fund balance increased \$564, or less than one percent, to \$209,501 as of fiscal year end.

The School Plant Fund's fund balance increased \$695, or less than one percent, to \$258,737 as of fiscal year end.

The Unrestricted Capital Outlay Fund's fund balance increased \$93,653 to \$429,197 primarily as a result of conservative spending by the District on capital projects.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in student membership. The difference between the original budget and the final amended budget was a \$30,575 increase, or two percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- A favorable variance of \$82,777 in instruction expenditures was due to unfilled instructional positions.
- An unfavorable variance of \$35,633 in support services administration expenditures was due to an increase in health insurance and contract service costs.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At year end, the District had invested \$324,226 in capital assets, including software and equipment and intangible right-to-use assets. This amount represents no net change from the prior fiscal year. Total depreciation expense for the current fiscal year was \$59,111. The net capital asset balance was \$175,752 at June 30, 2022, and \$234,863 at June 30, 2021. The District has no non-depreciable capital assets. Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had no outstanding long-term bonded debt.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2022-23 budget. Among them:

- Fiscal year 2021-22 budget balance carry forward (estimated \$49,767).
- District student enrollment (estimated 265).

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased eight percent to \$1.7 million in fiscal year 2022-23. State aid and property taxes are expected to be the primary funding sources.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Valley Academy for Career and Technology Education, 3405 E. State Route 89A, Building B, Cottonwood, Arizona 86326.

**BASIC FINANCIAL STATEMENTS** 

GOVERNMENT-WIDE FINANCIAL STATEMENTS

#### VALLEY ACADEMY FOR CAREER & TECHNOLOGY EDUCATION STATEMENT OF NET POSITION JUNE 30, 2022

	Governmental Activities	
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$	1,564,075
Property taxes receivable		10,942
Accounts receivable		1,250
Due from governmental entities		12,627
Prepaid items		6,171
Total current assets		1,595,065
Noncurrent assets:		
Capital assets, net of accumulated depreciation		175,752
Total noncurrent assets		175,752
Total assets		1,770,817
DEFERRED OUTFLOWS OF RESOURCES		
Pension and other postemployment benefit plan items		180,684
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable		12,476
Compensated absences payable		30,074
Unearned revenues		157,418
Leases Payable		50,294
Total current liabilities		250,262
Noncurrent liabilities:		
Non-current portion of long-term obligations		590,721
Total noncurrent liabilities		590,721
Total liabilities		840,983
		010,905
DEFERRED INFLOWS OF RESOURCES Pension and other postemployment benefit plan items		172,351
rension and onler postemployment benefit plan terns		172,551
<u>NET POSITION</u>		
Investment in capital assets		78,715
Restricted for:		
Instruction		162,120
Non-instructional purposes		214,424
Capital outlay		688,525
Unrestricted		(205,617)
Total net position	\$	938,167
- our not house	Ψ	200,107

#### VALLEY ACADEMY FOR CAREER & TECHNOLOGY EDUCATION STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

		]	Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	apital Grants and ontributions	Governmental Activities
Governmental activities:					
Instruction	\$ 1,241,678	\$ 18,811	\$ 112,083	\$ 34,364	\$ (1,076,420)
Support services - students and staff	163,477		5,319		(158,158)
Support services - administration	364,658				(364,658)
Operation and maintenance of plant services	118,057				(118,057)
Student transportation services	2,197				(2,197)
Interest on long-term debt	1,591				(1,591)
Total governmental activities	\$ 1,891,658	\$ 18,811	\$ 117,402	\$ 34,364	(1,721,081)

#### General revenues:

Taxes:	
Property taxes, levied for general purposes	477,044
Property taxes, levied for capital outlay	52,861
Investment income	2,898
Unrestricted county aid	321,082
Unrestricted state aid	1,009,103
Unrestricted federal aid	24,603
Total general revenues	 1,887,591
Changes in net position	166,510
Net position, beginning of year	 771,657
Net position, end of year	\$ 938,167

# FUND FINANCIAL STATEMENTS

#### VALLEY ACADEMY FOR CAREER & TECHNOLOGY EDUCATION BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

	General		ner State rojects	Community School	
<u>ASSETS</u>					
Cash and investments	\$	356,417	\$ 144,002	\$	209,501
Property taxes receivable		9,848			
Accounts receivable					
Due from governmental entities					
Prepaid items		6,171	 		
Total assets	\$	372,436	\$ 144,002	\$	209,501
LIABILITIES, DEFERRED INFLOWS OF RESOURCES	5				
AND FUND BALANCES	-				
Liabilities:					
Accounts payable	\$	12,334	\$	\$	
Unearned revenues			144,002		
Total liabilities		12,334	 144,002		
Deferred inflows of resources:					
Unavailable revenues - property taxes		6,557			
Unavailable revenues - intergovernmental					
Total deferred inflows of resources		6,557			
Fund balances:					
Nonspendable		6,171			
Restricted					209,501
Unassigned		347,374			-
Total fund balances		353,545	 		209,501
Total liabilities, deferred inflows of resources					
and fund balances	\$	372,436	\$ 144,002	\$	209,501

The notes to the basic financial statements are an integral part of this statement.

Sch	ool Plant	Unrestricted Capital Outlay		Gov	on-Major ernmental Funds	Total Governmental Funds		
\$	258,737	\$	428,694 1,094	\$	166,724 1,250 12,627	\$	1,564,075 10,942 1,250 12,627 6,171	
\$	258,737	\$	429,788	\$	180,601	\$	1,595,065	
\$		\$		\$	142 13,416 13,558	\$	12,476 157,418 169,894	
			591 591		<u>10,887</u> 10,887		7,148 10,887 18,035	
	258,737 258,737		429,197 429,197		156,156 156,156		6,171 1,053,591 <u>347,374</u> 1,407,136	
\$	258,737	\$	429,788	\$	180,601	\$	1,595,065	

#### VALLEY ACADEMY FOR CAREER AND TECHNICAL EDUCATION RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Total governmental fund balances		\$ 1,407,136
Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets \$ Less accumulated depreciation/amortization	334,226 (158,474)	175,752
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		
Property taxes Intergovernmental	7,148 10,887	18,035
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions Deferred inflows of resources related to pensions	180,684 (172,351)	8,333
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable Leases payable Net pension liability	(30,074) (97,037) (543,978)	 (671,089)
Net position of governmental activities		\$ 938,167

#### VALLEY ACADEMY FOR CAREER & TECHNOLOGY EDUCATION STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

	General		Other State Projects		Community School	
Revenues:						_
Other local	\$	294,580	\$		\$	564
Property taxes		475,180				
State aid and grants		815,876		34,364		
Federal aid, grants and reimbursements		24,603				
Total revenues		1,610,239		34,364		564
Expenditures:						
Current -						
Instruction		1,003,639				
Support services - students and staff		128,424				
Support services - administration		335,202				
Operation and maintenance of plant services		53,426				
Capital outlay				34,364		
Debt service -						
Principal retirement		46,689				
Interest and fiscal charges		1,591				
Total expenditures		1,568,971		34,364		
Changes in fund balances		41,268				564
Fund balances, beginning of year		311,983				208,937
Increase (decrease) in reserve for prepaid items		294				
Fund balances, end of year	\$	353,545	\$		\$	209,501

School Plant		Unrestricted Capital Outlay		Non-Major Governmental Funds		Total Governmental Funds	
\$	695	\$	33,097	\$	23,400	\$	352,336
			52,794				527,974
			89,803		119,253		1,059,296
					81,141		105,744
	695		175,694		223,794		2,045,350
			82,041		132,415 14,175 7,206 7,836 5,811		1,136,054 142,599 342,408 61,262 122,216 46,689
							1,591
			82,041		167,443		1,852,819
	695		93,653		56,351		192,531
	258,042		335,544		99,805		1,214,311
							294
\$	258,737	\$	429,197	\$	156,156	\$	1,407,136

#### VALLEY ACADEMY FOR CAREER AND TECHNICAL EDUCATION RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

Changes in fund balances - total governmental funds		\$ 192,531
Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:		
Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Less current year depreciation/amortization		(59,111)
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	1,931	
Intergovernmental	10,887	12,818
Repayments of long-term debt principal (leases) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		46,689
Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.		
Current year pension contributions Pension expense	48,666 (91,913)	(43,247)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Prepaid items	294	
Compensated absences	16,536	 16,830
Changes in net position in governmental activities		\$ 166,510

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Valley Academy for Career and Technology Education (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, *Leases*. This Statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Beginning balances of net capital assets and long-term obligations for leases payable reported in the governmental activities have each been restated by \$143,726, resulting in no net effect on beginning balances reported in the financial statements due to the implementation of this standard.

The more significant of the District's accounting policies are described below.

### A. Reporting Entity

The Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of the District. The District's major operation is providing career and technical education.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **B.** Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities or fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted federal, state and county aid, and other items not included among program revenues are reported instead as general revenues.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

<u>Government-Wide Financial Statements</u> – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

<u>Fund Financial Statements</u> – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Expenditures related to compensated absences are recorded only when payment is due.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property taxes, federal, state and county aid, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The District reports the following major governmental funds:

<u>General Fund</u> – The General Fund is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District's Maintenance and Operation Fund as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statement.

<u>Other State Projects Fund</u> – The Other State Projects Fund accounts for financial assistance received for other state projects.

<u>Community School Fund</u> – The Community School Fund accounts for activity related to academic and skill development for all citizens.

<u>School Plant Fund</u> – The School Plant Fund accounts for proceeds from the sale or lease of school property.

<u>Unrestricted Capital Outlay Fund</u> – The Unrestricted Capital Outlay Fund accounts for transactions relating to the acquisition of capital items.

### **D.** Cash and Investments

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. All investments are stated at fair value.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statute authorizes the District to deposit monies of the Auxiliary Operations and Student Activities Funds in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

#### E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements.

### F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

### G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

### H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

### I. Capital Assets

Capital assets, which include vehicles, furniture, and equipment; and intangible right-to-use assets, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to use assets are amortized over the shorter of the lease term or the underlying asset's useful life. The estimated useful lives and amortization periods are as follows:

Vehicles, furniture and equipment	5-25 years
Intangible right-to use assets	4 years

### J. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position may 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 and so will not be recognized as an inflow of resources (revenue) until that time.

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### K. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

#### L. Leases

As lessee, the District recognizes lease liabilities with an initial, individual value of \$30,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The District's uses an interest rate based on the Applicable Federal Rate as the discount rate to measure lease receivables.

#### **M.** Pensions

For purposes of measuring the net pension liability, related deferred outflows of resources and deferred inflows of resources, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the 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.

### N. Long-term Obligations

In the government-wide financial statements, long-term debt, of which the District currently has none, and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### **O. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### P. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

### Q. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### **NOTE 2 – FUND BALANCE CLASSIFICATIONS**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

*Nonspendable.* The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

**Restricted.** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

*Committed.* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

## NOTE 2 – FUND BALANCE CLASSIFICATIONS

**Unassigned.** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the District's fund balance classifications at year end.

	(	General Fund	ommunity chool Fund	School ant Fund	Ca	estricted apital ay Fund	lon-Major vernmental Funds
Fund Balances:			 			2	
Nonspendable:							
Prepaid items	\$	6,171	\$	\$	\$		\$
Restricted:							
Capital projects				258,737		429,197	
Voter approved initiatives							129,826
Federal and state projects							7,611
Community school			209,501				
Extracurricular activities							1,643
Gifts and donations							2,186
Student activities							9,966
Other purposes							4,924
Unassigned		347,374	 				 
Total fund balances	\$	353,545	\$ 209,501	\$ 258,737	\$ -	429,197	\$ 156,156

### NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Excess Expenditures Over Budget** – At year end, the District had expenditures in a fund that exceeded the budget; however, this does not constitute a violation of any legal provisions.

## **NOTE 4 – CASH AND INVESTMENTS**

*Custodial Credit Risk – Deposits*. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the District's bank balance was \$8,405.

*Fair Value Measurements*. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

At year end, the District's investments consisted of the following:

	Average Maturities	F	Fair Value
County Treasurer's investment pool	1.951 years	\$	1,564,075

*Interest Rate Risk.* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The District has no investment policy that would further limit its investment choices. As of year end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

*Custodial Credit Risk – Investments.* The District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

### **NOTE 5 – RECEIVABLES**

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District's non-major governmental, and internal service funds in the aggregate were as follows:

	No	n-Major
	Governmental	
	]	Funds
Due from other governmental entities:		
Due from federal government	\$	10,887
Due from state government		1,740
Net due from governmental entities	\$	12,627

### **NOTE 6 – CAPITAL ASSETS**

A summary of capital asset activity for the current fiscal year follows:

	Beginning Balance			Ending
Governmental Activities	(as restated)	Increase	Decrease	Balance
Capital assets, being depreciated:				
Vehicles, furniture and equipment	\$ 138,500	\$	\$	\$ 138,500
Total capital assets being depreciated	138,500			138,500
Less accumulated depreciation for:				
Vehicles, furniture and equipment	(47,363)	(10,244)		(57,607)
Total accumulated depreciation	(47,363)	(10,244)		(57,607)
Total capital assets, being depreciated, net	91,137	(10,244)		80,893
Intangible right-to-use assets:				
Leased buildings and improvements	195,726			195,726
Less accumulated amortization	(52,000)	(48,867)		(100,867)
Total intangible right-to-use assets, net	143,726	(48,867)		94,859
Governmental activities capital assets, net	\$ 234,863	\$ (59,111)	\$	\$ 175,752

Depreciation and amortization expense were charged to governmental functions as follows:

Instruction	\$ 6,680
Support services – administration	1,367
Operation and maintenance of plant services	48,867
Student transportation services	2,197
Total depreciation expense – governmental activities	\$ 59,111

### NOTE 7 – SHORT TERM DEBT – REVOLVING LINE OF CREDIT

The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. At year end, the District had \$200,000 in unused line of credit.

### NOTE 8 – LEASES PAYABLE

The District has acquired office space under the provisions of a contract classified as a lease. The related obligation under the lease agreement has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the General Fund are used to pay the lease obligation. Amortization of right-to-use assets recorded under leases is included with depreciation expense. The agreement has an automatic renewal for an additional two years with a mutual agreement option to extend up to two more years after that.

The net present value and future minimum lease payments at year end were as follows:

			Governmental Activities				
Year ending June 30:		P	rincipal	Ir	nterest		
	2023	\$	50,294	\$	1,066		
	2024		46,743		337		
Total		\$	97,037	\$	1,403		

The right-to-use assets recorded under leases that meet the District's capitalization threshold are as follows:

	 vernmental activities
Asset:	
Building improvements	\$ 195,726
Less: Accumulated amortization	100,867
Total	\$ 94,859

### NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

	F	eginning Balance restated)	Additions	Re	ductions	Ending Balance	e Within ne Year
<b>Governmental activities:</b>		<u>,</u>					
Leases payable	\$	143,726	\$	\$	46,689	\$ 97,037	\$ 50,294
Net pension liability		644,547			100,569	543,978	
Compensated absences payable		46,610	18,751		35,287	30,074	30,074
Governmental activity long-term							 
liabilities	\$	834,883	\$ 18,751	\$	182,545	\$ 671,089	\$ 80,368

### **NOTE 10 – CONTINGENT LIABILITIES**

<u>**Compliance**</u> – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

### NOTE 11 – RISK MANAGEMENT

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District's employees have health and accident insurance coverage with Kairos Health Arizona, Inc. (Kairos). Kairos Health is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to Kairos Health for employees' health and accident insurance coverage. The agreement provides that Kairos Health will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

### NOTE 11 – RISK MANAGEMENT

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

### **NOTE 12 – PENSIONS**

**Plan Description.** District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at <u>www.azasrs.gov</u>.

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District's financial statements.

### **NOTE 12 – PENSIONS**

**Benefits Provided.** The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:						
	Before July 1, 2011	On or After July 1, 2011					
Years of service and	Sum of years and age equals 80	30 years, age 55					
age required to	10 years, age 62	25 years, age 60					
receive benefit	5 years, age 50*	10 years, age 62					
	Any years, age 65	5 years, age 50*					
		Any years, age 65					
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months					
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%					
J	*With actuarially reduced benefi	ts					

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2022 were \$48,666.

## **NOTE 12 – PENSIONS**

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 for retirement and 0.09 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District's pension plan contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

**Pension Liability.** The net pension liability was measured as of June 30, 2021. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The District's proportion of the net liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

At June 30, 2022, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2021, the District's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2020 was:

Net	District	Increase		
 Liability	% Proportion	(Decrease)		
\$ 543,978	0.004	0.000		

**Pension Expense and Deferred Outflows/Inflows of Resources.** The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District's pension expense for the year ended June 30, 2022 was \$91,913.

## **NOTE 12 – PENSIONS**

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Out	eferred flows of sources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$	8,292	\$		
Changes of assumptions or other inputs		70,803			
Net difference between projected and actual earnings on pension investments				172,351	
Changes in proportion and differences between contributions and proportionate share of contributions		52,923			
Contributions subsequent to the measurement date		48,666			
Total	\$	180,684	\$	172,351	

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year E	nding June 3	0:	
	2023	\$	34,919
	2024		22,137
	2025		(37,995)
	2026		(59,394)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

## **NOTE 12 – PENSIONS**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 weighting the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

		Long-Term Expected
	Target	Geometric Real
Asset Class	Allocation	Rate of Return
Equity	50%	4.90%
Credit	20	5.20
Interest rate sensitive bonds	10	0.70
Real estate	20	5.70
Total	100%	

**Discount Rate.** The discount rate used to measure the total pension liability was 7.0 percent. The discount rate was lowered in the roll forward for the year June 30, 2021 from 7.5 percent, which was used for the actuarial assumptions at the valuation date. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

## **NOTE 12 – PENSIONS**

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

		Current								
	1%	1% Decrease Discount		Discount Rate		Increase				
Rate		6.0%		7.0%		8.0%				
Net liability	\$	855,631	\$	543,978	\$	284,145				

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at <u>www.azasrs.gov</u>.

**REQUIRED SUPPLEMENTARY INFORMATION** 

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#### VALLEY ACADEMY FOR CAREER & TECHNOLOGY EDUCATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL YEAR ENDED JUNE 30, 2022

	Budgeted	Amounts	Non-GAAP	Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
Revenues:					
Other local	\$	\$	\$ 289,082	\$ 289,082	
Property taxes			475,180	475,180	
State aid and grants			815,876	815,876	
Total revenues			1,580,138	1,580,138	
Expenditures:					
Current -					
Instruction	1,016,703	1,086,416	1,003,639	82,777	
Support services - students and staff	177,065	122,820	128,424	(5,604)	
Support services - administration	270,680	278,268	313,901	(35,633)	
Operation and maintenance of plant services	96,346	103,865	53,426	50,439	
Debt service -					
Principal retirement			46,689	(46,689)	
Interest and fiscal charges			1,591	(1,591)	
Total expenditures	1,560,794	1,591,369	1,547,670	43,699	
Changes in fund balances	(1,560,794)	(1,591,369)	32,468	1,623,837	
Fund balances, beginning of year			242,862	242,862	
Increase (decrease) in reserve for prepaid items			294	294	
Fund balances (deficits), end of year	\$ (1,560,794)	\$ (1,591,369)	\$ 275,624	\$ 1,866,993	

#### VALLEY ACADEMY FOR CAREER & TECHNOLOGY EDUCATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL OTHER STATE PROJECTS YEAR ENDED JUNE 30, 2022

	Budgeted	Amounts		Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
Revenues:					
State aid and grants	\$	\$	\$ 34,364	\$ 34,364	
Total revenues			34,364	34,364	
Expenditures:					
Capital outlay	196,409	178,228	34,364	143,864	
Total expenditures	196,409	178,228	34,364	143,864	
Changes in fund balances	(196,409)	(178,228)		178,228	
Fund balances, beginning of year					
Fund balances (deficits), end of year	\$ (196,409)	\$ (178,228)	\$	\$ 178,228	

#### VALLEY ACADEMY FOR CAREER & TECHNOLOGY EDUCATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL COMMUNITY SCHOOL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local	\$	\$ 564	\$ 564
Total revenues		564	564
Expenditures: Current - Instruction Total expenditures	<u>211,615</u> 211,615		<u>211,615</u> 211,615
Changes in fund balances	(211,615)	564	212,179
Fund balances, beginning of year		208,937	208,937
Fund balances (deficits), end of year	\$ (211,615)	\$ 209,501	\$ 421,116

#### VALLEY ACADEMY FOR CAREER AND TECHNOLOGY EDUCATION SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ARIZONA STATE RETIREMENT SYSTEM LAST EIGHT FISCAL YEARS

		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>
Measurement date	June	e 30, 2021	Jun	ie 30, 2020	Jun	e 30, 2019	Jun	e 30, 2018
District's proportion of the net pension (assets) liability		0.004%		0.004%		0.004%		0.003%
District's proportionate share of the net pension (assets) liability	\$	543,978	\$	644,547	\$	509,291	\$	463,023
District's covered payroll	\$	464,618	\$	405,878	\$	369,767	\$	329,569
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll		117.08%		158.80%		137.73%		140.49%
Plan fiduciary net position as a percentage of the total pension liability		78.58%		69.33%		73.24%		73.40%

#### SCHEDULE OF PENSION CONTRIBUTIONS ARIZONA STATE RETIREMENT SYSTEM LAST EIGHT FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 48,666	\$ 54,128	\$ 46,473	\$ 41,340
Contributions in relation to the actuarially determined contribution	 48,666	 54,128	 46,473	 41,340
Contribution deficiency (excess)	\$	\$	\$	\$ 
District's covered payroll	\$ 405,212	\$ 464,618	\$ 405,878	\$ 369,767
Contributions as a percentage of covered payroll	12.01%	11.65%	11.45%	11.18%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

	<u>2018</u>		<u>2017</u>	<u>2016</u>			<u>2015</u>
Jun	e 30, 2017	Jun	e 30, 2016	Jun	e 30, 2015	Jun	e 30, 2014
	0.003%		0.003%		0.003%		0.00%
\$	443,974	\$	540,724	\$	533,900	\$	475,042
\$	295,538	\$	284,525	\$	316,107	\$	288,832
	150.23%		190.04%		168.90%		164.47%
	69.92%		67.06%		68.35%		69.49%

<u>2018</u>	<u>2017</u>		<u>2016</u>	<u>2015</u>			
\$ 35,923	\$ 31,859	\$	30,871	\$	34,424		
 35,923	 31,859		30,871		34,424		
\$ 	\$ 	\$		\$			
\$ 329,569	\$ 295,538	\$	284,525	\$	316,107		
10.90%	10.78%		10.85%		10.89%		

### VALLEY ACADEMY FOR CAREER AND TECHNOLOGY EDUCATION NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

### NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following item.

• Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.

The following schedule reconciles expenditures and fund balances at the end of year:

				Fund
		Total	E	Balances
	Ez	xpenditures	En	d of Year
Statement of Revenues, Expenditures and Changes in		•		
Fund Balances – Governmental Funds	\$	1,568,971	\$	353,545
Activity budgeted as special revenue funds		(21,301)		(77,921)
Schedule of Revenues, Expenditures and Changes in Fund				
Balances – Budget and Actual – General Fund	\$	1,547,670	\$	275,624

## NOTE 2 – PENSION PLAN SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

SUPPLEMENTARY INFORMATION

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# **GOVERNMENTAL FUNDS**

	Classroom Site						
Devenues	Budget	Actual	Variance - Positive (Negative)				
Revenues: Other local	\$	\$ 223	\$ 223				
State aid and grants	Φ	<sup>5</sup> 223 97,757	97,757				
Federal aid, grants and reimbursements		51,151	51,151				
Total revenues		97,980	97,980				
Expenditures:							
Current -							
Instruction	151,150	41,876	109,274				
Support services - students and staff							
Support services - administration							
Operation and maintenance of plant services Capital outlay							
Total expenditures	151,150	41,876	109,274				
Changes in fund balances	(151,150)	56,104	207,254				
Fund balances, beginning of year		53,201	53,201				
Fund balances (deficits), end of year	\$ (151,150)	\$ 109,305	\$ 260,455				

In	structional Improven	nent		National Forest Fees	
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 43 5,667	\$ 43 5,667	\$	\$ 162 24,603	\$ 162 24,603
	5,710	5,710		24,765	24,765
17,707		17,707			
				21,301	(21,301)
17,707		17,707		21,301	(21,301)
(17,707)	5,710	23,417		3,464	3,464
	14,811	14,811		64,837	64,837
\$ (17,707)	\$ 20,521	\$ 38,228	\$	\$ 68,301	\$ 68,301

	E-Rate							
D	Budget	Ac	Actual		iance - sitive gative)			
Revenues: Other local	\$	\$	21	\$	21			
State aid and grants	φ	φ	21	φ	21			
Federal aid, grants and reimbursements								
Total revenues			21		21			
Expenditures:								
Current -								
Instruction	7,603				7,603			
Support services - students and staff								
Support services - administration								
Operation and maintenance of plant services								
Capital outlay	7,603				7,603			
Total expenditures	7,005				7,005			
Changes in fund balances	(7,603)		21		7,624			
Fund balances, beginning of year			7,590		7,590			
Fund balances (deficits), end of year	\$ (7,603)	\$	7,611	\$	15,214			

	Other Federal Projects	Federal Projects State Vocational Education			tion
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	<u>81,141</u> 81,141	<u>81,141</u> 81,141			
85,428	57,494 5,960 7,206 7,836	27,934 (5,960) (7,206) (7,836)	13,403		13,403
85,428	2,645	(2,645) 4,287	13,403		13,403
(85,428)		85,428	(13,403)		13,403
\$ (85,428)	\$	\$ 85,428	\$ (13,403)	\$	\$ 13,403

	Auxiliary Operations						
	Budget	Non-C Act		Variance - Positive (Negative)			
Revenues:	ф ф 40			¢	40		
Other local State aid and grants	\$	\$	49	\$	49		
Federal aid, grants and reimbursements							
Total revenues			49		49		
Expenditures:							
Current -							
Instruction	1,835				1,835		
Support services - students and staff							
Support services - administration							
Operation and maintenance of plant services							
Capital outlay	1 025				1,835		
Total expenditures	1,835				1,833		
Changes in fund balances	(1,835)		49		1,884		
Fund balances, beginning of year			1,789		1,789		
Fund balances (deficits), end of year	\$ (1,835)	\$	1,838	\$	3,673		

Extracurr	icular Activities Fees	Tax Credit		Gifts and Donations	
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Budget Actual	
\$	\$ 4,305	\$ 4,305	\$	\$ 1	\$ 1
	4,305	4,305		1	1
14,132	14,255	(123)	812		812
14,132	14,255	(123)	812		812
(14,132)	(9,950)	4,182	(812)	1	813
	11,593	11,593		812	812
\$ (14,132)	\$ 1,643	\$ 15,775	\$ (812)	\$ 813	\$ 1,625

	Litigation Recovery						
	Budget		-GAAP ctual	Variance - Positive (Negative)			
Revenues: Other local	\$	\$	5,286	\$	5 286		
State aid and grants	Φ	Φ	5,280	Φ	5,286		
Federal aid, grants and reimbursements							
Total revenues			5,286		5,286		
Expenditures:							
Current -							
Instruction	5,538				5,538		
Support services - students and staff							
Support services - administration							
Operation and maintenance of plant services							
Capital outlay	5.520				5.529		
Total expenditures	5,538				5,538		
Changes in fund balances	(5,538)		5,286		10,824		
Fund balances, beginning of year			1,683		1,683		
Fund balances (deficits), end of year	\$ (5,538)	\$	6,969	\$	12,507		

Gi	ants and Gi	fts to Teach	ers				Adver	tisement				
Budget	Actual		Variance - Positive (Negative)		Budget		Budget		Actual		Ро	iance - sitive gative)
\$	\$	2,501	\$	2,501	\$		\$	3,955	\$	3,955		
		2,501		2,501				3,955		3,955		
1,820		500		1,320		4,424		1,349		3,075		
1,820		500		1,320		4,424		1,349		3,075		
(1,820)		2,001 185		<u>3,821</u> 185		(4,424)		2,606 2,317		7,030 2,317		
\$ (1,820)	\$	2,186	\$	4,006	\$	(4,424)	\$	4,923	\$	9,347		

	Arizona Industry Credentials Incentive								
	Budget	Actual	Variance - Positive (Negative)						
Revenues:	¢	ф <b>1</b>	ф <b>1</b>						
Other local State aid and grants	\$	\$ 1 15 820	\$ 1						
State aid and grants		15,829	15,829						
Federal aid, grants and reimbursements Total revenues		15,830	15,830						
Expenditures:									
Current -									
Instruction		4,448	(4,448)						
Support services - students and staff	9,800	8,215	1,585						
Support services - administration									
Operation and maintenance of plant services									
Capital outlay		3,166	(3,166)						
Total expenditures	9,800	15,829	(6,029)						
Changes in fund balances	(9,800)	1	9,801						
Fund balances, beginning of year									
Fund balances (deficits), end of year	\$ (9,800)	\$ 1	\$ 9,801						

	Student	t Activities			Totals					
Budget	A	ctual	Ро	riance - ositive egative)	Non-GAAP Budget Actual				Variance - Positive (Negative)	
\$	\$	12,351	\$	12,351	\$		\$	28,898 119,253 105,744	\$	28,898 119,253 105,744
		12,351		12,351				253,895		253,895
20,000		12,493		7,507		323,852 9,800		132,415 14,175 28,507 7,836 5,811		191,437 (4,375) (28,507) (7,836) (5,811)
20,000		12,493		7,507		333,652		188,744		144,908
(20,000)		(142)		19,858		(333,652)		65,151		398,803
		10,108		10,108				168,926		168,926
\$ (20,000)	\$	9,966	\$	29,966	\$	(333,652)	\$	234,077	\$	567,729

	School Plant							
	Budget	Actu	Actual		Variance - Positive (Negative)			
Revenues:	<b>.</b>	<b>.</b>	<0 <b>-</b>	<b>.</b>	<pre></pre>			
Other local	\$	\$	695	\$	695			
Property taxes								
State aid and grants								
Total revenues			695		695			
Expenditures: Current -								
Operation and maintenance of plant services	258,491				258,491			
Capital outlay	,							
Total expenditures	258,491				258,491			
Changes in fund balances	(258,491)		695		259,186			
Fund balances, beginning of year			258,042		258,042			
Fund balances (deficits), end of year	\$ (258,491)	\$	258,737	\$	517,228			

Unrestricted Capital Outlay				Totals					
Budget	Actual	F	ariance - Positive legative)	Budget		Actual		Variance - Positive (Negative)	
\$	52,	097 \$ 794 803 694	33,097 52,794 89,803 175,694	\$	\$ 	33,792 52,794 89,803 176,389	\$	33,792 52,794 89,803 176,389	
<u>682,160</u> 682,160 (682,160)	82, 93,	041           041           653	600,119 600,119 775,813		·	82,041 82,041 94,348		258,491 600,119 858,610 1,034,999	
\$ (682,160)	335, <u>\$ 429</u> ,		335,544 <u>1,111,357</u>	\$ (940,0	651) \$	593,586 687,934	\$	593,586 1,628,585	

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REPORT ON INTERNAL CONTROL AND ON COMPLIANCE (This page intentionally left blank)



#### 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*

Independent Auditor's Report

Governing Board Valley Academy for Career and Technology Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Academy for Career and Technology Education, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Valley Academy for Career and Technology Education's basic financial statements, and have issued our report thereon dated March 23, 2023. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases.* 

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Valley Academy for Career and Technology Education'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 Valley Academy for Career and Technology Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Valley Academy for Career and Technology Education's internal control.

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

Our consideration of internal control 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 or significant deficiencies may exist that have not been identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Valley Academy for Career and Technology Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C. Flagstaff, Arizona March 23, 2023