INTECH COLLEGIATE ACADEMY

Financial Statements

Year Ended June 30, 2021

INTECH COLLEGIATE ACADEMY
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Year Ended June 30, 2021

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Independent Auditor's Report

Board of Trustees
InTech Collegiate Academy

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of InTech Collegiate Academy (the School) as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of InTech Collegiate Academy as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the *general fund* for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the basic financial statements, in 2021, the state of Utah required charter schools to change their basis of accounting to following accounting standards for local governments established by the Government Accounting Standards Board. Our opinions on the basic financial statements are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the School's proportionate share of the net pension liability (asset) – Utah Retirement Systems, the schedules of School contributions – Utah Retirement Systems, and the related notes to the required supplementary information be presented to supplement the basic financial statements. Such information, 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
November 24, 2021

Management's Discussion and Analysis

This section of the financial report of InTech Collegiate Academy (the School) presents management's discussion and analysis of the School's financial performance during the year ended June 30, 2021.

Financial Highlights

- The School's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $823,017 (net position). Of this amount $245,862 (unrestricted net position) may be used to meet the School's ongoing obligations to students, employees, and creditors.

- During the year, expenses were $258,973 less than the $2,246,218 generated in revenues for governmental activities.

- The School receives most of its revenue from state and federal funding based on the number of students enrolled during the year. State and federal revenues totaled $2,210,130 in 2021. Instruction expenses totaled $1,076,698 in 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The School's basic financial statements comprise three components: a) government-wide financial statements, b) fund financial statements, and c) notes to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a consolidated broad overview of the School's finances, in a manner similar to a private-sector business or nonprofit organization.

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

The *statement of activities* presents information showing how the 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.

The School's government-wide financial statements are reported as *governmental activities*. The School's basic services are included here, such as instruction, various supporting services, and food services. State and federal grants finance most of these activities.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School's accounting demonstrates compliance with finance-related legal requirements.

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 focus on near-term inflows and outflows 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 School'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 School'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.

The School maintains one individual governmental fund (the *general fund)*. The School adopts an annual appropriated budget for its *general fund*. A budgetary comparison statement is provided for the *general fund* to demonstrate compliance with this budget.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the School's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

INTECH COLLEGIATE ACADEMY

Governmental Activities - Net Position

June 30, 2021

Current and other assets	$	769,116
Capital assets, net		577,155
Total assets		1,346,271
Deferred outflows of resources		164,111
Current and other liabilities		176,785
Long-term liabilities		241,931
Total liabilities		418,716
Deferred inflows of resources		268,649
Net position:		
Investment in capital assets		577,155
Unrestricted		245,862
Total net position	$	823,017

As noted earlier, net position may serve over time as a useful indicator of a school's financial position. In the School's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $823,017 at the close of the most recent fiscal year.

- A portion of the School's net position ($577,155) reflects the School's investment in capital assets (e.g., leasehold improvements, and equipment and furniture and fixtures, net of accumulated depreciation). The School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

- The remaining net position ($245,862) is unrestricted. This balance is net of the School's proportionate share of the unfunded obligation of the defined benefit pension plans administered by the Utah Retirement Systems.

The School's net position increased by $258,973 during the current year from activities. The following discussion and analysis on governmental activities focuses on this increase.

INTECH COLLEGIATE ACADEMY

Governmental Activities - Changes in Net Position

Year Ended June 30, 2021

Revenues:		
Program revenues:		
Charges for services	$	28,692
Operating grants and contributions		1,245,014
General revenues:		
Federal and state revenue not restricted to specific purposes		965,116
Earnings on investments		256
Other		7,140
Total revenues		2,246,218
Expenses:		
Instruction		1,076,698
Supporting services		878,621
Food services		31,926
Total expenses		1,987,245
Change in net position		258,973
Net position - beginning, as restated		564,044
Net position - ending	$	823,017

- Revenues totaled $2,246,218 for the year ended June 30, 2021. Of this amount, $2,210,130 was from state and federal sources. Also, total expenses were $1,987,245 during the same period. Of this amount $1,076,698 was spent on instruction and $878,621 was spent on supporting services.

- State aid is based primarily on weighted pupil units (WPUs) and other appropriations. If a student is in membership a full 180 days, the state awards the School one WPU. Certain students receive a weighting greater than one. The state provides the School with additional funding intended to represent the local taxes assessed by school districts. The value of the WPU increased by 1.8% during the year ended June 30, 2021 ($3,596 during 2021 as compared to $3,532 in 2020).

Governmental Fund Financial Analysis

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. The School's *general fund* completed the year with a fund balance of $592,311, an increase of $200,120 compared to the previous year. In addition, the following other changes in fund balances should be noted:

- Expenditures for the *general fund* totaled $2,047,067. Instruction represents 55% of *general fund* expenditures.

- *General fund* salaries totaled $945,683 while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added $395,067 to arrive at 65% of total *general fund* expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories and prepaid items that are not expected to be converted to cash. *Restricted* includes net fund resources that are subject to external constraints due to state or federal laws, or externally-imposed conditions by grantors or creditors. *Committed* balances reflect the self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the *general fund* and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2021, the *general fund* balance is $592,331 ($20,627 in nonspendable and $571,704 in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the School's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of $197,772 in total *general fund* expenditures to reflect anticipated increases in salaries and related benefits. During the year, final budgeted revenues increased by $276,141 to reflect anticipated increases in state and federal revenues.

Even with these adjustments, actual expenditures were $61,805 less than final budgeted amounts. Other variances normally result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital Asset and Debt Administration

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2021 amounts to $577,155 (net of accumulated depreciation). This net investment in capital assets includes leasehold improvements, equipment, and furniture and fixtures.

Capital assets at June 30, 2021 are outlined below:

INTECH COLLEGIATE ACADEMY'S Capital Assets
June 30, 2021
(net of accumulated depreciation)

	Governmental Activities
Leasehold improvements	$ 520,216
Equipment	33,934
Furniture and fixtures	23,005
Total capital assets	$ 577,155

Refer to Note 4 to the basic financial statements for additional information on the School's capital assets.

Enrollment

The School anticipates student enrollment to remain relatively constant. The following enrollment information is based on the five most recent annual October 1 counts:

Year Ended June 30,	October 1 Enrollment
2022	199
2021	199
2020	158
2019	148
2018	171

Contacting the School's Management

This financial report is designed to provide citizens, taxpayers, students, and investors and creditors with a general overview of InTech Collegiate Academy's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School at 1787 N. Research Park Way North Logan, Utah 84341.

Basic Financial Statements

INTECH COLLEGIATE ACADEMY
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Cash and investments	$ 663,814
Receivables:	
Local	3,709
State	43,263
Federal	37,703
Prepaid items	20,627
Capital assets:	
Depreciable assets	577,155
Total assets	1,346,271
Deferred outflows of resources:	
Related to pensions	164,111
Liabilities:	
Accounts payable	33,297
Payroll and benefits payable	131,215
Unearned revenue:	
State	12,273
Long-term liabilities:	
Portion due or payable after one year	241,931
Total liabilities	418,716
Deferred inflows of resources:	
Related to pensions	268,649
Net position:	
Net investment in capital assets	577,155
Unrestricted	245,862
Total net position	$ 823,017

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

INTECH COLLEGIATE ACADEMY
Statement of Activities
Year Ended June 30, 2021

Activities and Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:				
Instruction	$ 1,076,698	$ 27,167	$ 585,471	$ (464,060)
Supporting services:				
Student	117,975	-	108,222	(9,753)
Instructional staff	98,741	-	58,740	(40,001)
General administration	17,458	-	17,448	(10)
School administration	234,464	-	18,439	(216,025)
Central	56,076	-	73,019	16,943
Operation and maintenance of facilities	353,907	-	354,065	158
Food services	31,926	1,525	29,610	(791)
	$ 1,987,245	$ 28,692	$ 1,245,014	(713,539)
General revenues:				
Federal and state revenue not restricted to specific purposes				965,116
Earnings on investments				256
Other				7,140
Total general revenues				972,512
Change in net position				258,973
Net position - beginning, as restated				564,044
Net position - ending				$ 823,017

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

INTECH COLLEGIATE ACADEMY
Balance Sheet − Governmental Fund
June 30, 2021

	General Fund
Assets:	
Cash and investments	$ 663,814
Receivables:	
Local	3,709
State	43,263
Federal	37,703
Prepaid items	20,627
Total assets	$ 769,116
Liabilities:	
Accounts payable	$ 33,297
Payroll and benefits payable	131,215
Unearned revenue:	
State	12,273
Total liabilities	176,785
Fund balances:	
Nonspendable prepaid items	20,627
Unassigned	571,704
Total fund balances	592,331
Total liabilities and fund balances	$ 769,116

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

INTECH COLLEGIATE ACADEMY
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position
June 30, 2021

Total fund balances for the governmental fund		$ 592,331
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental fund are not financial resources and therefore are not reported in the fund. Capital assets are reported, net of accumulated depreciation and amortization, in the statement of net position.		577,155
Long-term employee benefit obligations and related deferrals are not due and payable in the current period and therefore are not reported in the funds; these accounts are reported in the statement of net position.		
Net pension liability	$ (241,931)	
Deferred outflows of resources related to pensions	164,111	
Deferred inflows of resources related to pensions	(268,649)	(346,469)
Total net position of governmental activities		$ 823,017

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

INTECH COLLEGIATE ACADEMY
Statement of Revenues, Expenditures, and Changes in Fund Balances − Governmental Fund
Year Ended June 30, 2021

	General Fund
Revenues:	
Local:	
Tuition and fees	$ 56
Earnings on investments	256
Student activities	27,111
Food sales	1,525
Other	8,109
State	2,023,232
Federal	186,898
Total revenues	2,247,187
Expenditures:	
Current:	
Instruction	1,134,754
Supporting services:	
Students	117,975
Instructional staff	100,507
General administration	17,458.00
School administration	234,464
Central	56,076
Operation and maintenance of facilities	353,907
Food services	31,926
Total expenditures	2,047,067
Excess of revenues over expenditures / net change in fund balances	200,120
Fund balances - beginning	392,211
Fund balances - ending	$ 592,331

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

INTECH COLLEGIATE ACADEMY
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities
Year Ended June 30, 2021

Net change in fund balances for the governmental fund		$ 200,120
The change in net position for governmental activities in the statement of activities is different because:		
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlays	$ 22,343	
Proceeds from sale of capital assets	(969)	
Gain on sale of capital assets	890	
Depreciation expense	(39,239)	(16,975)
In the statement of activities, certain employee benefit expenses are recorded as costs when incurred during the year. In the governmental fund, these obligations are recorded as expenditures when they mature or when they are paid.		75,828
Change in net position of governmental activities		$ 258,973

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

INTECH COLLEGIATE ACADEMY
Statement of Revenues, Expenditures, and Changes in Fund Balances − Budget and Actual − General Fund
Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Local:				
Tuition and fees	$ -	$ -	$ 56	56
Earnings on investments	1,200	225	256	31
Student activities	27,000	-	27,111	27,111
Food sales	10,550	2,095	1,525	(570)
Other	16,500	33,550	8,109	(25,441)
State	1,802,242	2,015,671	2,023,232	7,561
Federal	123,681	205,773	186,898	(18,875)
Total revenues	1,981,173	2,257,314	2,247,187	(10,127)
Expenditures:				
Current:				
Instruction	1,024,145	1,148,008	1,134,754	13,254
Supporting services:				
Students	88,100	93,962	117,975	(24,013)
Instructional staff	18,600	37,774	100,507	(62,733)
General administration	32,600	25,500	17,458	8,042
School administration	211,358	241,318	234,464	6,854
Central	134,676	163,790	56,076	107,714
Operation and maintenance of facilities	361,541	370,138	353,907	16,231
Student transportation	8,400	-	-	-
Food services	31,680	28,382	31,926	(3,544)
Total expenditures	1,911,100	2,108,872	2,047,067	61,805
Excess of revenues over expenditures / net change in fund balances	70,073	148,442	200,120	51,678
Fund balances - beginning	392,211	392,211	392,211	-
Fund balances - ending	$ 462,284	$ 540,653	$ 592,331	$ 51,678

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

InTech Collegiate Academy (the School) was incorporated in the state of Utah on June 12, 2007, as a nonprofit organization involved in public education. The School operates a public charter school in North Logan, Utah. The School serves students in grades seven through twelve.

Government-Wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net position and the statement of activities) display financial activities of the School. These statements include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instruction, school administration, operation and maintenance of facilities, and food services) are ratably included in the direct expenses of the appropriate functions. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include a) fees and charges paid by students and other recipients of goods or services offered by a given function, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a function. Revenues that are not classified as program revenues are presented as general revenues.

The School reports the *general fund*, the School's primary operating fund, as a major governmental fund. The *general fund* accounts for all financial resources of the School.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School receives value without directly giving equal value in exchange, include grants and contributions. On an accrual basis, revenue from grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year end. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and pension benefits, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered measurable and available only when the School receives cash.

Budgetary Data

The School submits a Board-approved annual budget to the Office of the Utah State Auditor in accordance with state requirements. The Board may amend the annual budget prior to year-end. The budget has been prepared on the modified accrual basis of accounting. Revenues are budgeted by source and program. Expenditures are budgeted by function and object.

Expenditure-driven grants are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Prepaid Items

The School made payments for goods and services that will be consumed or utilized in a future period.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements**,** and equipment and buses, are reported in the government-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than $1,000 for leasehold improvements, equipment and furniture and fixtures. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Buildings and improvements and equipment and buses are depreciated using the straight-line method over the estimated useful lives as indicated in the chart below:

Asset Class	Depreciable Lives (Years)
Leasehold improvements	40
Equipment	5 to 10
Furniture and fixtures	7 to 20

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the statement of net position.

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Net Position/Fund Balances

The residual of all other elements presented in a statement of net position is *net position* on the government-wide financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets, net of accumulated depreciation and related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the School is bound to honor them.

Net Position/Fund Balance Flow Assumption

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

Net Position – It is the School's policy to consider restricted net position to have been depleted before unrestricted net position.

Fund Balance – It is the School's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2 – DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments at June 30, 2021, as shown on the financial statements is as follows:

Carrying amount of deposits	$	611,457
Carrying amount of investments		52,357
Total	$	663,814

The School complies with the State Money Management Act (*Utah Code* Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling depository and investing transactions. School funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the School to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, first-tier commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The School considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits

The School's carrying amount of bank deposits at June 30, 2021 is $611,457. The bank balance is $633,207, of which $250,000 is covered by federal depository insurance.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The School does not have a formal deposit policy for custodial credit risk other than to comply with the Act. At June 30, 2021, the uninsured amount of bank deposits was uncollateralized nor is it required by state law.

Investments

At June 30, 2021, the School has $52,357 invested with the PTIF.

The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the state or in the state's name by the state's custodial banks, including investment-grade corporate bonds and notes, money market mutual funds, first-tier commercial paper, and certificates of deposit. The portfolio has a weighted average maturity of 90 days or less. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single issuer.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School manages exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, and fixed-rate securities from 270 days to 15 months. In addition, variable-rate securities may not have a remaining term to final maturity exceeding three years.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School's policy for reducing exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first-tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the total portfolio with a single issuer.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School's policy for managing this risk is to comply with the Act and related rules.

NOTE 3 – FAIR VALUE MEASUREMENTS

The School 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 School has the following recurring fair value measurements as of June 30, 2021:

- Public Treasurers' Investment Fund of $52,357 is valued at the School's position in the PTIF multiplied by the published fair value factor (Level 2).

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Leasehold improvements	$ 828,120	$ -	$ -	$ 828,120
Equipment	179,030	17,593	(20,331)	176,292
Furniture and fixtures	58,916	4,750	(3,192)	60,474
Total capital assets being depreciated	1,066,066	22,343	(23,523)	1,064,886
Accumulated depreciation for:				
Buildings and improvements	(287,201)	(20,703)	-	(307,904)
Equipment and vehicles	(147,693)	(14,917)	20,252	(142,358)
Furniture and fixtures	(37,042)	(3,619)	3,192	(37,469)
Total accumulated depreciation	(471,936)	(39,239)	23,444	(487,731)
Total capital assets being depreciated, net	594,130	(16,896)	(79)	577,155
Total capital assets, net	$ 594,130	$ (16,896)	$ (79)	$ 577,155

For the year ended June 30, 2021, depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	$ 33,354
Supporting services:	
School administration	1,962
Operation and maintenance of facilities	1,177
Student transportation	392
Food services	2,354
Total depreciation expense, governmental activities	$ 39,239

NOTE 5 – STATE RETIREMENT PLANS

Description of Plans

Eligible employees are provided with the following plans through the Utah Retirement Systems (the URS) administered by the URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- *Public Employees Noncontributory Retirement System* (Tier 1 Noncontributory System)
- *Tier 2 Hybrid Public Employees Contributory Retirement System* (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

- 401(k) Plan which includes the *Tier 2 Public Employees Defined Contribution Plan* (Tier 2 Defined Contribution Plan)

- 457 Plan and other individual plans

School employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the School as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the School as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

The Tier 2 systems became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the systems, are members of the Tier 2 systems.

The plans are established and governed by the respective sections of Title 49 of the *Utah Code.* The plans are amended statutorily by the Utah State Legislature. Title 49 provides for the administration of the plans under the direction of the Utah State Retirement Board, whose members are appointed by the Governor.

The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

Benefits Provided

The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans.

Retirement benefits in the defined benefit pension plans are determined from 1.50% to 2.00% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

Contributions

As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee

contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

For the year ended June 30, 2021, required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates				
	School Contribution *	Amortization of UAAL **	Paid by School for Employee	School Rates for 401(k) Plan	Totals
Tier 1 Noncontributory System	12.25%	9.94%	-	1.50%	23.69%
Tier 2 Contributory System	9.19%	9.94%	-	0.89%	20.02%
Tier 2 Defined Contribution Plan	0.08%	9.94%	-	10.00%	20.02%

* School contribution includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.

** Required contributions include an additional amount to finance any unfunded actuarial accrued liability in the Tier 1 plans.

Employees can make additional contributions to defined contribution plans subject to limitations.

For the year ended June 30, 2021, School and employee contributions to the plans were as follows:

	School Contributions *	Employee Contributions
Tier 1 Noncontributory System	$ 80,172	$ -
Tier 2 Contributory System	88,890	-
Tier 2 Defined Contribution Plan	6,303	-
401(k) Plan	15,945	13,400
457 Plan and other individual plans	-	1,750

* A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

Pension Assets and Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School reported a net pension asset of zero and a net pension liability of $241,931 for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	$ -	$ 238,226
Tier 2 Contributory System	-	3,705
Total	$ -	$ 241,931

The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2020, rolled-forward using generally accepted actuarial procedures. The School's proportion of the net pension liability (asset) is equal to the ratio of its actual contributions compared to the total of

all employer contributions during the plan year. The following presents the School's proportion (percentage) of the collective net pension liability (asset) at December 31, 2020 and the change in proportion since the prior measurement date for each plan:

	Proportionate Share	
	2020	**Change**
Tier 1 Noncontributory System	0.0178698 %	0.0004197 %
Tier 2 Contributory System	0.0257631 %	(0.0012693)%

For the year ended June 30, 2021, the School recognized pension expense for the plans as follows:

	Pension Expense
Defined benefit pension plans:	
Tier 1 Noncontributory System	$ 63,238
Tier 2 Contributory System	36,253
Total	$ 99,491
Defined contribution plans:	
Tier 2 Defined Contribution Plan	$ 6,303
401(k) Plan	15,945
Total	$ 22,248

At June 30, 2021, the School reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources Related to Pensions		
	Tier 1 Noncontributory System	**Tier 2 Contributory System**	**Total**
Differences between expected and actual experience	$ 26,127	$ 3,411	$ 29,538
Changes of assumptions	22,471	4,687	27,158
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between School contributions and proportionate share of contributions	7,680	5,293	12,973
Contributions subsequent to the measurement date	43,288	51,154	94,442
Total	$ 99,566	$ 64,545	$ 164,111

At June 30, 2021, the School reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows of Resources Related to Pensions		
	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	$ -	$ 1,697	$ 1,697
Changes of assumptions	-	135	135
Net difference between projected and actual earnings on pension plan investments	239,792	10,831	250,623
Changes in proportion and differences between School contributions and proportionate share of contributions	16,194	-	16,194
Total	$ 255,986	$ 12,663	$ 268,649

The $94,442 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date of December 31, 2020 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
2022	$ (60,898)	$ (1,874)	$ (62,772)
2023	(19,291)	(1,113)	(20,404)
2024	(79,743)	(2,541)	(82,284)
2025	(39,776)	(759)	(40,535)
2026	-	1,239	1,239
Thereafter	-	5,777	5,777

Actuarial Assumptions

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 9.75%, average, including inflation
Investment rate of return	6.95%, net of pension plan investment expense, including inflation

Mortality rates were based on actual experience and mortality tables, considering gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on MP-2019 mortality improvement scale, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include adjustments for salary increases, payroll growth, change in retirement, termination and disability rates, preretirement mortality, postretirement mortality to more closely reflect actual experience.

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	37%	6.30%
Debt securities	20%	0.00%
Real assets	15%	6.19%
Private equity	12%	9.50%
Absolute return	16%	2.75%
Cash and cash equivalents	0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the School's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the School's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
School's proportionate share of the net pension liability (asset):			
Tier 1 Noncontributory System	$ 763,699	$ 238,226	$ (201,141)
Tier 2 Contributory System	62,352	3,705	(41,157)
Total	$ 826,051	$ 241,931	$ (242,298)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plans

At June 30, 2021, the School reported payables of $0 for contributions to defined benefit and defined contribution plans.

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	$ 393,769	$ 23,481	$ (175,319)	$ 241,931	$ -

NOTE 7 – RISK MANAGEMENT

The School maintains insurance coverage for general, personal injury, errors and omissions, and malpractice liability up to $1,000,000 per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The School pays annual premiums to the Fund. This is a pooled arrangement where the participants pay experience rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. There were no settlements in excess of the insurance coverage in any of the past three years.

The Workers Compensation Fund of Utah covers all School employees for workers compensation. The State of Utah Department of Workforce Services provides unemployment insurance. There were no settlements in excess of the insurance coverage in any of the past three years.

NOTE 8 – LITIGATION AND COMPLIANCE

At certain times, claims or lawsuits are pending in which the School is involved. School counsel and insurance carriers estimate that the potential obligations resulting from such claims or litigation would not materially affect the School's financial statements.

All fund balances are positive at June 30, 2021.

The School receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the School's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund*. Based on prior experience, administration believes such disallowance, if any, would be insignificant.

NOTE 9 – COMMITMENTS

Management Agreement

In August 2018, the School entered into an agreement with Red Apple Financial whereby Red Apple Financial agrees to provide certain fiscal and administrative services to the School. Red Apple Financial will receive compensation in the amount of $3,500 per month for the year ended June 30, 2022. The agreement can be terminated by either party with a 60-day written notice. The fee incurred by the School was $42,000 for the year ended June 30, 2021.

Lease Agreement

During the year ended June 30, 2018, the School entered into a noncancelable operating lease for facilities expiring June 2023. Lease payments totaled $280,470 for the year ended June 30, 2021. Future minimum lease payments due under the lease are as follows:

Year Ending June 30,	
2022	$ 247,520
2023	251,764
	$ 499,284

NOTE 10 – RELATED PARTY TRANSACTIONS

One member of the School's Board of Governors is employed and appointed to the Board by Cache County School District. During the year ended June 30, 2021, the School purchased transportation and food services from Cache County School District totaling $19,286.

NOTE 11 – LINE OF CREDIT

The School has a $25,000 line of credit with a bank. No amounts were outstanding on the line of credit at June 30, 2021. The line of credit is not collateralized and bears an interest rate of prime plus 4%.

NOTE 12 – RESTATEMENT

Effective July 1, 2020, the state of Utah required all charter schools to follow, and report their financial statements based on accounting standards established by the Governmental Accounting Standards Board (GASB) rather than by the Financial Accounting Standards Board (FASB). This change in reporting standards caused the beginning net position of the School to be adjusted as follows:

	Governmental Activities
Net assets at June 30, 2020, as originally stated (FASB)	$ 986,341
FASB to GASB reporting adjustments:	
Net pension liability	(393,769)
Deferred outflows of resources related to pensions	129,883
Deferred inflows of resources related to pensions	(158,411)
Net position at June 30, 2020, as restated (GASB)	$ 564,044

Required Supplementary Information

INTECH COLLEGIATE ACADEMY

Schedules of the School's Proportionate Share of the Net Pension Liability (Asset) − Utah Retirement Systems

Last Seven Plan (Calendar) Years

	School's Proportion of Net Pension Liability (Asset)	School's Proportionate Share of the Net Pension Liability (Asset)	School's Covered Payroll	School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Tier 1 Noncontributory System:					
2020	0.0178698%	$ 238,226	$ 330,965	72.0%	94.3%
2019	0.0174501%	387,689	319,551	121.3%	90.1%
2018	0.0172615%	642,217	355,919	180.4%	84.1%
2017	0.0177632%	434,375	402,545	107.9%	89.2%
2016	0.0151477%	490,924	361,566	135.8%	84.9%
2015	0.0148833%	467,527	380,150	123.0%	84.5%
2014	0.0127006%	319,106	353,366	90.3%	87.2%
Tier 2 Contributory System:					
2020	0.0257631%	$ 3,705	$ 412,902	0.9%	98.3%
2019	0.0270324%	6,080	376,683	1.6%	96.5%
2018	0.0284303%	12,176	334,914	3.6%	90.8%
2017	0.0266348%	2,348	261,798	0.9%	97.4%
2016	0.0251005%	2,800	205,844	1.4%	95.1%
2015	0.0314749%	(69)	203,213	0.0%	100.2%
2014	0.0234058%	(709)	114,816	-0.6%	103.5%

INTECH COLLEGIATE ACADEMY
Schedules of School Contributions − Utah Retirement Systems
Last Seven Reporting (Fiscal) Years

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	School's Covered Payroll	Contributions as a Percentage of Covered Payroll
Tier 1 Noncontributory System:					
2021	$ 80,172	$ 80,172	$ -	$ 361,300	22.2%
2020	72,142	72,142	-	325,109	22.2%
2019	72,799	72,799	-	328,071	22.2%
2018	84,176	84,176	-	380,764	22.1%
2017	81,945	81,945	-	399,081	20.5%
2016	62,575	62,575	-	341,331	18.3%
2015	74,171	74,171	-	414,191	17.9%
Tier 2 Contributory System:					
2021	$ 88,890	$ 88,890	$ -	$ 465,159	19.1%
2020	72,141	72,141	-	380,268	19.0%
2019	70,557	70,557	-	375,396	18.8%
2018	55,179	55,179	-	299,817	18.4%
2017	41,358	41,358	-	226,743	18.2%
2016	39,495	39,495	-	216,445	18.2%
2015	31,031	31,031	-	171,983	18.0%
Tier 2 Defined Contribution Plan:					
2021	$ 6,303	$ 6,303	$ -	$ 62,900	10.0%
2020	5,417	5,417	-	54,074	10.0%
2019	5,376	5,376	-	53,648	10.0%
2018	4,653	4,653	-	46,441	10.0%
2017	5,146	5,146	-	51,362	10.0%
2016	9,998	9,998	-	99,755	10.0%
2015	4,629	4,629	-	48,608	9.5%

INTECH COLLEGIATE ACADEMY
Notes to Required Supplementary Information

NOTE A – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

Amounts reported in plan year 2020 reflect the following assumption changes adopted from the January 1, 2020 valuation:

- The payroll growth assumption decreased from 3.00% to 2.90%.
- Other assumptions that were modified: retirement rates, termination rates, disability rates, rate of salary increase, and pre and post retirement mortality tables.

Assumptions for plan years 2019 and 2018 remain unchanged from the prior years.

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%.

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- Both the payroll growth and wage inflation assumptions were decreased by 0.15%.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post retirement mortality, and certain demographics.

NOTE B – SCHEDULES OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2014 and subsequent measurement periods of the plans; prior-year information is not available.

NOTE C – SCHEDULES OF DISTRICT CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2015 and subsequent reporting periods of the plans; prior-year information is not available.

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. A portion of the required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability of the Tier 1 plans.

Other Reports

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

Board of Trustees
InTech Collegiate Academy

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 and each major fund of InTech Collegiate Academy (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 24, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
November 24, 2021

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

Board of Trustees
InTech Collegiate Academy

Report on Compliance

We have audited InTech Collegiate Academy's (the School) compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2021:

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
Cash Management
Minimum School Program – Unrestricted Programs
Minimum School Program – Restricted Programs: Special Education and Teacher and Student Success Act
School Fees

Management's Responsibility

Compliance with the state compliance requirements referred to above is the responsibility of the School's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit.

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

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

Opinion on Compliance

In our opinion, InTech Collegiate Academy complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit, we considered the School's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those applicable state compliance requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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

Squire & Company, PC

Orem, Utah
November 24, 2021