Legacy Traditional Schools – Nevada, Inc.

Independent Auditor's Report, Financial Statements, and Supplementary Information

June 30, 2023

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
School-Wide Financial Statements	
Statement of net position	8
Statement of activities	9
Fund Financial Statements	
Balance sheet governmental funds	10
Reconciliation of the balance sheet of governmental funds to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balance governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities	13
Notes to financial statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the School's proportionate share of the net pension liability – Cost-sharing plans	37
Schedule of School pension contributions	38
Budgetary comparison schedule	39
Notes to budgetary comparison schedule	40
OTHER SUPPLEMENTARY INFORMATION	
Combining schedule of net position	41
Combining schedule of activities	43

GOVERNMENT AUDITING STANDARDS ITEMS

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	44
Schedule of findings are questioned costs	46
Summary of prior audit findings	47

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Legacy Traditional Schools – Nevada, Inc.
Las Vegas, NV

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Legacy Traditional Schools – Nevada, Inc. (the School) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the School as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to 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 the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for 12 months beyond the financial statement date including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the School's proportionate share of the net pension liability – cost-sharing plans, the School's pension contributions and the budgetary comparison schedule 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 GAAS, 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 School's basic financial statements. The combining schedule of net position and the combining schedule of activities are presented for purposes of additional analysis and are 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. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the 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 November 1, 2023, 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.

FORVIS, LLP

Mesa, Arizona
November 1, 2023

This section of the annual financial report for Legacy Traditional Schools - Nevada, Inc. (the "School") provides summarized discussion and analysis of the School's financial activities during the year ended June 30, 2023. It should be read together with the School's financial statements, which immediately follow this section.

Financial Highlights

- The School's strong enrollment generated revenues from state funding totaling approximately $32,087,000, which is a decrease of approximately $255,000 compared to the prior year.

- The School completed its sixth year of school activities with a net deficit of approximately ($12,931,000), which was a decrease of approximately $1,888,000 compared to the prior year. The net position consists primarily of cash of $10,639,254, of which $8,423,687 is restricted for debt obligations, capital assets of $55,137,790, mainly consisting of school campus facilities, and long-term debt of $76,756,318, of which $75,463,364 is bonds payable and matures through July 2054.

- The General Fund had a fund balance of approximately $23,174,000 at June 30, 2023.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) school-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains supplementary information that provides additional insights.

School-Wide Financial Statements

The school-wide financial statements are the first two financial statements presented in this report. They are designed to provide readers with a broad overview of the School's finances, similar in format to a private-sector business, providing both short and long-term information about the School's financial situation.

The statement of net position presents information on all of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between assets plus deferred outflows and liabilities plus deferred inflows 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 School is improving or deteriorating.

The statement of activities presents information about how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The school-wide financial statements outline functions of the School that are principally supported by the State of Nevada's per pupil funding. The governmental activities of the School include instruction, support services, and operation and maintenance of facilities.

Fund Financial Statements

The next statements presented in this report are fund financial statements. These statements focus on the activities of the individual parts of the School, and provide more detail than the school-wide statements. All funds of the School are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the school-wide financial statements. Government fund financial statements, however, focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

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

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and certain other supplementary information. This information includes a schedule of the School's proportionate share of the net pension liability – cost-sharing plans, a schedule of school pension contributions, a budgetary comparison schedule, a combining schedule of net position, and a combining schedule of activities.

School-Wide Financial Analysis

Net position provides the perspective of the School as a whole. The table below provides a condensed summary of the School's net position as of June 30, 2023 and 2022.

	June 30, 2023	June 30, 2022
Assets - Current	$ 14,750,000	$ 12,095,000
Cash held by trustee, restricted	8,424,000	7,865,000
Capital assets, not being depreciated	5,837,000	5,871,000
Capital assets, net	49,301,000	51,182,000
Total assets	78,312,000	77,013,000
Deferred outflows of resources	22,905,000	24,544,000
Liabilities - Current	4,310,000	3,648,000
Liabilities - Long term	108,447,000	94,630,000
Total liabilities	112,757,000	98,278,000
Deferred inflows of resources	1,391,000	14,323,000
Net position		
Invested in capital assets, net of related debt	(19,961,000)	(18,986,000)
Restricted	8,424,000	7,865,000
Unrestricted	(1,394,000)	77,000
	$ (12,931,000)	$ (11,044,000)

The unrestricted net position represents the accumulated results of the School's activities since inception. The negative net position as of June 30, 2023 and 2022 reflects the capital-intensive and costly nature of financing, constructing, and equipping school facilities. The School has invested significant resources into providing its students with outstanding educational opportunities, including high quality facilities.

Capital Assets

The capitalization threshold for assets purchased by the School is established at a value of $2,500. At this time, the School has capital assets consisting of land, building and improvements, vehicle, furniture and fixtures, computer equipment and textbooks. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Obligations

At the end of the year, the School had $108,831,938 in long-term obligations resulting from net pension liability, notes payable from direct borrowings and bonds payable. We present more detailed information about our long-term obligations in Note 6 to the financial statements.

The table below provides a condensed summary of the School's activities for the years ended June 30, 2023 and 2022.

	June 30, 2023	June 30, 2022
Revenues		
Program revenues		
Charges for services	$ 1,214,000	$ 1,210,000
General revenues		
State funding	32,087,000	32,342,000
Local funding	680,000	365,000
Federal funding	6,741,000	3,185,000
Total revenues	40,722,000	37,102,000
Expenses		
Instruction	34,305,000	30,780,000
Support services	4,976,000	4,571,000
Interest	3,329,000	3,341,000
Total expenses	42,610,000	38,692,000
Change in net position	$ (1,888,000)	$ (1,590,000)

The change in net position shown above reflects the investment the School is making in providing high quality education by investing resources in facilities and in personnel. The School is actively working to balance the priorities of achieving strong academic outcomes with the need to achieve sound financial results. Additionally, the School is focused on growing the number of enrolled students at each campus facility, monitoring operating cost structures, identifying other funding amounts, and reviewing internal financial reporting on an ongoing basis.

Financial Analysis of the School's Funds - Budgetary Highlights

A schedule showing the original and the final revised budget amounts compared to the School's actual financial activity is provided in this report as required supplementary information.

The administration and board of directors consider many factors and make assumptions based on the best available information when setting the School's operating budget. Since the majority of the School's budget is dependent on state funding, the actual revenue received depends on the State's ability to collect revenues to fund its committed appropriation to the School. We continue to be concerned that the system in place cannot keep pace with spending pressures school districts are experiencing from increases in retirement contributions, employee health insurance, general pay raises, and energy costs. The administration and board of directors take this into account when setting the budget and trying to maintain a sufficient fund balance which will allow us to address this ever-changing situation.

Another important factor affecting the School's budget is our student count. State funding revenue is determined by multiplying the blended student count by the State allowance per student. Based on preliminary counts for the 2023-2024 fiscal year, anticipated students total 4,111.

As a result, it is critical that the School maintain an adequate fund balance in order to be able to react to these ever changing conditions.

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
STATEMENT OF NET POSITION
June 30, 2023

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	$ 2,215,567
Short-term interest bearing time deposits	3,000,000
Short-term investments	3,965,582
Receivables	5,043,965
Due from members of the Obligated Group	124
Prepaid expenses and other assets	525,053
Cash held by trustee, restricted	8,423,687
Capital assets, not being depreciated	5,836,562
Capital assets, net	49,301,228
Total assets	78,311,768
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	22,904,623
LIABILITIES	
Current liabilities	
Accounts payable	279,551
Accrued expenses	1,786,138
Accrued interest	1,749,075
Due to members of Obligated Group	110,050
Current portion of notes payable to members of the Obligated Group	20,187
Current portion of bonds payable	365,000
Total current liabilities	4,310,001
Noncurrent liabilities	
Notes payable to members of the Obligated Group	1,272,767
Bonds payable, net of premiums and discounts	75,098,364
Net pension liability	32,075,620
Total noncurrent liabilities	108,446,751
Total liabilities	112,756,752
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,391,006
NET POSITION	
Net investment in capital assets	(19,960,574)
Restricted	8,423,687
Unrestricted	(1,394,480)
	$ (12,931,367)

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
FUNCTION/PROGRAM				
GOVERNMENTAL ACTIVITIES				
Instruction	$ (34,305,077)	$ -	$ -	$ (34,305,077)
Support services				
General administration	(3,546,788)	1,214,099	-	(2,332,689)
Facilities	(1,160,921)	-	-	(1,160,921)
Depreciation	(268,611)	-	-	(268,611)
Total support services	(4,976,320)	1,214,099	-	(3,762,221)
Interest	(3,329,026)	-	-	(3,329,026)
Total governmental activities	$ (42,610,423)	$ 1,214,099	$ -	(41,396,324)
GENERAL REVENUES				
State funding				32,087,252
Local funding				680,774
Federal funding				6,740,730
Total general revenues				39,508,756
CHANGE IN NET POSITION				(1,887,568)
NET POSITION – Beginning of Year				(11,043,799)
NET POSITION – End of Year				$ (12,931,367)

The accompanying notes are an integral part of these financial statements.

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
BALANCE SHEET GOVERNMENTAL FUNDS
June 30, 2023

		GENERAL FUND
ASSETS		
Cash and cash equivalents	$	2,215,567
Short-term interest bearing time deposits		3,000,000
Short-term investments		3,965,582
Receivables		5,043,965
Due from members of the Obligated Group		124
Prepaid expenses and other assets		525,053
Cash held by trustee, restricted		8,423,687
Total assets	$	23,173,978
LIABILITIES		
Accounts payable	$	279,551
Accrued expenses		1,786,138
Due to members of the Obligated Group		110,050
Total liabilities		2,175,739
DEFERRED INFLOW OF RESOURCES		
Unavailable revenue		1,727,920
FUND BALANCE		
Nonspendable		525,053
Restricted for debt service		8,423,687
Unassigned		10,321,579
Total fund balance		19,270,319
Total liabilities, deferred inflows of resources and fund balance	$	23,173,978

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2023

Total Fund balance of Governmental Funds		$ 19,270,319
Amount reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The net capital assets consist of:		
Capital assets, at cost	67,866,516	
Accumulated depreciation	(12,728,726)	55,137,790
Some receivables are not available to pay for current-period expeditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue		1,727,920
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources	22,904,623	
Deferred inflows of resources	(1,391,006)	21,513,617
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These consist of:		
Accrued interest	(1,749,075)	
Notes payable to members of the Obligated Group	(1,292,954)	
Bonds payable, net of premiums and discounts	(75,463,364)	
Net pension liability	(32,075,620)	(110,581,013)
Net position of governmental activities		$ (12,931,367)

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended June 30, 2023

	GENERAL FUND
REVENUES	
State funding	$ 32,087,252
Local funding	1,894,873
Federal funding	5,396,676
Total revenues	39,378,801
EXPENDITURES	
Current:	
Instruction	
Salaries and benefits	20,468,481
Purchased professional services	8,264,378
Total instruction expenditures	28,732,859
Support services	
General administration	3,546,788
Facilities	1,160,921
Total support services expenditures	4,707,709
Debt service:	
Interest	3,561,987
Capital outlay	769,958
Total expenditures	37,772,513
Revenues over expenditures	1,606,288
OTHER FINANCING SOURCES (USES)	
Proceeds from notes payable to members of the Obligated Group	(19,330)
Payments on bonds payable	(350,000)
Total other financing sources (uses)	(369,330)
Net change in fund balance	1,236,958
FUND BALANCE – Beginning of Year	18,033,361
FUND BALANCE – End of Year	$ 19,270,319

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

Net change in fund balance		$ 1,236,958
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	769,958	
Depreciation expense	(2,686,110)	(1,916,152)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,344,054
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability is measured a year before the School's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.		
Pension expense	(6,224,030)	
Pension contributions	2,844,129	(3,379,901)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.		
Payments on notes payable to members of the Obligated Group	19,330	
Payments on bonds payable	350,000	
Amortization of bond discounts and premiums, net	225,961	595,291
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Change in compensated absences payable	225,182	
Change in accrued interest	7,000	232,182
Change in net position of governmental activities		$ (1,887,568)

1. Summary of Significant Accounting Policies

Description of School

Legacy Traditional Schools – Nevada, Inc. (the "School" or "Nevada") was organized on January 6, 2016 to be operated exclusively for charitable and educational purposes. The School provides educational and related services to school-aged children and their families in the State of Nevada. The School operates through a charter contract with the State Public Charter School Authority (the "Sponsor"), which mandates certain policies and operational guidelines. The charter contract has a four-year term ending on June 30, 2026.

The School's mission is to provide all students with opportunities, leadership, guidance, and support to achieve academic excellence in a safe, neotraditional learning environment, taught by caring, knowledgeable and highly effective educators in cooperation with supportive, involved families. The School provides educational services in Las Vegas, Nevada at the North Valley campus, the Cadence campus, and the Southwest Las Vegas campus to students in kindergarten through eighth grade (approximately 3,963 students for the 2022-2023 school year). The School is funded primarily through the Nevada Department of Education ("NDE") based on the number of students enrolled in its schools.

The School receives funding from the state and government sources and must comply with the requirements of these funding sources. However, the School is not included in any other governmental reporting entity as defined in Governmental Accounting Standards Board ("GASB") pronouncements.

Basis of Presentation

The basic financial statements include both school-wide statements and fund financial statements. The school-wide statements focus on the School as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed to enhance the information's usefulness.

School-wide statements provide information about the School. The statements include a statement of net position and a statement of activities. These statements report the overall School's financial activities. All the School's school-wide activities are considered governmental activities.

A 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 program or function and, therefore, are clearly identifiable to a particular function. The School does not allocate indirect expenses to programs or functions. Revenues that are not classified as program revenues, including internally dedicated resources, are reported as general revenues.

Basis of Accounting

The school-wide financial statements are presented 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. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the 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 they become measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Cash and Cash Equivalents

The School considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The School believes it mitigates any risks by depositing cash with major financial institutions.

Receivables

Receivables are stated at the amount management expects to collect and consist entirely of amounts due from state and federal funding sources. Management provides for probable uncollectible amounts through a charge to the statement of activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. All accounts receivable at June 30, 2023 are considered by management to be fully collectible and, accordingly, an allowance for uncollectible accounts is not deemed necessary. Accounts receivable are considered past due thirty days after the reimbursement request date, at which point School personnel begin to follow up with those funding sources. The School does not typically charge interest on past due receivables.

Investments

The School reports its investments in securities at fair value. Net investment return consists of interest, dividends, and realized and unrealized gains and losses, and is presented net of external direct investment expenses. Gains and losses, both realized and unrealized, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. The School’s investments are in professionally managed portfolios. Management reviews and evaluates fair value provided by the external managers, as well as the valuation methods and assumptions used in determining the fair value of such investments.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risks in the near term would materially affect account balances and the amounts reported in the accompanying financial statements.

Fair Value Measurements

Certain assets and liabilities of the School are required to be measured at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an “exit price”) on the measurement date in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants (with no compulsion to buy or sell). The levels of the fair value hierarchy are:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;

- Inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.);
- Inputs that are derived principally from or corroborated by observable market data by
- correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For assets and liabilities measured at fair value on a recurring basis, the fair value hierarchy requires the use of observable market data when available. In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Cash Held by Trustee

Cash held by trustee consists of deposits held by a trustee under bond indenture agreements (Note 6) for the benefit of the bondholders. The balances of cash held by the trustee are held in interest-bearing cash management accounts. None of these cash balances are federally insured.

Pursuant to the terms of the bond indenture agreements, the School is required to maintain an aggregate balance of cash on deposit with a trustee. The following funds were established in accordance with the bond indenture agreements:

Revenue Fund – This fund is where payments from the NDE are received each month and transferred to the other trustee accounts. After the required amounts have been transferred to the other trustee accounts, the remaining amounts are paid to the School.

Bond Fund – Amounts in this fund are used to fund principal and interest payments on the bonds as they become due.

Project Fund – Amounts in this fund include unspent bond proceeds to be used on future bond projects.

Debt Service Reserve Fund – Amounts in this fund will be used to repay bond principal and interest in the event that the funds in the Bond Fund are inadequate. Minimum balances are required to be maintained in this fund related to the following bonds (Note 6):

	Nevada's Required Portion	Other Schools' Required Portion	Total Required Debt Service Reserve
Series 2014A Bonds	$ -	$ 5,765,125	$ 5,765,125
Series 2015 Bonds	-	2,651,063	2,651,063
Series 2016 Bonds	1,497,462	5,213,538	6,711,000
Series 2019 Bonds	3,168,166	5,928,309	9,096,475
Series 2020 Bonds	-	2,605,200	2,605,200
Series 2021 Bonds	-	4,657,919	4,657,919
Total	$ 4,665,628	$ 26,821,154	$ 31,486,782

Repair and Replacement Reserve Fund – Amounts in this fund are used to fund trustee-approved withdrawals for repairs and replacements in accordance with the bond indenture agreements.

There are certain minimum balances required to be maintained under the bond indenture agreements.

Expense Fund – Amounts in this fund are used to pay fees and expenses of the trustee and members of the Obligated Group.

Tax and Insurance Escrow Fund – Amounts in this fund are used to pay real property taxes if any, and to pay premiums for insurance policies required to be maintained with respect to the campus facilities.

Capital Assets

Capital assets are stated at cost or its acquisition value. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of $2,500 are capitalized.

Depreciation of capital assets is computed on a straight-line basis over estimated useful lives ranging as follows:

Buildings and improvements	3 to 40 years
Land improvements	3 to 15 years
Vehicles, furniture and fixtures	5 to 10 years
Computer equipment	3 to 5 years
Textbooks	5 years

Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

Compensated Absences Payable

Employees can earn and accumulate vacation and sick leave at rates dependent on their position and length of employment. Vacation and sick leave used throughout the year is recorded as a payroll expenditure. An estimated long-term liability is accrued in the School-wide financial statements to the extent of unused vacation and sick leave that would be payable upon termination or retirement.

Postemployment Benefits

For purposes of measuring the net pension assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same bases as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Long-term Obligations

In the School-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds issued are amortized over the life of the related bonds. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize the face amount of debt as other financing sources. Premiums and discounts are reported as other financing sources (uses), while issuance costs are reported as expenditures.

Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. 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, committed, assigned and unassigned.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, grantors, contributors, or laws and regulations. Committed fund balances are self-imposed limitations that the School's board approved, which is the highest level of decision-making authority for the School. Only the Board can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the School's intent to be used for specific purposes, but that are neither restricted nor committed. The unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the School's policy to use restricted fund balances first. It is the School's policy to use committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts and lastly unassigned amounts.

Revenue recognition

Revenue consists of amounts earned from state, local and federal sources. Revenue earned from these sources is recognized as follows:

State funding – The School receives funding from the State of Nevada as administered by the NDE based on the number of students enrolled in its school. The State provides Distributive School Account ("DSA") funding for normal school operation and DSA funding is received on a monthly basis based on the weighted apportionment enrollment. The School recognizes the DSA funding revenue each month during the school year in which it is earned.

Local funding – Local funding consists primarily of fees for services such as lunch fees and Legacy Kids Care ("LKC") before and after school kids' program. Such revenue is recognized as the services are provided. Local funding also includes contributions, which are restricted depending on the existence and nature of any donor restrictions.

Federal funding – The School receives federal grants, which are paid through the NDE. Funds are generally received on a reimbursement basis and, accordingly, revenues related to these federal grants are recognized when qualifying expenses have been incurred and when all other grant requirements have been met.

Income Tax Status

The School is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC") and similar Nevada provisions. In addition, the School has been classified as an organization other than a private foundation under Section 509(a)(1) of the IRC. However, income from certain activities not directly related to the School's tax-exempt purpose may be subject to taxation as unrelated business income. There is no provision for income taxes in the accompanying financial statements because there is no significant unrelated business income.

2. Short-term Investments

Assets measured by level within the fair value hierarchy on a recurring basis as of June 30, 2023 are summarized as follows:

	Level 1	Level 2	Level 3	Total
Treasury Bills	$ 3,965,582	$ -	$ -	$ 3,965,582

Total net investment return consists of the following for the year ended June 30, 2023:

Interest	126,424
Gain	47,703
Total net investment return	$ 174,127

3. Cash Held by Trustee

Cash held by trustee consisted of the following at June 30, 2023:

Revenue fund	$ 22,333
Bond fund	2,059,195
Project fund	-
Debt service reserve fund	4,710,657
Repair and replacement reserve fund	1,399,153
Expense fund	30,658
Tax and insurance escrow fund	201,691
Total cash held by trustee, restricted	$ 8,423,687

4. Employee Retention Credits

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act")signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the School was eligible for a refundable employee retention credit (ERC) subject to certain criteria. As modified, the ERC provides eligible employers with less than 500 employees a refundable tax credit against the employer's share of social security taxes. The ERC is equal to 70% of qualified wages paid to employees during each of the first three calendar quarters of 2021 for a maximum credit per employee of $7,000 per calendar quarter through September 30, 2021. The School claimed an $842,944 employee retention credit during the year ended June 30, 2023, as a result of outstanding conditions, the School has opted to not record it until these conditions are met. Laws and regulations concerning the ERC are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the School's claim to the ERC, and it is not possible to determine the impact this would have on the School.

5. Capital Assets

Capital assets consisted of the following at June 30, 2023:

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets not being depreciated				
Land	$ 5,836,562	$ -	$ -	$ 5,836,562
Construction in progress	35,030	-	(35,030)	-
Capital assets being depreciated				
Buildings and improvements	53,938,091	209,150	-	54,147,241
Land improvements	1,515,268	-	-	1,515,268
Vehicles, furniture and fixtures	2,728,419	29,680	-	2,758,099
Computer equipment	1,284,402	95,237	-	1,379,639
Textbooks	1,758,786	470,921	-	2,229,707
Total capital assets	67,096,558	804,988	(35,030)	67,866,516
Less - Accumulated depreciation				
Buildings and improvements	(5,602,563)	(1,487,636)	-	(7,090,199)
Land improvements	(745,007)	(151,527)	-	(896,534)
Vehicles, furniture and fixtures	(1,565,425)	(391,457)	-	(1,956,882)
Computer equipment	(879,514)	(282,487)	-	(1,162,001)
Textbooks	(1,250,107)	(373,003)	-	(1,623,110)
Total accumulated depreciation	(10,042,616)	(2,686,110)	-	(12,728,726)
Capital assets, net	$ 57,053,942	$ (1,881,122)	$ (35,030)	$ 55,137,790

Depreciation expense totaled approximately $2,686,000 for the year ended June 30, 2023, of which approximately $2,417,000 is included in instruction expenses and approximately $269,000 is included in support services expenses.

6. Long-term Liabilities

Bank Line of Credit

The School has a $750,000 line of credit with a bank. This line of credit matures in June 2024, with an automatic extension to June 2025, and is uncollateralized. Interest is payable monthly at the prime rate (8.25% at June 30, 2023) plus 1.00%. No advances on this line of credit were made during the year ended June 30, 2023, and no interest was due at June 30, 2023.

The line of credit requires that the School maintain certain financial ratios and covenants (as defined by the agreement).

Notes Payable from Direct Borrowings and Direct Placements

Note payable to Legacy Traditional School – East Mesa ("East Mesa"), a member of the Obligated Group described below. Interest is accrued monthly at 4.35% and added to principal for the initial twenty-four months. Principal and interest payments begin monthly in July 2022. This note is uncollateralized and matures in June 2054.	$	655,480
Note payable to Legacy Traditional School – Phoenix ("Phoenix"), a member of the Obligated Group described below. Interest is accrued monthly at 4.35% and added to principal for the initial twenty-four months. Principal and interest payments begin monthly in July 2022. This note is uncollateralized and matures in June 2054.		637,474
Total notes payable		1,292,954
Less - Current portion		(20,187)
Notes payable, less current portion	$	1,272,767

Annual debt service requirements on notes payable to members of the Obligated Group are scheduled as follows:

Year Ending June 30		Principal		Interest
2024	$	20,187	$	52,613
2025		21,084		51,718
2026		22,019		50,782
2027		22,996		49,805
2028		24,017		48,784
2029-33		137,049		226,955
2034-38		170,279		193,724
2039-43		211,568		152,435
2044-48		262,871		101,134
2049-53		326,614		37,398
2054-58		74,270		1,691
Total notes payable	$	1,292,954	$	967,039

Interest expense on these notes payable totaled approximately $57,000 for the year ended June 30, 2023.

Bonds Payable

The School has borrowed money for its campus facilities and other capital items primarily through tax-exempt bonds. These bonds have been part of an obligated group structure whereby the School is a co-borrower with the other members of the Obligated Group (Note 10). The School received proceeds from the Series 2016 and 2019 Bonds, as described below. The School did not receive proceeds from the Series 2014A, 2015, 2020 and 2021 Bonds. However, because the School is obligated under those bonds, together with the other 2014 Obligated Group members, information about those bonds is included below.

Series 2014A Bonds

Under an Indenture of Trust and related agreements dated May 1, 2014, the Industrial Development Authority of the City of Phoenix ("IDA of Phoenix"), acting as a conduit third party, issued tax-exempt Education Facility Revenue Bonds (the "Series 2014A Bonds"). The proceeds of these bonds were loaned to Legacy Traditional School – Chandler ("Chandler"), Legacy Traditional School – Avondale ("Avondale"), Legacy Traditional School – Northwest Tucson ("Northwest Tucson"), and Legacy Traditional School – Laveen ("Laveen") for the purpose of financing the costs of acquiring, renovating, and equipping the campus facilities of each school. Part of the proceeds were also for the purpose of paying the issuance costs of the Series 2014A Bonds and establishing certain reserves required under the agreements. The original aggregate amount of the Series 2014A Bonds was $73,000,000, with an original issue discount of approximately $835,000.

The Series 2014A Bonds calls for monthly payments to the trustee in amounts required to pay the annual principal payment and the semi-annual interest payments. The Series 2014A Bonds consist of three outstanding components at June 30, 2023 as follows, together with their principal amounts, prices, interest rates and maturity dates:

Maturity Date	Price	Nevada's Principal	Other Schools' Principal	Total Series 2014A Principal	Interest Rate
July 1, 2024	99.232	$ -	$ 2,940,000	$ 2,940,000	5.75%
July 1, 2034	98.882	-	21,560,000	21,560,000	6.50%
July 1, 2044	98.718	-	40,940,000	40,940,000	6.75%
Total		$ -	$ 65,440,000	$ 65,440,000	

Series 2015 Bonds

Under an Indenture of Trust, as supplemented, and related agreements dated April 1, 2015, the IDA of Phoenix, acting as a conduit third party, issued tax-exempt Education Facility Revenue Bonds (the "Series 2015 Bonds"). The proceeds of the Series 2015 Bonds were loaned to Legacy Traditional School – Maricopa ("Maricopa") and Legacy Traditional School – Gilbert ("Gilbert") for the purpose of financing the cost of acquiring its campus facility and to Maricopa to advance refund its Series 2009 Bonds. As part of the issuance of the Series 2015 Bonds, Gilbert and Maricopa were added as members of the 2014 Obligated Group. Part of the proceeds were also for the purpose of paying the issuance costs of the Series 2015 Bonds and establishing certain reserves required under the agreements. The original aggregate amount of the Series 2015 Bonds was $40,660,000, with a bond premium of approximately $275,000.

The Series 2015 Bonds call for monthly payments to the trustee in amounts required to pay the annual principal payment and the semi-annual interest payments. The Series 2015 Bonds consist of three outstanding components at June 30, 2023 as follows, together with their principal amounts, prices, interest rates, and maturity dates:

Maturity Date	Price	Nevada's Principal	Other Schools' Principal	Total Series 2015 Principal	Interest Rate
July 1, 2025	101.677	$ -	$ 2,770,000	$ 2,770,000	4.00%
July 1, 2035	101.351	-	12,560,000	12,560,000	5.00%
July 1, 2045	100.151	-	20,475,000	20,475,000	5.00%
Total		$ -	$ 35,805,000	$ 35,805,000	

Series 2016 Bonds

Under an Indenture of Trust, as supplemented, and related agreements dated November 1, 2016, the IDA of Phoenix, acting as a conduit third party, issued tax-exempt Education Facility Revenue Bonds (the “Series 2016A Bonds”) and taxable Education Facility Revenue Bonds (the “Series 2016B Bonds”), collectively, the “Series 2016 Bonds”. The proceeds of the Series 2016 Bonds were loaned to Laveen, Gilbert, Chandler, Legacy Traditional School – Glendale (“Glendale”), Legacy Traditional School – North Chandler (“North Chandler”), Legacy Traditional School – Surprise (“Surprise”), Legacy Traditional School – Peoria (“Peoria”), Queen Creek and the School’s North Valley campus for the purpose of refinancing, acquiring, renovating, expanding and equipping their campus facilities. The proceeds were also used for the repayment of certain debts of members of the Obligated Group. As part of the issuance of the Series 2016 Bonds, the Schools described above, and Queen Creek and Casa Grande were admitted as members of the 2014 Obligated Group. Part of the proceeds were also for the purpose of paying the issuance costs of the Series 2016 Bonds and establishing certain reserves required under the agreements. The original aggregate amounts of the Series 2016 Bonds were $99,760,000, with a bond premium of approximately $2,819,000 of which approximately $674,000 was allocated to the School.

The Series 2016 Bonds call for monthly payments to the trustee in amounts required to pay the annual principal payment and the semi-annual interest payments. The Series 2016A Bonds consist of five outstanding components at June 30, 2023, and the Series 2016B Bonds consist of one outstanding component at June 30, 2023, together with their principal amounts, prices, interest rates, and maturity dates as follows:

Maturity Date	Price	Nevada's Principal	Other Schools' Principal	Total Series 2016 Principal	Interest Rate
Series 2016B Bonds					
July 1, 2024	100.000	$ -	$ 230,000	$ 230,000	5.50%
Series 2016A Bonds					
July 1, 2026	100.000	1,565,000	7,375,000	8,940,000	4.00%
July 1, 2031	105.464	3,340,000	10,625,000	13,965,000	5.00%
July 1, 2036	103.865	4,250,000	13,575,000	17,825,000	5.00%
July 1, 2041	103.077	5,450,000	17,310,000	22,760,000	5.00%
July 1, 2046	102.295	6,960,000	22,085,000	29,045,000	5.00%
Subtotal		21,565,000	70,970,000	92,535,000	
Total		$ 21,565,000	$ 71,200,000	$ 92,765,000	

Series 2019 Bonds

Under an Indenture of Trust, as supplemented, and related agreements dated December 1, 2019, the Industrial Development Authority of the County of Maricopa (“IDA of Maricopa”), acting as a conduit third party, issued tax-exempt Education Facility Revenue Bonds (the “Series 2019A Bonds (credit enhanced) and Series 2019B Bonds”) and taxable Education Facility Revenue Bonds (the “Series 2019C Bonds”), collectively, the “Series 2019 Bonds”. The proceeds of the Series 2019A Bonds were obtained for the purpose of acquiring, renovating, expanding and equipping the Legacy Traditional School – Goodyear (“Goodyear”), Legacy Traditional School – West Surprise (“West Surprise”) and Legacy Traditional School – North Phoenix (“North Phoenix”) campuses. The Series 2019B and 2019C Bonds were used to redeem the School’s Cadence and Southwest Las Vegas campuses, Legacy Traditional School – Phoenix (“Phoenix”) and Legacy Traditional School - East Mesa’s (“East Mesa”) Series 2017A, Series 2017B and Series 2018 Bonds and for the purpose of acquiring, renovating, expanding and equipping the North Chandler, Peoria, and the School’s North Valley campuses. The proceeds of the Series 2019B and 2019C Bonds were also used for the repayment of certain debts of members of the Obligated Group. The Schools described above were admitted as members of the 2014 Obligated Group. Part of the proceeds were for the purpose of paying the issuance costs of the Series 2019 Bonds and establishing certain reserves required under the agreements. The original aggregate amounts of the Series 2019 Bonds were $141,945,000, with a bond premium of approximately $15,938,000 of which $4,638,000 was allocated to the School.

The Series 2019 Bonds call for monthly payments to the trustee in amounts required to pay the annual principal payment and the semi-annual interest payments. The Series 2019A and Series 2019B Bonds consist of fifteen outstanding components at June 30, 2023 and the Series 2019C Bonds consist of one outstanding component at June 30, 2023, together with their principal amounts, prices, interest rates, and maturity dates as follows:

Maturity Date	Price	Nevada's Principal	Other Schools' Principal	Total Series 2019 Principal	Interest Rate
Series 2019A Bonds					
July 1, 2023	108.408	$ -	$ 530,000	$ 530,000	4.00%
July 1, 2024	110.214	-	550,000	550,000	4.00%
July 1, 2025	111.725	-	575,000	575,000	4.00%
July 1, 2026	113.048	-	600,000	600,000	4.00%
July 1, 2027	114.138	-	625,000	625,000	4.00%
July 1, 2028	114.917	-	650,000	650,000	4.00%
July 1, 2029	115.645	-	680,000	680,000	4.00%
July 1, 2034	110.190	-	3,855,000	3,855,000	4.00%
July 1, 2039	119.751	-	4,830,000	4,830,000	5.00%
July 1, 2049	118.266	-	14,320,000	14,320,000	5.00%
July 1, 2054	117.167	-	10,430,000	10,430,000	5.00%
Subtotal		-	37,645,000	37,645,000	
Series 2019B Bonds					
July 1, 2029	106.975	3,560,000	3,880,000	7,440,000	4.00%
July 1, 2039	110.906	11,830,000	12,935,000	24,765,000	5.00%
July 1, 2049	109.635	19,450,000	20,905,000	40,355,000	5.00%
July 1, 2054	108.797	13,935,000	14,930,000	28,865,000	5.00%
Subtotal		48,775,000	52,650,000	101,425,000	
Series 2019C Bonds					
July 1, 2025	100.000	720,000	2,155,000	2,875,000	4.50%
Total		$ 49,495,000	$ 92,450,000	$ 141,945,000	

Series 2020 Bonds

Under an Indenture of Trust and related agreements dated November 3, 2020, the IDA of Maricopa, acting as a conduit third party, issued tax-exempt Education Facility Revenue Bonds (the “Series 2020 Bonds”). The proceeds of the Series 2020 Bonds were used to finance the costs of acquiring and equipping the campus facilities of Legacy Traditional School – Deer Valley (“Deer Valley”), Legacy Traditional School – East Tucson (“East Tucson”), and Legacy Traditional School – Mesa (“Mesa”). These three campuses were added to the 2014 Obligated Group, effective with the bond transaction. The original aggregate amounts of the Series 2020 Bonds were approximately $50,262,000, including bond premiums of approximately $5,267,000. The net proceeds of the bonds, including premiums, totaled approximately $16,750,000 for Deer Valley, approximately $16,756,000 for East Tucson, and approximately $16,756,000 for Mesa.

The Series 2020 Bonds call for monthly payments to the trustee in amounts required to pay the annual principal payment and the semi-annual interest payments. The Series 2020 Bonds consist of seventeen outstanding components at June 30, 2023 together with their principal amounts, prices, interest rates, and maturity dates as follows:

Maturity Date	Price	Nevada's Principal	Other Schools' Principal	Total Series 2020 Principal	Interest Rate
July 1, 2023	110.783	$ -	$ 585,000	$ 585,000	5.00%
July 1, 2024	114.459	-	615,000	615,000	5.00%
July 1, 2025	117.820	-	650,000	650,000	5.00%
July 1, 2026	120.250	-	680,000	680,000	5.00%
July 1, 2027	122.319	-	710,000	710,000	5.00%
July 1, 2028	123.689	-	755,000	755,000	5.00%
July 1, 2029	125.099	-	795,000	795,000	5.00%
July 1, 2030	116.089	-	830,000	830,000	4.00%
July 1, 2031	114.972	-	875,000	875,000	4.00%
July 1, 2032	114.291	-	905,000	905,000	4.00%
July 1, 2033	113.362	-	950,000	950,000	4.00%
July 1, 2034	112.859	-	985,000	985,000	4.00%
July 1, 2035	112.359	-	1,025,000	1,025,000	5.00%
July 1, 2040	109.977	-	5,825,000	5,825,000	4.00%
July 1, 2045	119.572	-	7,350,000	7,350,000	5.25%
July 1, 2050	107.574	-	9,370,000	9,370,000	4.00%
July 1, 2055	106.787	-	11,535,000	11,535,000	4.00%
Total		$ -	$ 44,440,000	$ 44,440,000	

Series 2021 Bonds

Under an Indenture of Trust, as supplemented, and related agreements dated December 1, 2021, the IDA of Maricopa, acting as a conduit third party, issued tax-exempt Education Facility Revenue Bonds (the "Series 2021A Bonds") and taxable Education Facility Revenue Bonds (the "Series 2021B Bonds"), collectively, the "Series 2021 Bonds". The proceeds of the Series 2021 Bonds were loaned to Legacy Traditional School – San Tan (San Tan) and Casa Grande for the purpose of refinancing, acquiring, renovating, expanding and equipping its campus facility. The proceeds were also used to advance refund the Casa Grande and Queen Creek's Series 2013 Bonds totaling $34,735,000. As part of the issuance of the Series 2021 Bonds, San Tan was admitted as a member of the 2014 Obligated Group. Part of the proceeds were also for the purpose of paying the issuance costs of the Series 2021 Bonds and establishing certain reserves required under the agreements. The original aggregate amounts of the Series 2021 Bonds were $75,810,000, with a bond premium of approximately $4,379,000.

The Series 2021 Bonds call for monthly payments to the trustee in amounts required to pay the annual principal payment and the semi-annual interest payments. The Series 2021A Bonds consist of four outstanding components at June 30, 2023, and the Series 2021B Bonds consist of three outstanding components at June 30, 2023, together with their principal amounts, prices, interest rates, and maturity dates as follows:

Maturity Date	Price	Nevada's Principal	Other Schools' Principal	Total Series 2021 Principal	Interest Rate
Series 2021A Bonds					
July 1, 2031	107.030	$ -	$ 4,075,000	$ 4,075,000	3.00%
July 1, 2041	112.575	-	10,670,000	10,670,000	4.00%
July 1, 2051	110.872	-	15,790,000	15,790,000	4.00%
July 1, 2056	109.812	-	10,540,000	10,540,000	4.00%
Subtotal		-	41,075,000	41,075,000	
Series 2021B Bonds					
July 1, 2026	100.000	-	4,460,000	4,460,000	4.00%
July 1, 2031	100.000	-	6,755,000	6,755,000	4.38%
July 1, 2044	100.000	-	23,520,000	23,520,000	5.00%
Subtotal		-	34,735,000	34,735,000	
Total		$ -	$ 75,810,000	$ 75,810,000	

The Obligated Group

Within the 2014 Obligated Group and with respect to the campuses in the 2014 Obligated Group, the School is obligated to make payments sufficient to pay the principal and interest on the bonds payable and to pay the School’s share of ongoing costs. Bond principal, premiums, discounts, issuance costs, and cash held by trustee requirements were allocated to each school based on a pro-rata analysis of the usage of the applicable bond proceeds. The School has pledged substantially all of its revenues in order to meet its obligations under the Series 2014A, 2015, 2016, 2019, 2020 and 2021 Bonds (collectively, the “Bonds”), and have directed the appropriate state agencies to make the monthly state payments directly to the trustees of the Bonds. In addition, amounts due under the Bonds are collateralized by cash held by trustee and property and equipment.

The Bond obligations are secured by the revenue and campus facilities of each member in the 2014 Obligated Group. An event of default of the Bonds of the 2014 Obligated Group, as defined in each Master Indenture of Trust, would result in all outstanding obligations under the Bonds owed by the 2014 Obligated Group becoming immediately due and payable upon notification of the event of default by a written request of a majority of the bond holders.

The Bond agreements contain restrictive covenants for the 2014 Obligated Group taken as a whole, including compliance with all applicable laws and regulations, minimum amounts of insurance, maintenance of each school’s tax-exempt status, limits on additional indebtedness, compliance with arbitrage requirements, an annual debt service coverage ratio, a days cash on hand requirement, limits on the use of funds, and timely financial reporting.

The School's bonds payable consists of the following at June 30, 2023:

Series 2016A Bonds	$ 21,565,000
Series 2019B Bonds	48,775,000
Series 2019C Bonds	720,000
Total bonds payable principal	71,060,000
Plus: unamortized premiums	4,403,364
Total bonds payable	75,463,364
Less: current portion of bonds payable	(365,000)
Bonds Payable, less current portion	$ 75,098,364

Total annual maturities of all outstanding bonds payable of the 2014 Obligated Group at June 30, 2023, are as follows:

Year Ending June 30	Nevada's Bonds		Other Schools' Bonds		Total Bonds Principal
	Principal	Interest	Principal	Interest	
2024	$ 365,000	$ 3,498,150	$ 5,995,000	$ 18,607,421	$ 6,360,000
2025	765,000	3,474,888	7,835,000	18,310,554	8,600,000
2026	865,000	3,440,888	8,090,000	17,970,674	8,955,000
2027	1,225,000	3,398,650	8,125,000	17,621,644	9,350,000
2028	1,440,000	3,349,050	9,095,000	17,225,088	10,535,000
2029-33	8,280,000	15,672,775	52,210,000	79,230,525	60,490,000
2034-38	10,470,000	13,384,125	66,335,000	64,881,694	76,805,000
2039-43	13,425,000	10,445,375	85,025,000	45,829,456	98,450,000
2044-48	15,590,000	6,675,625	73,575,000	23,189,163	89,165,000
2049-53	12,635,000	3,138,625	42,160,000	10,672,050	54,795,000
2054-57	6,000,000	303,000	26,700,000	1,525,700	32,700,000
Total annual maturities	$ 71,060,000	$ 66,781,151	$ 385,145,000	$ 315,063,969	$ 456,205,000

Interest expense on the Bonds payable totaled approximately $3,498,000 for the year ended June 30, 2023.

The following schedule details the School's long-term obligation activity for the year ended June 30, 2023:

	June 30, 2022	Additions	Reductions	June 30, 2023	Due within 1 year
Governmental activities					
Compensated absences payable	$ 225,182	$ -	$ (225,182)	$ -	$ -
Net pension liability	17,403,096	14,672,524	-	32,075,620	-
Notes payable from direct borrowings	1,312,284	-	(19,330)	1,292,954	-
Bonds payable					
General obligation bonds	71,410,000	-	(350,000)	71,060,000	365,000
Premiums and discounts	4,629,325	-	(225,961)	4,403,364	-
Total bonds payable	76,039,325	-	(575,961)	75,463,364	365,000
Total governmental activities long-term debt	$ 94,979,887	$ 14,672,524	$ (820,473)	$ 108,831,938	$ 365,000

7. Public Employees' Retirement System of Nevada ("PERS")

Plan Description

PERS administers a cost-sharing, multi-employer defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The system was established by the Nevada Legislature in 1947, effective July 1, 1948. The system is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes ("NRS" or "statute"), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any thirty-six consecutive months with special provision for members entering the System on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.50% service time factor and for regular members entering the system on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Regular members entering the system prior to January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or at any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowance is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% average compensation. Members become fully vested as to benefits upon completion of 5 years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (“EPC”) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the EPC or can make contributions by a payroll deduction matched by the employer.

The System’s basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee’s working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2022, the Statutory Employer/Employee matching rate was 15.50% for Regular employees. The EPC rate was 29.75% for Regular employers.

Investment Policy

The system policies which determine the investment portfolio target asset allocation are established by the PERS’ Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS' Board adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
U.S. Stocks	42%	5.50%
International stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private markets	12%	6.65%

*As of June 30, 2022, PERS long-term inflation assumption was 2.50%

Net Pension Liability

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contribution for all employers for the period ended June 30, 2022. Contributions for employer pay dates that fall within PERS fiscal year ended June 30, 2022, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Contributions. The School's employer allocation percentage for the fiscal year ended June 30, 2022, was 0.17766%, which is a decrease of 0.01318% when compared to the fiscal year ended June 30, 2021.

Pension Liability Discount Rate Sensitivity

The following presents the School's net pension liability of the PERS as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net pension liability	$ 49,247,653	$ 32,075,620	$ 17,907,404

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website www.nvpers.org.

Actuarial Assumptions

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

Inflation rate	2.50%
Investment rate of return	7.25%
Productivity pay increase	0.50%
Projected salary increases	Regular 4.20% to 9.10%, depending on service rates including inflation and productivity increases
Other assumptions	Same as those used in the June 30, 2022 funding of actuarial valuation

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2022, 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 as of June 30, 2022.

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

As of June 30, 2022, the total employer pension expense was approximately $6,879,000. At June 30, 2022, the measurement date, PERS reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employers contributions and proportionate share of contributions	$ 9,902,418	$ 1,368,092
Changes in assumptions	4,120,337	-
Differences between expected and actual experience	4,153,263	22,914
Net difference between projected and actual earnings on pension plan investments	391,343	-
Employer contributions subsequent to the measurement date	4,337,262	-
Total	$ 22,904,623	$ 1,391,006

Average expected remaining service lives: 5.7012 years.

The $4,337,262 reported as deferred outflows of resources related to PERS resulting from employer contributions subsequent to the measurement date will be recognize as a reduction of the net pension liability in the subsequent fiscal year. Collective deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2024	$ 4,614,605
2025	4,547,477
2026	3,313,179
2027	4,064,750
2028	636,344
Total	$ 17,176,355

8. Members of the Obligated Group Transactions

Certain Arizona Schools are related to each other through a common board of directors. While Nevada is not related to these entities, it is a member of the Obligated Group described in Note 6 and Note 10.

9. Management and Service Agreements

The School has a management and service agreement with Vertex Education, LLC ("Vertex") that expires in June 2026. In accordance with this agreement, Vertex provides ongoing services in the general areas of academic development and school management; exceptional student services; distant learning; accounting and financial services; human resources; student enrollment; grants coordination; school branding; marketing; communications; information systems; facilities management; food services; and other services at an annual fee of approximately $1,297 per enrolled student for the 2022-2023 school year, which is payable monthly. The agreement also include access to intellectual property. The annual fee increases annually by 2% or CPI, if less, unless state levels decrease. The annual fee is also adjusted by an academic performance bonus fee which ranges from an additional $60 per enrolled student if the campus receives a 5-star rating from NDE to a decrease of $60 per enrolled student if the campus receives a 1-star rating. For purposes of the agreement, the number of students enrolled is the average daily enrollment used by NDE to calculate funding levels plus weighted add-on counts related to special education.

Vertex subordinates its management fee revenue to debt service payments due under the Bond obligations.

The agreement also provides for certain one-time services, as follows:

- Startup management fees for new schools related to numerous tasks necessary to prepare a school for opening. For each new school in Nevada these fees are $200,000. Startup management fees are typically paid within the first few months after a new school opens.

- Bond administration fees for schools that participate in a tax-exempt bond offering. These fees relate to the extensive work necessary to complete such a transaction. Bond administration fees are allocated to each participating entity at 0.45% of its related gross bond proceeds.

The School also has a community education services agreement with Vertex related to programs such as LKC, pre-school, before and after school program and clubs. Services related to these programs include program of instruction, licensing, policies and procedures, training of program staff, enrollment and registration, billings and collections, and communication with parents. In return for those services, the School pays 14% of the revenue generated in each program monthly. This agreement, effective July 1, 2021, has an initial term of one year, with one automatic renewal term of the shorter of five years or the period that ends on the same date on which the School's renewed Charter Contract expires.

For the year ended June 30, 2023, management and service fee expense to Vertex totaled approximately $5,601,000 and is included in instruction in the accompanying statement of activities, of which approximately $120,000 and $23,000 were included in accounts payable and accrued expenses, respectively, in the accompanying statement of net position as of June 30, 2023.

10. Commitments and Contingencies

Compliance

The School's compliance with certain laws and regulations is subject to review by its Sponsor and the State of Nevada and NDE. Such reviews could result in an adjustment of state funding.

Litigation

From time to time in the normal course of operations, the School may be involved in legal proceedings. Management of the School believes that the results of such legal proceedings are covered by insurance or are immaterial, and will not have a material adverse effect on the School's financial condition.

Co-Borrowers and Inter-school loans within the Obligated Group

As described in Note 6, the Series 2014A, 2015, 2016, 2019, 2020 and 2021 Bonds include the following members: the School, Maricopa, Northwest Tucson, Avondale, Laveen, Chandler, Gilbert, Surprise, Casa Grande, North Chandler, Glendale, Peoria, Queen Creek, East Mesa, Phoenix, Goodyear, North Phoenix, West Surprise, Deer Valley, East Tucson, Mesa and San Tan. All members of the Obligated Group are co-borrowers on the bonds for a total of $456,205,000 of outstanding bonds payable at June 30, 2023.

Inter-school Loans Commitments and Funding Requirements within the 2014 Obligated Group

The Obligated Group structure obligates the members to support each other financially in order to continue to service the Bonds payable and meet all Bond covenants. As a member of the Obligated Group, the School has the ability to borrow funds from or lend to the other members of the Obligated Group.

Leases

The School subleases office equipment from Legacy Traditional Schools ("LTSS"), on a month-to-month basis. Monthly payments total approximately $1,200. Rental expense, including service charges, for the year ended June 30, 2023 totaled approximately $50,000.

Health Insurance

The School participates in a self-insurance medical plan ("Medical Plan") for its employees, which provides a $200,000 specific stop loss insurance limit per covered participant. The Medical Plan also has a maximum aggregate insurance limit for the medical claims based on the number of enrolled participants, specific coverages, premiums and administrative fees. During the year ended June 30, 2023, the School incurred medical expenses totaling approximately $1,236,000, which are included in instruction in the accompanying statement of activities. Accrued medical claims totaled approximately $143,000 as of June 30, 2023, which are included in accrued expenses in the accompanying statement of net position.

11. Concentrations

Uninsured Cash

The School maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The School has not experienced any losses in such accounts and does not expect to experience any such losses. At June 30, 2023, the School had $24,000 of unrestricted cash in excess of federally insured limits.

Major Funding

A significant portion of the School's annual funding comes from agencies of the federal and state governments, including the NDE. As such, the School's ability to generate funds for operations is largely dependent upon the economic health of the federal government and the State of Nevada. An economic downturn could cause a decrease in state and federal funding that may coincide with an increase in demand for the School's services. In addition, if the State of Nevada and its agencies significantly reduced the level of support provided to the School it would have a material effect on the School's operations.

REQUIRED SUPPLEMENTARY INFORMATION

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – COST-SHARING PLANS
For the years ended June 30, 2023, 2022, 2021, 2020, 2019, and 2018

	2023	2022	2021	2020	2019	2018
Proportion of the net pension liability	0.17766%	0.19084%	0.17910%	0.10959%	0.05418%	0.00075%
Proportionate share of net pension liability	$32,075,620	$17,403,096	$24,945,358	$14,943,884	$ 7,388,802	$ 100,313
Covered payroll	$15,531,525	$14,661,588	$14,256,737	$13,866,916	$ 8,737,487	$ 4,350,398
Proportionate share of the net pension liability as percentage of covered payroll	206.52%	118.70%	174.97%	107.77%	84.56%	2.31%
Plan's fiduciary net position as a percentage of the total pension plan liability	75.12%	86.51%	77.04%	76.46%	75.24%	65.62%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available starting with June 30, 2018.

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
For the years ended June 30, 2023, 2022, 2021, 2020, 2019, and 2018

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 4,337,262	$ 2,792,656	$ 2,887,765	$ 2,697,091	$ 1,494,180	$ 428,525
Contributions in relation to statutorily required contributions	(4,337,262)	(2,792,656)	(2,887,765)	(2,697,091)	(1,494,180)	(428,525)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 15,531,525	$ 14,661,588	$ 14,256,737	$ 13,866,916	$ 8,737,487	$ 4,350,398
Contributions as a percentage of covered payroll	27.93%	19.05%	20.26%	19.45%	17.10%	9.85%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available starting with June 30, 2018.

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
BUDGETARY COMPARISON SCHEDULE
For the year ended June 30, 2023

	Final and Amended Budget	Actual	Variance Over (Under)
REVENUES			
State funding	$ 33,298,931	$ 32,087,252	$ (1,211,679)
Local funding	1,186,459	1,894,873	708,414
Federal funding	4,664,232	5,396,676	732,444
Total revenues	39,149,622	39,378,801	229,179
EXPENDITURES			
Current:			
Instruction			
Salaries and benefits	21,563,068	20,468,481	(1,094,587)
Purchased professional services	6,639,145	8,264,378	1,625,233
Total instruction expenditures	28,202,213	28,732,859	530,646
Support services			
General administration	6,342,103	3,546,788	(2,795,315)
Facilities	837,089	1,160,921	323,832
Total support services expenditures	7,179,192	4,707,709	(2,471,483)
Debt service			
Interest	3,450,895	3,561,987	111,092
Capital outlay	-	769,958	769,958
Total expeditures	38,832,300	37,772,513	(1,059,787)
Revenues over expenditures	317,322	1,606,288	1,288,966
OTHER FINANCING SOURCES (USES)			
Redemption of bonds payable	-	(350,000)	(350,000)
Net change in fund balance	317,322	1,236,958	919,636
FUND BALANCE, beginning of year	18,033,361	18,033,361	-
FUND BALANCE, end of year	$ 18,350,683	$ 19,270,319	$ 919,636

Budgets and Budgetary Accounting

Budgets presented in the supplementary information were prepared on the same basis as the accounting used to reflect actual results. The funds of the School are subject to state budgetary accounting controls and all budgets are adopted annually, prior to the beginning of the fiscal year. Periodic budget revisions to funds occur during the fiscal year as needed.

The budgetary data reflected is established by the School using the procedures outlined below:

- Various management personnel review the operating budget for the fiscal year commencing the following July 1 and submit them to the Board of Directors. This information is used to develop an initial budget and authorizing resolution for the General Fund. This includes the proposed expenditures and the means of financing them.
- The initial budget resolution is subjected to a public hearing before the Board and is adopted after this hearing and before April 15, as required by state law. The budget is amended and approved when needed with a Final Revised version due to the School's Authorizing Body in June prior to the commencing of the fiscal year beginning July 1.
- The final budget reflects all revisions approved by the Board during the year. Unexpended appropriations lapse at year-end. The budget is integrated with the accounting system of the School and is used as a management control device during the year. If anticipated resources actually available during a budget period exceed those estimated, the School may amend the budget by an augmentation of the appropriations of a fund, if approved by a majority vote of the Board of Directors by resolution at a regularly scheduled meeting. The augmentation becomes effective upon delivery to the Department of Education of the State of Nevada and must be submitted prior to the close of the fiscal year.

The budget to actual statement presented represents the original and final budget for the full fiscal year ended June 30, 2023.

OTHER SUPPLEMENTARY INFORMATION

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
COMBINING SCHEDULE OF NET POSITION
June 30, 2023

	GOVERNMENTAL ACTIVITIES				
	North Valley	Cadence	Southwest Las Vegas	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	$ 1,773,573	$ 76,952	$ 365,042	$ -	$ 2,215,567
Short-term interest bearing time deposits	1,250,000	500,000	1,250,000	$ -	3,000,000
Short-term investments	762,018	1,276,332	1,927,232	-	3,965,582
Receivables	1,566,872	1,784,632	1,692,461	-	5,043,965
Due from Members of the Obligated Group	401,976	2,926,652	1,157,803	(4,486,307)	124
Prepaid expenses and other assets	289,115	127,404	108,534	-	525,053
Cash held by trustee, restricted	3,327,477	2,394,329	2,701,881	-	8,423,687
Capital assets, not being depreciated	1,318,324	962,644	3,555,594	-	5,836,562
Capital assets, net	13,660,272	15,380,968	20,259,988	-	49,301,228
Total assets	24,349,627	25,429,913	33,018,535	(4,486,307)	78,311,768
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	7,822,611	7,245,006	7,837,006	-	22,904,623

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
COMBINING SCHEDULE OF NET POSITION (continued)
June 30, 2023

	GOVERNMENTAL ACTIVITIES				
	North Valley	Cadence	Southwest Las Vegas	Eliminating Entries	Total
LIABILITIES					
Current liabilities					
Accounts payable	121,879	63,457	94,215	-	279,551
Accrued expenses	442,853	860,624	482,661	-	1,786,138
Accrued interest	552,400	557,225	639,450	-	1,749,075
Due to Members of the Oblgiated Group	2,844,766	504,535	1,247,056	(4,486,307)	110,050
Current portion of notes payable to members of the Obligated Group	-	-	20,187	-	20,187
Current portion of bonds payable	365,000	-	-	-	365,000
Total current liabilities	4,326,898	1,985,841	2,483,569	(4,486,307)	4,310,001
Noncurrent liabilities					
Compensated absences payable	-	-	-	-	-
Notes payable to members of the Obligated Group	-	-	1,272,767	-	1,272,767
Bonds payable, net	22,589,527	24,451,750	28,057,087	-	75,098,364
Net pension liability	10,954,780	10,145,902	10,974,938	-	32,075,620
Total noncurrent liabilities	33,544,307	34,597,652	40,304,792	-	108,446,751
Total liabilities	37,871,205	36,583,493	42,788,361	(4,486,307)	112,756,752
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	475,070	439,992	475,944	-	1,391,006
NET POSITION					
Net investment in capital assets	(7,610,931)	(8,108,138)	(4,241,505)	-	(19,960,574)
Restricted	3,327,477	2,394,329	2,701,881	-	8,423,687
Unrestricted (Deficit)	(1,890,583)	1,365,243	(869,140)	-	(1,394,480)
Total net position	$ (6,174,037)	$ (4,348,566)	$ (2,408,764)	$ -	$ (12,931,367)

	North Valley	Cadence	Southwest Las Vegas	Eliminations	Total
FUNCTION/PROGRAM					
GOVERNMENTAL ACTIVITIES					
Expenses					
Instruction	$ (11,833,950)	$ (10,701,601)	$ (11,769,526)	$ -	$ (34,305,077)
Support services					
General administration	(1,320,208)	(1,023,505)	(1,203,075)	-	(3,546,788)
Facilities	(364,248)	(441,909)	(354,764)	-	(1,160,921)
Depreciation	(90,826)	(79,749)	(98,036)	-	(268,611)
Total support services	(1,775,282)	(1,545,163)	(1,655,875)	-	(4,976,320)
Interest	(1,070,843)	(1,025,003)	(1,279,956)	46,776	(3,329,026)
Total expenses	(14,680,075)	(13,271,767)	(14,705,357)	46,776	(42,610,423)
Program revenues					
Charges for services	394,747	358,655	460,697	-	1,214,099
Net revenues (expenses) and changes in net position	(14,285,328)	(12,913,112)	(14,244,660)	46,776	(41,396,324)
General revenues					
State funding	10,489,574	9,808,917	11,788,761	-	32,087,252
Local funding	256,116	179,387	292,047	(46,776)	680,774
Federal funding	2,497,038	2,120,568	2,123,124	-	6,740,730
Total general revenues	13,242,728	12,108,872	14,203,932	(46,776)	39,508,756
CHANGE IN NET POSITION	(1,042,600)	(804,240)	(40,728)	-	(1,887,568)
NET POSITION – Beginning of year	(5,131,437)	(3,544,326)	(2,368,036)	-	(11,043,799)
NET POSITION – End of year	$ (6,174,037)	$ (4,348,566)	$ (2,408,764)	$ -	$ (12,931,367)

GOVERNMENT AUDITING STANDARDS ITEMS

FORV/S

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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

Board of Directors
Legacy Traditional Schools – Nevada, Inc.
Chandler, AZ

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the school activities and the school's general fund information of Legacy Traditional Schools – Nevada, Inc. (the "School"), as of and for the year ended June 30, 2023, 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 1, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that were not identified.

Report on 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 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.

FORVIS, LLP

Mesa, Arizona
November 1, 2023

1. Summary of Independent Auditor's Results

a. Type of Report Issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**

b. Internal Control deficiencies over financial reporting disclosed by the audit of the financial statements:
   - Material weaknesses: **No**
   - Significant deficiencies: **None reported**

c. Noncompliance material to the financial statements: **No**

2. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

No matters are reportable.

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
SUMMARY OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2023

No matters are reportable.

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.

Single Audit Reports

June 30, 2023

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.

TABLE OF CONTENTS

Schedule of expenditures of federal awards	1
Notes to schedule of expenditures of federal awards	2
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	3
Report on compliance for each major federal program and report on internal control over compliance – Independent auditor's report	5
Schedule of findings and questioned costs	8
Summary schedule of prior audit findings	10

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

Federal Grantor / Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Passed Through Nevada Department of Education				
Title I Grants to Local Education Agencies	84.010	APP-02004-K7Q3-A2	$ -	$ 582,272
Supporting Effective Instruction State Grants	84.367	APP-01887-J9C9-A2	-	202,016
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	APP-01382-X7H2-A2	-	1,630,315
COVID-19 American Rescue Plan–Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	APP-01623-P5S5 APP-02297-R9P7	-	1,922,558
Total Education Stabilization Fund			-	3,552,873
Special Education - Grants to States (IDEA, Part B)	84.027X	APP-01662-N9D8-A2	-	67,395
IDEA B Special Education - Grants to States	84.027	APP-01846-B8Z3		172,516
Total Special Education Cluster			-	239,911
Total U.S. Department of Education			-	4,577,072
U.S. Department of Treasury				
Passed Through Nevada Department of Education				
Coronavirus State and Local Fiscal Recovery Funds (AB 495)	21.027	APP-02608-T3R5	-	85,257
Total U.S. Department of Treasury			-	85,257
U.S. Department of Agriculture				
Passed Through Nevada Department of Education				
Fresh Fruit and Vegetable Program (FFVP)	10.582	L4BC77H7	-	152,535
School Breakfast Program (SBP)	10.553	N-37-21	-	329,607
National School Lunch Program (NSLP)	10.555	N-37-21	-	1,929,410
Total Child Nutrition Cluster			-	2,411,552
Total U.S. Department of Agriculture			-	2,411,552
Total Federal Awards Expended			$ -	$ 7,073,881

The accompanying notes are an integral part of this Schedule.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Legacy Traditional Schools – Nevada, Inc. (the "School") under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position or changes in net position of the School.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Of the federal expenditures presented in the Schedule, none were provided to subrecipients.

3. Indirect Cost Rate

The School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Federal Loan Program

The School did not have any federal loan programs during the year ended June 30, 2023.

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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

Board of Directors
Legacy Traditional Schools – Nevada, Inc.
Chandler, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Legacy Traditional Schools – Nevada, Inc. (the "School"), as of and for the year ended June 30, 2023, 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 1, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that were not identified.

Report on 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*.

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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.

FORVIS, LLP

Mesa, Arizona
November 1, 2023

FORVIS

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Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Board of Directors
Legacy Traditional Schools – Nevada, Inc.
Chandler, Arizona

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Legacy Traditional Schools – Nevada, Inc.'s (the "School") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of governmental activities and each major fund of the School, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We have issued our report thereon dated November 1, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

FORVIS, LLP

Tempe, Arizona
January 18, 2024

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over the major federal awards program:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor's report issued on compliance for the major federal awards program:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?

   ☐ Yes ☒ No

7. Identification of major federal program:

Name of Federal Program or Cluster/Program	Assistance Listing Number
COVID-19 Education Stabilization Fund (ESF)	84.425D, 84.425U

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000.

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

LEGACY TRADITIONAL SCHOOLS – NEVADA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2023

Reference Number	Finding
	No matters are reportable.