

NEVADA STATE HIGH SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2020

DRAFT

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Independent Auditor's Report

To the Governing Board of
Nevada State High School
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities and each major fund of Nevada State High School (School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and supplemental pension information on pages 3-7 and 27-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The financial statement audit results summary is presented for purposes of additional analysis and is not a required part of the basic financial statements and is the responsibility of management. The schedule was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements, and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2020, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

Las Vegas, Nevada
October 1, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT

**NEVADA STATE HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The following discussion and analysis of Nevada State High School (School) provides an overview of the School's financial activities for the year ended June 30, 2020. As management of the School, readers are encouraged to consider the information presented here in conjunction with the financial statements and notes. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the School as a whole and present a longer-term view of the School's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the School's operations in more detail than the government-wide statements.

Financial Highlights

Governmental Activities

The School's net position totals \$1,716,178 which is an increase of \$670,061, or approximately 64%. Assets consist of cash of \$1,925,759, receivables of \$751,608, capital assets of \$245,155 and other assets of \$29,811. Total revenue was \$7,050,371, which includes \$6,379,774 from the Distributive School Account (DSA) for expenditures incurred during the fiscal year.

Overview of the Financial Statements

The School's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and the accompanying notes to the financial statements.

Government- Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business. These statements are structured around the primary government, not including fiduciary funds.

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

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements:

A fund is established to account for a specific activity or purpose. The School uses fund financial statements to provide detailed information about its most significant funds. The School's funds are divided between governmental funds and a fiduciary fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the governmental fund financial statements focus on near-term spendable resources, and the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two is provided following the fund financial statement's balance sheet and statement of revenues, expenditures and changes in fund balances, respectively.

**NEVADA STATE HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Overview of the Financial Statements (Continued)

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government's own programs. The School currently hold assets related to student activities in its single fiduciary fund.

Notes to the Basic Financial Statements:

The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements and should be read with the financial statements.

The School as a whole

One important question asked about the School's finances is: "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, consideration should be given to other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs and changes in the economy to assess the overall health of the School.

The School's net position was as follows:

	2020	2019	Change	Percentage
Current assets	\$ 2,714,696	\$ 1,881,390	\$ 833,306	44%
Capital assets-net	245,155	191,605	53,550	28%
Noncurrent assets	29,811	24,638	5,173	21%
Total assets	<u>2,989,662</u>	<u>2,097,633</u>	<u>892,029</u>	<u>43%</u>
Deferred outflows of resources	<u>1,577,477</u>	<u>816,634</u>	<u>760,843</u>	<u>93%</u>
Current liabilities	197,540	170,170	27,370	16%
Long-term liabilities	<u>2,456,009</u>	<u>1,602,243</u>	<u>853,766</u>	<u>53%</u>
Total liabilities	<u>2,653,549</u>	<u>1,772,413</u>	<u>881,136</u>	<u>50%</u>
Deferred inflows of resources	<u>197,412</u>	<u>95,737</u>	<u>101,675</u>	<u>106%</u>
Net position, invested in capital assets, net of debt	245,155	191,605		
Net position, unrestricted	<u>1,471,023</u>	<u>854,512</u>		
Total net position	<u>\$ 1,716,178</u>	<u>\$ 1,046,117</u>	<u>\$ 670,061</u>	<u>64%</u>

The increase in current assets is due to additional cash on hand as a result of an increase Distributive State Account (DSA) funds received versus the prior year. The increase in capital assets is primarily due to an increase in leasehold improvements of \$92,460. The increase in current liabilities is due to an increase in accrued payroll and related costs. The increase in long-term liabilities is due to an increase of \$32,169 in deferred rent as well as an increase in net pension liability.

**NEVADA STATE HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The School as a whole – continued

The School's revenues were as follows:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percentage</u>
Revenue				
State sources	\$ 6,796,485	\$ 5,184,007	\$ 1,612,478	31%
Federal sources	253,886	486,823	(232,937)	-48%
Total revenue	<u>\$ 7,050,371</u>	<u>\$ 5,670,830</u>	<u>\$ 1,379,541</u>	<u>24%</u>

The revenue from the DSA increased significantly due to an increase in student enrollment for the overall network. Under the new audited quarterly average daily enrollment per the State, the average enrollment increased from 493.68 to 706.59 (Q1: 704.41, Q2: 705.15, Q3: 709.92, Q4: 706.86). Federal funding decreased due to NSHS network no longer receiving the Charter Schools Program Grant (CSP) which was awarded to start up the new charter schools Meadowwood and Sunrise and used in the previous two years.

The School's expenditures were as follows:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percentage</u>
Instruction	\$ 2,687,751	\$ 1,981,189	\$ 706,562	36%
Student support	55,750	53,550	2,200	4%
Instructional support	28,969	37,464	(8,495)	-23%
General administration	437,886	378,718	59,168	16%
School administration	1,216,206	762,871	453,335	0%
Central services	1,412,760	1,118,439	294,321	0%
Operations and maint. of plant	500,518	506,223	(5,705)	-1%
Student transportation	1,560	2,221	(661)	0%
Unallocated Depreciation	38,910	32,196	6,714	21%
Total expenses	<u>\$ 6,380,310</u>	<u>\$ 4,872,871</u>	<u>\$ 1,507,439</u>	<u>31%</u>

Total expenses increased primarily due to the additional operating costs of the two new locations – Northwest and Henderson Downtown – in staffing, tuition, supplies, and facilities related costs.

The Future of the School

Unique to the state of Nevada, Nevada State High School (NSHS) is a tuition-free public charter school. At this state-funded high school, juniors and seniors take real college courses with real college professors on real college and university campuses in Nevada. These courses count for both high school and college credit, making it possible for our students to earn their high school diplomas while getting a head start on their college degrees.

**NEVADA STATE HIGH SCHOOL
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The Future of the School (Continued)

The best part about it? Attending NSHS is absolutely free. The school’s financial plan maximizes the use of public dollars to cover two years of college tuition and fees for each of our students. At NSHS, you will not only attend college courses, but also learn how to excel in them and in your career. With a focus on career and college readiness, we are preparing our students for the future.

After 15 years of helping more than 2,200 high school graduates, we are proud to be accomplishing our mission to support students in a college environment with personal, academic, and social skills — and our work in college readiness doesn’t go unrecognized. NSHS has received continuous Exemplary or five-star AYP ratings from the State of Nevada, has been acknowledged by U.S. News & World Report as a Bronze recipient for America’s Best High Schools and a Silver recipient for Most Connected Classrooms, and has been rated one of Newsweek’s top 100 schools in the country.

NSHS is a fully accredited, full-time, tuition-free state public charter school. Online and in person access to courses is available through colleges in the Nevada System of Higher Education (NSHE). Support classes are provided at each of the neighborhood locations that focus specifically on successfully transitioning students to college personally, academically, and socially. NSHS provides students a “real college” experience through a proven process of college readiness by focusing a system of supports that begins with proper onboarding and continues through mission, measurement, and consistent monitoring. Families and students are grateful to have this educational opportunity that saves time and money in post-secondary educational expenses.

As the cost for college continues to increase and the demand for getting more and more high school students college ready, there will continue to be a need for Nevada State High School’s proven process of providing a free “Real College Experience” that supports a vision of “Every Student College Ready.”

For the 2020-2021 school year, NSHS will host eight locations serving approximately 1050 students with seven locations in Southern Nevada and one in Northern Nevada. NSHS received approval to open an additional location in Henderson, Las Vegas, or North Las Vegas. NSHS leadership continues to evaluate when and where to locate the potential new site and consolidation of the Sunrise campus into the Flagship for the 2021-2022 school year.

Government Funds Financial Analysis

The following analysis has been prepared comparing the results for the fiscal year ending June 30, 2020 to the Final school budget:

**NEVADA STATE HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

**Nevada State High School
Budget Comparison Schedule (Unaudited)
Combined Primary Government and Blended Components
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable / (Unfavorable)
REVENUE			
Local revenue sources	\$ 543,307	\$ 136,408	\$ (406,899)
State program revenues	6,677,363	6,796,485	119,122
Federal program revenues	204,829	253,886	49,057
Total revenue	<u>7,425,499</u>	<u>7,186,779</u>	<u>(238,720)</u>
EXPENDITURES			
Instruction	2,970,562	2,664,695	305,867
Support services	3,638,614	3,691,675	(53,061)
Total expenditures	<u>6,609,176</u>	<u>6,356,370</u>	<u>252,806</u>
Excess (deficiency) of revenue over expenditures	816,323	830,409	14,086
FUND BALANCE, beginning of year	<u>1,772,539</u>	<u>1,772,539</u>	-
FUND BALANCE, end of year	<u>\$ 2,588,862</u>	<u>\$ 2,602,948</u>	<u>\$ 14,086</u>

The variance in revenue is due to local revenue originally including inter-fund cost allocation amounts and being processed after the fiscal year. State DSA revenue increased due to additional enrollment from opening two new locations for the spring semester – Northwest and Downtown Henderson. Associated expenditures increased from college tuition from the increased student enrollment, additional staffing at the sites, and campus startup costs.

Request for information

The financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Nevada State High School at 2651 N Green Valley Pkwy, Suite 106, Henderson, Nevada 89014, and telephone number (702) 953-2600.

BASIC FINANCIAL STATEMENTS

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**Nevada State High School
Statement of Net Position
June 30, 2020**

ASSETS	Governmental Activities			
	NSHS	Meadowwood	Sunrise	Total
Current assets				
Cash	\$ 1,412,783	\$ 134,474	\$ 378,502	\$ 1,925,759
Receivables	695,180	47,777	8,651	751,608
Prepaid expense	32,341	2,638	2,350	37,329
Total current assets	<u>2,140,304</u>	<u>184,889</u>	<u>389,503</u>	<u>2,714,696</u>
Noncurrent assets				
Capital assets, net	115,444	112,920	16,791	245,155
Due to/from other funds	291,668	(204,719)	(86,949)	-
Refundable deposits	19,927	2,384	7,500	29,811
Total noncurrent assets	<u>427,039</u>	<u>(89,415)</u>	<u>(62,658)</u>	<u>274,966</u>
Total assets	<u>2,567,343</u>	<u>95,474</u>	<u>326,845</u>	<u>2,989,662</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension requirement	<u>1,402,188</u>	<u>91,273</u>	<u>84,016</u>	<u>1,577,477</u>
Total assets and deferred outflows of resources	<u>\$ 3,969,531</u>	<u>\$ 186,747</u>	<u>\$ 410,861</u>	<u>\$ 4,567,139</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 32,362	\$ 87	\$ 302	\$ 32,751
Accrued payroll and benefits	96,647	2,824	10,516	109,987
Due to state and local governments	4,091	-	50,711	54,802
Total current liabilities	<u>133,100</u>	<u>2,911</u>	<u>61,529</u>	<u>197,540</u>
Noncurrent liabilities				
Deferred rent	64,260	2,809	(4,813)	62,256
Net pension liability	2,240,164	85,782	67,807	2,393,753
Total noncurrent liabilities	<u>2,304,424</u>	<u>88,591</u>	<u>62,994</u>	<u>2,456,009</u>
Total liabilities	<u>2,437,524</u>	<u>91,502</u>	<u>124,523</u>	<u>2,653,549</u>
DEFERRED INFLOWS OF RESOURCES				
Pension requirement	<u>185,341</u>	<u>6,742</u>	<u>5,329</u>	<u>197,412</u>
Total liabilities and deferred inflows of resources	<u>2,622,865</u>	<u>98,244</u>	<u>129,852</u>	<u>2,850,961</u>
NET POSITION				
Invested in capital assets, net of debt	115,444	112,920	16,791	245,155
Unrestricted	<u>1,231,222</u>	<u>(24,417)</u>	<u>264,218</u>	<u>1,471,023</u>
Total net position	<u>\$ 1,346,666</u>	<u>\$ 88,503</u>	<u>\$ 281,009</u>	<u>\$ 1,716,178</u>

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

Nevada State High School
Statement of Activities
For the Fiscal Year Ended June 30, 2020

GOVERNMENTAL ACTIVITIES	Governmental Activities			
	NSHS	Meadowwood	Sunrise	Total
Instruction:				
Regular instruction	\$ 2,045,349	\$ 9,084	\$ 131,988	\$ 2,186,421
Special instruction	271,984	112,479	116,867	501,330
Total instruction	<u>2,317,333</u>	<u>121,563</u>	<u>248,855</u>	<u>2,687,751</u>
Support services:				
Student support	55,750	-	-	55,750
Instructional support	28,969	-	-	28,969
General administration	437,886	-	-	437,886
School administration	983,842	116,417	115,947	1,216,206
Central services	1,062,814	147,780	202,166	1,412,760
Operations and maintenance of plant	432,045	33,494	34,979	500,518
Student transportation	390	-	1,170	1,560
Unallocated depreciation	10,339	23,405	5,166	38,910
Total support services	<u>3,012,035</u>	<u>321,096</u>	<u>359,428</u>	<u>3,692,559</u>
Total expenditures	<u>5,329,368</u>	<u>442,659</u>	<u>608,283</u>	<u>6,380,310</u>
PROGRAM REVENUE				
Operating grants				
Special instruction	318,892	127,239	149,770	595,901
Total operating grants	<u>318,892</u>	<u>127,239</u>	<u>149,770</u>	<u>595,901</u>
GENERAL REVENUE				
Distributive school account	5,359,825	410,737	609,212	6,379,774
Other sources	70,572	1,972	2,152	74,696
Total general revenue	<u>5,430,397</u>	<u>412,709</u>	<u>611,364</u>	<u>6,454,470</u>
CHANGE IN NET POSITION	419,921	97,289	152,851	670,061
NET POSITION, Beginning of Year	926,745	(8,786)	128,158	1,046,117
NET POSITION, End of Year	<u>\$ 1,346,666</u>	<u>\$ 88,503</u>	<u>\$ 281,009</u>	<u>\$ 1,716,178</u>

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

Nevada State High School
Balance Sheet - Governmental Funds
June 30, 2020

	<u>Special Revenue Fund</u>			<u>Total</u>
	<u>General Fund</u>	<u>Meadowwood General</u>	<u>Sunrise General</u>	
ASSETS				
Cash	\$ 1,412,783	\$ 134,474	\$ 378,502	\$ 1,925,759
Receivables	695,180	47,777	8,651	751,608
Prepaid expense	32,341	2,638	2,350	37,329
Due to/from other funds	291,668	(204,719)	(86,949)	-
Refundable deposits	19,927	2,384	7,500	29,811
Total assets	<u>\$ 2,451,899</u>	<u>\$ (17,446)</u>	<u>\$ 310,054</u>	<u>\$ 2,744,507</u>
LIABILITIES				
Accounts payable	\$ 32,362	\$ 87	\$ 302	\$ 32,751
Accrued payroll and benefits	96,647	2,824	10,516	109,987
Due to state and local governments	4,091	-	50,711	54,802
Total liabilities	133,100	2,911	61,529	197,540
FUND BALANCES				
Nonspendable:				
Prepaid expenses	32,341	2,638	2,350	37,329
Refundable deposits	19,927	2,384	7,500	29,811
Unassigned	2,266,531	(25,379)	238,675	2,479,827
Total fund balances	<u>2,318,799</u>	<u>(20,357)</u>	<u>248,525</u>	<u>2,546,967</u>
Total liabilities and fund balances	<u>\$ 2,451,899</u>	<u>\$ (17,446)</u>	<u>\$ 310,054</u>	<u>\$ 2,744,507</u>

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

Nevada State High School
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total Fund Balances - Governmental Funds \$ 2,546,967

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of related depreciation, are not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the statement of net position.

Capital assets not reported	498,657	
Less accumulated depreciation	<u>(253,502)</u>	245,155

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Deferred rent, noncurrent	<u>(62,256)</u>	(62,256)
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Net pension liability and the related deferred inflows and outflows or resources are not included in governmental fund financial statements.

Deferred inflows of resources - pension requirement	1,577,477	
Deferred outflows of resources - pension requirement	(197,412)	
Net pension liability	<u>(2,393,753)</u>	(1,013,688)

Total Net Position - Governmental Activities		<u><u>\$ 1,716,178</u></u>
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Nevada State High School
Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Special Revenue Fund						Total
	General Fund	Meadowwood General	Sunrise General	Special Instruction NSHS	Special Instruction Meadowwood	Special Instruction Sunrise	
REVENUES							
State sources	\$ 5,425,144	\$ 413,570	\$ 614,821	\$ 138,491	\$ 103,764	\$ 100,695	\$ 6,796,485
Federal sources	29,456	-	-	156,198	22,614	45,618	253,886
Total revenues	<u>5,454,600</u>	<u>413,570</u>	<u>614,821</u>	<u>294,689</u>	<u>126,378</u>	<u>146,313</u>	<u>7,050,371</u>
EXPENDITURES							
Program:							
Instruction	2,020,484	8,825	134,056	271,984	112,479	116,867	2,664,695
Support services:							
Student support	53,029	-	-	2,721	-	-	55,750
Instructional support	28,969	-	-	-	-	-	28,969
General administration	406,732	-	-	410	-	-	407,142
School administration	919,937	102,132	120,436	8,186	1,181	605	1,152,477
Central services	1,010,688	147,780	197,378	7,225	-	4,788	1,367,859
Operations and maintenance of plant	494,525	32,142	34,143	-	-	-	560,810
Student transportation	390	-	1,170	-	-	-	1,560
Total support services	<u>2,914,270</u>	<u>282,054</u>	<u>353,127</u>	<u>18,542</u>	<u>1,181</u>	<u>5,393</u>	<u>3,574,567</u>
Total expenditures	<u>4,934,754</u>	<u>290,879</u>	<u>487,183</u>	<u>290,526</u>	<u>113,660</u>	<u>122,260</u>	<u>6,239,262</u>
Excess of revenue over (under) expenditures	519,846	122,691	127,638	4,163	12,718	24,053	811,109
OTHER FINANCING SOURCES (USES)							
Transfers	4,163	12,718	24,053	(4,163)	(12,718)	(24,053)	-
Net change in fund balances	524,009	135,409	151,691	-	-	-	811,109
Fund Balances, beginning of year	<u>1,794,790</u>	<u>(155,766)</u>	<u>96,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,735,858</u>
Fund Balances, end of year	<u>\$ 2,318,799</u>	<u>\$ (20,357)</u>	<u>\$ 248,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,546,967</u>

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

Nevada State High School
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of the Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balances - Governmental Funds \$ 811,109

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount that the current year's depreciation expenses exceeded the capital asset purchases in the current period.

Expenditures for capital assets	\$ 92,460	
Less current year depreciation	<u>(38,910)</u>	53,550

Deferred rent is not due and payable in the current period and therefore is not reported in the governmental funds.

Deferred rent payments realized in the current year		(32,169)
---	--	----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in net pension liability and related deferred outflows and inflows of resources		<u>(162,429)</u>
--	--	------------------

Change in Net Position of Governmental Activities		<u><u>\$ 670,061</u></u>
--	--	--------------------------

Nevada State High School
Statement of Fiduciary Net Position
Student Activities Fund
June 30, 2020

ASSETS

Current assets

Cash \$ 56,727

Total assets 56,727

LIABILITIES

Current liabilities

Accounts payable 746

Total liabilities 746

NET POSITION

Unrestricted 55,981

Total net position \$ 55,981

DRAFT

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

Nevada State High School
Statement of Changes in Fiduciary Net Position
Student Activities Fund
For the Fiscal Year Ended June 30, 2020

ADDITIONS:	
Local revenues	\$ 136,408
DEDUCTIONS:	
Student activities	<u>117,108</u>
CHANGE IN NET POSITION	19,300
NET POSITION, Beginning of Year	<u>36,681</u>
NET POSITION, End of Year	<u><u>\$ 55,981</u></u>

DRAFT

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

**NEVADA STATE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – NATURE OF THE SCHOOL

Nevada State High School (School) is a charter school established under Nevada Revised Statute (NRS) 386.527 (subsequently replaced by NRS 388A.270) and sponsored by the State Public Charter School Authority. The School provides an early college experience to high school juniors and seniors. The students take college courses with real professors on college and university campuses in Nevada. These courses count for both high school and college credit, making it possible for the students to earn their high school diplomas while getting a head start on their college degrees. The School's mission is to support students in a college environment with personal, academic, and social skills.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of the School have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the School. The School has established a Governing Board (Board), which is legally separate and fiscally independent from other governing bodies; therefore, the School is a primary government and the School is not reported as a component unit by any other government unit. The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities.

Blended Component Units

Nevada State High School Meadowwood and Nevada State High School Sunrise (component schools) are legally separate organizations established under their own charters. The School operates as a network of charter schools and shares a common governing board with the component schools, in accordance with applicable state law. Accordingly, the financial position and activities of the component schools are included in these financial statements as blended component units. Blended component units, although legally separate, are in substance part of the government's operations. For purposes of clarity, the component units have been presented in columnar format in the accompanying financial statements.

Basis of Presentation: Government-wide and Fund Financial Statements

The accompanying financial statements have been prepared in accordance with GASB Codification, Section 2200 (previously referred to as GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34)). The School's basic financial statements consist of both government-wide financial statements and fund financial statements. Accounting principles generally accepted in the United States of America require the School to apply all applicable pronouncements of GASB. The school also follows guidance issued by the Financial Accounting Standards Board (FASB) in the Accounting Standard Codification (ASC) to the extent that the pronouncements do not conflict with pronouncements issued by GASB.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The statement of activities presents a comparison between direct expenses and program revenue for each function of the School's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. The School does not charge indirect expenses to programs or functions. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or function. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

The major governmental funds are reported as separate columns in the fund financial statements. This requires that each fund be treated as a separate accounting entity and that the operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Separate financial statements are provided for the School's fiduciary fund, which is excluding from the government-wide financial statements. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the School has been notified that the funds are available to be received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that the amount of the transaction can be determined. "Available" means that the amount is collectible within the current period or soon enough thereafter to pay liabilities incurred in the current period. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is for payments of principal and interest on debt service or capital leases, which are recorded when payment is due. The School's fiduciary student activities fund is reported on the accrual basis of accounting.

The School reports the following major governmental funds:

General Fund:

The School's general operating fund used to account for all financial resources and costs of operations traditionally associated with governments, which are not required to be accounted for in other funds.

Special Revenue Funds:

These funds are used to account for the proceeds of special revenue sources that are restricted or committed by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The special revenue funds are used to account for the School's grant operations under restricted federal and state grants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Additionally, the School reports the following fiduciary fund:

Student Activities Fund:

The School’s student activity fund reports the assets and activities from funds held in an agency capacity for the School’s student governance organization.

Budgets and Budgetary Information

The School is required by the Nevada Department of Education (Department) to adopt a final budget no later than May 1 of each year under NRS 388A.366, but is not required by the Department to augment the budget during the year. Further, the School is not required under the statute to adopt a final budget or otherwise comply with any provisions of Chapter 354 of the NRS. In essence, augmentation of the School’s budget is neither required nor prohibited. Budgets submitted to the state include that of the primary government and each blended component unit; therefore, no additional budget comparison schedules has been presented for other funds.

Cash and Cash Equivalents

The School defines cash and cash equivalents as cash and short-term investments with an initial maturity of three months or less.

Receivables

Receivables include Distributive School Account (DSA) balances due from the state, in addition to grant revenues related to reimbursable grants. The School considers the balance of receivables to be fully-collectible; accordingly, an allowance for uncollectible accounts has not been recorded.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. Prepaid expenses are equally offset by a fund balance classification indicating they are “non-spendable”.

Capital Assets

Capital assets are defined by the School as assets with an estimated useful life in excess of one year and an initial individual cost exceeding \$5,000, unless a smaller threshold is required under an applicable grant agreement. Such assets are recorded at historical cost or an estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date of donation. Costs of normal repair or maintenance that do not add value or materially extend asset life are not capitalized. Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

<u>Capital Asset Type</u>	<u>Years</u>
Furniture and equipment	5 years
Leasehold improvements	7 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Balances

Amounts receivable from or payable to the blended component units are recorded as due to/from other funds. These balances represent reciprocal transfers of funds, with a reasonable expectation of repayment, and are presented as a single line item in the accompanying financial statements to eliminate the interfund balances.

Accrued Salaries and Benefits

Employee compensation earned but not paid by June 30, 2020, has been accrued as liabilities and shown as expenses for the current year. The School does not pay employees for unused accrued time off upon termination of employment; therefore, no liability for compensated absences has been included in these financial statements.

Deferred Outflows and Inflows of Resources

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The changes in proportion and differences between employer contributions and the proportionate share of contributions as well as contributions made after the measurement period for pensions qualify for reporting in this category.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Differences between expected and actual experience and between projected and actual investment earnings on pension plan investments qualify for reporting in this category.

Defined Benefit Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position and Fund balance

In the government-wide financial statements, net position is classified into three components:

Invested in Capital Assets, Net of Related Debt: This is the component of net position that reports the difference between the capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This is the component of net position that reports the constraints placed on the use of assets by constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws and regulations of other governments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund balance (Continued)

Unrestricted Net Position: All other assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position”.

In the fund financial statements, the classifications of fund balance represent amounts that are not subject to appropriation or are legally segregated for a specific purpose, and are classified into five components:

Nonspendable fund balance: These items are legally or contractually required to be maintained intact and are not in a spendable form, such as prepaid expenses.

Restricted fund balance: These amounts are restricted for use toward a specific purpose by constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance: These amounts can only be used for specific purposes as set forth by the School Board. The Board must take formal action, prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. Formal Board action is also required to modify or rescind an established commitment.

Assigned fund balance: Assignments are neither restrictions nor commitments and represent the School’s intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the School’s ending fund balance. The School Board and Management have the responsibility of assigning amounts of ending fund balance.

Unassigned fund balance: The residual classification for the General Fund that is available to spend.

When an expenditure is incurred, and both restricted and unrestricted resources are available, the portion of the fund balance that was restricted for purposes shall be reduced first. If no restricted resources exist, then the unrestricted fund balance shall be reduced. Furthermore, when an expenditure is incurred for purposes which amounts of committed, assigned, or unassigned are considered to have been spent, and any of these unrestricted fund balance classifications could be used, they are considered spent in the above order.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, assumptions, and judgments that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. In May 2020, the GASB issued Statement No. 95 which the effective date of this pronouncement by 18 months due to the worldwide COVID-19 pandemic. The School is currently evaluating the impact the adoption of this statement will have on its financial statements.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end-users (governments). This statement results in a right-of-use subscription intangible asset and a corresponding liability for such arrangements as defined. This statement is effective for fiscal years beginning after June 15, 2022, with early adoption encouraged. The School is currently evaluating the impact the adoption of this statement will have on its financial statements.

NOTE 3 – DEPOSITS AND CREDIT RISK

The School's cash is categorized in three categories of credit risk:

Category 1: Insured or collateralized with securities held by entity or by its agent in the School's name

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the School's name.

Category 3: Uncollateralized.

The School participates in a statewide collateral pool made available under applicable state law. The statewide program is centralized and coordinated by the Office of the State Treasurer. Under the pool, participating financial institutions are required to maintain collateral securities having a fair market value that is at least 102% of the amount of the aggregate uninsured ledger balances of public money held by the depository. State and local agency participation is voluntary.

Financial institutions that participate require a signed collateral security agreement and approval by the State Treasurer. The School maintains bank accounts in Wells Fargo Bank, which is a participating banking institution and the School has joined the statewide collateral pool.

The cash held by the financial institution is insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250,000 for interest bearing accounts and fully insured for non-interest bearing accounts as of June 30, 2020 due to participation in the statewide collateral pool. At June 30, 2020, the School's cash deposits were fully insured as the accounts were non-interest bearing with no uncollateralized portions. Custodial credit risk is the risk that the School may not be able to recover the value of the deposits that are in the possession of an outside party. The School does not have a formal policy for custodial credit risk.

**NEVADA STATE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets from governmental activities for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Cost of assets				
Furniture and equipment	\$ 248,747	\$ -	\$ -	\$ 248,747
Leasehold improvements	157,451	92,460	-	249,911
Total	406,198	92,460	-	498,658
Accumulated depreciation				
Furniture and equipment	(170,540)	(18,368)	-	(188,908)
Leasehold improvements	(44,053)	(20,542)	-	(64,595)
Total	(214,593)	(38,910)	-	(253,503)
	<u>\$ 191,605</u>	<u>\$ 53,550</u>	<u>\$ -</u>	<u>\$ 245,155</u>

Depreciation expense was not charged to activities as the School considers its assets to impact multiple activities and allocation is not practical.

NOTE 5 – BUILDING LEASES AND DEFERRED RENT

The School entered into various non-cancelable operating lease agreements for its school campuses and central office space. These lease agreements have terms ranging from 5 to 10 years, with certain provisions for renewal. The leases include various escalating payment arrangements with payments ranging from approximately \$2,000 to approximately \$9,000 per month. The School has also participated in certain month-to-month lease agreements. Total lease expenses under the School’s various lease agreements amounted to \$389,411 for the year ended June 30, 2020.

The future minimum lease payments under the School’s non-cancelable lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2020	\$ 328,399
2021	328,917
2022	236,797
2023	217,203
2024	101,758
Thereafter	52,920

NOTE 6 – DEFINED BENEFITS PENSION PLAN

Plan Description

The School is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all employees considered to be full-time equivalents (FTE) of 50% or more are covered under the system. 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 statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months, with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this factor is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for 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, allows 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.

Vesting

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

The normal ceiling limitation on monthly benefits allowances 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% of average compensation. Members become fully vested as to benefits upon completion of five years of service. Members become fully vested as to benefits upon completion of five 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. In one plan, contributions are shared equally by employer and employee. In the other plan, employees can take a reduced salary and have contributions made by the employer (EPC). 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.

**NEVADA STATE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased or decreased pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and results in a relatively level long-term contribution requirement as a percentage of salary.

For contributions to the employee/employer plan made on or after July 1, 2015, contributions of 14.50% are deducted from the employee and a matching contribution of 14.50% is paid by the employer. The employer-pay contribution plan requires an employer paid contribution rate of 28.00% for contributions made on or after July 1, 2015. Effective July 1, 2019, the contribution rates under the employee/employer plan were increased to 15.25% deducted from the employee and a matching contribution of 15.25%, and the contribution rate under the employer-pay plan was increased to 29.25%.

Pension Liabilities, Pension Expense, and Related Deferred Inflows and Outflows of Resources

At June 30, 2020, the School reported a liability of \$2,393,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of that date. 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 contributions for all employers for the period ended June 30, 2019, actuarially determined. At June 30, 2019, the School’s proportion was 0.01755%.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89,764	\$ 69,045
Change in assumptions	97,415	-
Net difference between projected and actual investment earnings on pension plan investments	-	119,081
Changes in proportion and differences between employer contributions and proportionate share of contributions	996,513	9,286
Contributions subsequent to the measurement date	393,785	-
	<u>\$ 1,577,477</u>	<u>\$ 197,412</u>

Amounts reported as deferred outflows and deferred inflows of resources, without regard to the contributions subsequent to the measurement date, related to pensions will be recognized in pension expense as follows for the years ended June 30:

2021	6,744
2022	(45,444)
2023	12,484
2024	15,465
2025	8,790
Thereafter	1,014

**NEVADA STATE HIGH SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020**

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years, all the other above deferred outflow and deferred inflows will be recognized over the average expected remaining service lives, which was 6.18 years for the measurement period ending June 30, 2019.

Actuarial Assumptions

The System’s net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Inflation rate	2.75%
Investment rate of return	7.50%
Productivity pay increase	0.5%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Consumer price index	2.75%
Other assumptions	Same as those used in the June 30, 2019 funding actuarial valuation

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience review completed for the period of July 1, 2012 through June 30, 2016. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. 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 the statute. Based on that assumption, the pension plan’s fiduciary net position at June 30, 2019 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, 2019.

Investment Policy

The System’s policies which determine the investment portfolio target asset allocation are established by the Retirement 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 Retirement Board’s adopted policy target asset allocation as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Geometric Expected Real Rate of Return*</u>
Domestic equity	42%	5.50%
International equity	18%	5.50%
Domestic fixed income	28%	0.75%
Private markets	12%	6.65%

*As of June 30, 2019, PERS’ long-term inflation assumption was 2.75%.

**NEVADA STATE HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

Discount Rate and Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the PERS as of June 30, 2019, calculated using the discount rate of 7.50%, 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 (6.50%) or one percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase in Discount Rate <u>(8.50%)</u>
Net pension liability	3,706,437	2,393,753	1,302,580

Pension Plan Fiduciary Net Position

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS website at www.nvpers.org under Quick Links – Publications. That report may also be obtained by writing to Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703 or by calling 775-687-4200.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 1, 2020, which is the date the financial statements were available to be issued. No additional events were identified that would require additional disclosure.

SUPPLEMENTARY INFORMATION

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**Nevada State High School
 Budgetary Comparison Schedule
 Combined Primary Government and Blended Components
 For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable / (Unfavorable)</u>	<u>Percentage Over (Under) Budget</u>
REVENUE				
Local revenue sources	\$ 543,307	\$ 136,408	(406,899)	-75%
State program revenues	6,677,363	6,796,485	119,122	2%
Federal Program revenues	204,829	253,886	49,057	24%
Total revenue	<u>7,425,499</u>	<u>7,186,779</u>	<u>(238,720)</u>	<u>-3%</u>
EXPENDITURES				
Instruction	2,970,562	2,664,695	305,867	-10%
Support services	3,638,614	3,691,675	(53,061)	1%
Total expenditures	<u>6,609,176</u>	<u>6,356,370</u>	<u>252,806</u>	<u>-4%</u>
Excess of revenue over expenditures	816,323	830,409	14,086	2%
FUND BALANCE, beginning of year	<u>1,772,539</u>	<u>1,772,539</u>	-	0%
FUND BALANCE, end of year	<u>\$ 2,588,862</u>	<u>\$ 2,602,948</u>	<u>\$ 14,086</u>	<u>1%</u>

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**Nevada State High School
Supplemental Pension Information
For the Fiscal Year Ended June 30, 2020**

Proportion of the net pension liability		0.01755%
Proportionate share of the net pension liability	\$	2,393,753
Covered-employee payroll	\$	1,744,145
Proportionate share of the net pension liability as a percentage of its covered-employee payroll		137.2%
Plan fiduciary net position as a percentage of the total pension liability		76.5%

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**Nevada State High School
Financial Statement Audit Results Summary
For the Fiscal Year Ended June 30, 2020**

1	School name	Nevada State High School
2	School year ended	2020
3	Year of operations	2004
4	Independent auditor	Ellsworth & Stout, LLC
5	Cash	1,925,759
6	Current assets	2,714,696
7	Noncurrent assets	274,966
8	Deferred outflows	1,577,477
9	Current liabilities	197,540
10	Noncurrent liabilities	2,456,009
11	PERS pension liability	2,393,753
12	Deferred inflows	197,412
13	Revenues	7,186,779
14	Expenditures	6,497,418
15	Annual principal	-
16	Interest expense	-
17	Depreciation expense	38,910
18	Outstanding loan	No
19	Debt default	No

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governing Board of
Nevada State High School
Las Vegas, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Nevada State High School (School) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 1, 2020.

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) to determine the 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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-001 to be a material weakness.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

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 determination of financial statement amounts. 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*.

School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Las Vegas, Nevada
October 1, 2020

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NEVADA STATE HIGH SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

2020-001 – Inadequate Safeguarding of Assets

Description:

The School uses a signature stamp to authorize checks. Multiple individuals have access to the stamp, including those without check signing, or equivalent delegated authority.

Recommendation:

It is recommended that the stamp procedure be replaced with a required wet signature for all checks by an authorized individual segregated from those with recording, processing, or reconciling responsibilities. If this is not possible or not practical, we recommend implementing internal controls sufficient to limit the access to both the stamp and related check stock to remove the opportunity for misuse of the stamp.

Management Response:

We agree with this recommendation. We discontinued using the stamp in prior year based on the recommendation from our auditors; however, due to the worldwide COVID-19 pandemic, the situation required the continued use of the stamp due to the limited access to the office and for the safety of all employees. We will limit the use of the stamp as necessary and have implemented appropriate segregations of duties to limit physical access as such use is deemed necessary. This recommendation has been fully implemented.

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