











**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Las Vegas, Nevada  
October 8, 2022

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**NEVADA STATE HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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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, 2022. 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 \$3,296,175 which is an increase of \$597,345, or approximately 22%. Assets consisted primarily of cash of \$3,467,098, receivables of \$1,224,939, and capital and intangible assets of \$1,388,907. Total revenue was \$8,191,202, which includes unrestricted funds of \$7,047,623 from the Pupil Centered Funding Program (PCFP). As discussed in Note 3 to the financial statements, the School adopted Government Accounting Standards (GASB) Statement No. 87, *Leases*, during the year ended June 30, 2022. This resulted in the addition of an intangible lease asset and corresponding lease liability recorded in the Statement of Net Position to the financial statements. Although there was not a material impact on the net position of the School from the adoption of this standard, the prior year balances in this Management's Discussion and Analysis section have been updated to reflect the changes resulting from the adoption of this statement for comparability.

### **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

**NEVADA STATE HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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**Overview of the Financial Statements (Continued)**

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.

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:

	2022	2021	Change	Percentage
Current assets	\$ 4,739,990	\$ 3,992,607	\$ 747,383	19%
Noncurrent assets	1,425,640	1,749,861	(324,221)	-19%
Total assets	6,165,630	5,742,468	423,162	7%
Deferred outflows of resources	3,191,275	2,241,754	949,521	42%
Other current liabilities	550,989	468,066	82,923	18%
Long-term liabilities	3,397,218	4,639,119	(1,241,901)	-27%
Total liabilities	3,948,207	5,107,185	(1,158,978)	-23%
Deferred inflows of resources	2,112,523	178,207	1,934,316	1085%
Net position, invested in capital assets, net of debt	229,599	206,036	23,563	11%
Net position, unrestricted	3,066,576	2,492,794	573,782	23%
Total net position	\$ 3,296,175	\$ 2,698,830	\$ 597,345	22%

**NEVADA STATE HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**The School as a whole – continued**

The increase in current assets is due to additional cash on hand as a result of an increase overall revenue versus the prior year. The decrease in non-current assets is primarily due to amortization of the intangible lease assets recorded as a result of adopting the new lease accounting standard. The increase in current liabilities is primarily due to timing of payments. The decrease in long-term liabilities is primarily due to payments against long-term lease obligations recorded in accordance with the new lease accounting standard, as well as changes in net pension liability.

The School's revenues were as follows:

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage</u>
Revenue				
State sources	\$ 7,193,509	\$ 7,677,183	\$ (483,674)	-6%
Federal sources	916,154	319,688	596,466	187%
Other sources	81,539	-	81,539	100%
Total revenue	<u>\$ 8,191,202</u>	<u>\$ 7,996,871</u>	<u>\$ 194,331</u>	<u>2%</u>

The revenue from State sources decreased due to a decrease in student enrollment for the overall network. Federal funding decreased due to additional federal grants awarded as a result of the worldwide COVID-19 pandemic.

The School's expenditures were as follows:

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage</u>
Instruction	\$ 3,238,142	\$ 3,148,783	\$ 89,359	3%
Student support	70,224	62,640	7,584	12%
Instructional support	150,622	36,816	113,806	309%
General administration	464,760	651,011	(186,251)	-29%
School administration	1,298,379	1,268,874	29,505	0%
Central services	1,579,244	1,325,298	253,946	0%
Operations and maint. of plant	331,448	204,045	127,403	62%
Amortization of lease assets	361,566	237,613	123,953	0%
Unallocated depreciation	56,512	49,447	7,065	0%
Debt service	42,960	29,692	13,268	45%
Total expenses	<u>\$ 7,593,857</u>	<u>\$ 7,014,219</u>	<u>\$ 579,638</u>	<u>8%</u>

Total expenses increased primarily due to the additional operating costs includes staffing, tuition, textbooks, and supply related costs as a result of additional grant funding expenditures and inflation in the economy.

**NEVADA STATE HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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### **The Future of the School**

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

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 the students. Students concurrently attend college courses while learning more about a career pathway after high school.

After 19 years of helping more than 3,000 high school college ready graduates, the school is meeting its strategy of educating students in a real college environment while achieving its mission to support students personally, academically, and socially. The results around college and career readiness are recognized by several state and national organizations. NSHS has received continuous Exemplary or five-star Nevada School Performance Framework ratings from the Nevada Department of Education, 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, public charter school. Online and in person access to courses is available through colleges within the Nevada System of Higher Education (NSHE). At each neighborhood NSHS location, support classes are provided that focus specifically on successfully transitioning students to college. 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 accountability to its mission, measurement, and consistent monitoring. Families and students find that this early college model of education saves them time and money in post-secondary educational expenses after high school.

As the cost for college continues to increase and the demand grows 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."

The school projects that by end of the 2024-2025 school year, it will have over 4,500 college ready graduates. This addition of nearly 1,500 college ready students over the current 3,000 will be possible due to the increase in the number of students and locations over the next four years.

For the 2022-2023 school year, NSHS will operate eight (9) locations across the state, with a recent addition of the North Las Vegas campus, and is serving a student population of approximately 1,030 students.

**NEVADA STATE HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Government Funds Financial Analysis**

The following analysis has been prepared comparing the results for the fiscal year ending June 30, 2022 to the Final school budget:

**Nevada State High School  
Budget Comparison Schedule (Unaudited)  
Combined Primary Government and Blended Components  
For the Fiscal Year Ended June 30, 2022**

	Budget	Actual	Variance Favorable / (Unfavorable)
<b>REVENUE</b>			
Local revenue sources	\$ 193,991	\$ 276,210	\$ 82,219
State program revenues	7,031,207	7,193,509	162,302
Federal program revenues	936,313	916,154	(20,159)
Total revenue	<u>8,161,511</u>	<u>8,385,873</u>	<u>224,362</u>
<b>EXPENDITURES</b>			
Instruction	3,363,539	3,215,605	147,934
Support services	4,454,406	4,051,592	402,814
Debt service	-	390,744	(390,744)
Total expenditures	<u>7,817,945</u>	<u>7,657,941</u>	<u>160,004</u>
Excess (deficiency) of revenue over expenditures	343,566	727,932	384,366
FUND BALANCE, beginning of year	<u>3,907,730</u>	<u>3,907,730</u>	-
FUND BALANCE, end of year	<u>\$ 4,251,296</u>	<u>\$ 4,635,662</u>	<u>\$ 384,366</u>

The variance of in revenue is primarily due to higher enrollment compared to that used for the budget estimate. Associated expenditures came in lower than expectations primarily due to open positions at the sites and reclassification of lease related expenditure to debt service.

**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.

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**BASIC FINANCIAL STATEMENTS**

**Nevada State High School  
Statement of Net Position  
June 30, 2022**

ASSETS	Governmental Activities		
	NSHS	Meadowwood	Total
Current assets			
Cash	\$ 3,167,334	\$ 299,764	\$ 3,467,098
Receivables	1,155,510	69,429	1,224,939
Prepaid expense	45,315	2,638	47,953
Total current assets	<u>4,368,159</u>	<u>371,831</u>	<u>4,739,990</u>
Noncurrent assets			
Capital assets, net	201,562	61,784	263,346
Intangible lease asset, net	1,078,275	47,286	1,125,561
Due to/from other funds	(111,639)	111,639	-
Other assets	34,349	2,384	36,733
Total noncurrent assets	<u>1,202,547</u>	<u>223,093</u>	<u>1,425,640</u>
Total assets	<u>5,570,706</u>	<u>594,924</u>	<u>6,165,630</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension requirement	2,972,185	219,090	3,191,275
Total assets and deferred outflows of resources	<u>\$ 8,542,891</u>	<u>\$ 814,014</u>	<u>\$ 9,356,905</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 71,090	\$ 18,094	\$ 89,184
Accrued payroll and benefits	128,725	4,152	132,877
Lease obligations, current	305,529	23,399	328,928
Total current liabilities	<u>505,344</u>	<u>45,645</u>	<u>550,989</u>
Noncurrent liabilities			
Lease obligations, noncurrent	805,656	24,724	830,380
Net pension liability	2,429,909	136,929	2,566,838
Total noncurrent liabilities	<u>3,235,565</u>	<u>161,653</u>	<u>3,397,218</u>
Total liabilities	<u>3,740,909</u>	<u>207,298</u>	<u>3,948,207</u>
DEFERRED INFLOWS OF RESOURCES			
Pension requirement	1,999,829	112,694	2,112,523
Total liabilities and deferred inflows of resources	<u>5,740,738</u>	<u>319,992</u>	<u>6,060,730</u>
NET POSITION			
Invested in capital assets, net of debt	168,652	60,947	229,599
Unrestricted	2,633,501	433,075	3,066,576
Total net position	<u>\$ 2,802,153</u>	<u>\$ 494,022</u>	<u>\$ 3,296,175</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, 2022**

GOVERNMENTAL ACTIVITIES	Governmental Activities		
	NSHS	Meadowwood	Total
Instruction:			
Regular instruction	\$ 2,959,193	\$ 90,826	\$ 3,050,019
Special instruction	163,639	24,484	188,123
Total instruction	<u>3,122,832</u>	<u>115,310</u>	<u>3,238,142</u>
Support services:			
Student support	70,224	-	70,224
Instructional support	144,120	6,502	150,622
General administration	458,025	6,735	464,760
School administration	1,215,519	82,860	1,298,379
Central services	1,552,812	26,432	1,579,244
Operations and maintenance of plant	303,542	27,906	331,448
Amortization of intangible lease assets	336,894	24,672	361,566
Unallocated depreciation and amortization	28,780	27,732	56,512
Total support services	<u>4,109,916</u>	<u>202,839</u>	<u>4,312,755</u>
Debt service:			
Interest expense	42,568	392	42,960
Total expenditures	<u>7,275,316</u>	<u>318,541</u>	<u>7,593,857</u>
PROGRAM REVENUE			
Operating grants			
Special instruction	973,073	69,702	1,042,775
Total operating grants	<u>973,073</u>	<u>69,702</u>	<u>1,042,775</u>
GENERAL REVENUE			
Pupil centered funding program	6,576,286	471,337	7,047,623
Other sources	100,804	-	100,804
Total general revenue	<u>6,677,090</u>	<u>471,337</u>	<u>7,148,427</u>
CHANGE IN NET POSITION	374,847	222,498	597,345
Transfers	-	-	-
NET POSITION, Beginning, as previously reported	2,405,725	268,289	2,674,014
Change in accounting principle (Note 3)	21,581	3,235	24,816
NET POSITION, Beginning of Year	<u>2,427,306</u>	<u>271,524</u>	<u>2,698,830</u>
NET POSITION, End of Year	<u>\$ 2,802,153</u>	<u>\$ 494,022</u>	<u>\$ 3,296,175</u>

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

**Nevada State High School**  
**Balance Sheet - Governmental Funds**  
**June 30, 2022**

	<u>Special Revenue Fund</u>		
	<u>General Fund</u>	<u>Meadowwood General</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 3,167,334	\$ 299,764	\$ 3,467,098
Receivables	1,155,510	69,429	1,224,939
Prepaid expense	45,315	2,638	47,953
Due to/from other funds	(111,639)	111,639	-
Refundable deposits	34,349	2,384	36,733
Total assets	<u>\$ 4,290,869</u>	<u>\$ 485,854</u>	<u>\$ 4,776,723</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 71,090	\$ 18,094	\$ 89,184
Accrued payroll and benefits	128,725	4,152	132,877
Total liabilities	<u>199,815</u>	<u>22,246</u>	<u>222,061</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenses	45,315	2,638	47,953
Refundable deposits	34,349	2,384	36,733
Unassigned	4,011,390	458,586	4,469,976
Total fund balances	<u>4,091,054</u>	<u>463,608</u>	<u>4,554,662</u>
Total liabilities and fund balances	<u>\$ 4,290,869</u>	<u>\$ 485,854</u>	<u>\$ 4,776,723</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, 2022**

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**Total Fund Balances - Governmental Funds** \$ 4,554,662

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

Capital and intangible assets, net of related depreciation and amortization, 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.

Intangible lease assets not reported	1,724,739	
Less accumulated amortization	<u>(599,178)</u>	1,125,561
Capital assets not reported	622,808	
Less accumulated depreciation	<u>(359,462)</u>	263,346

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

Lease obligations, current	(328,928)	
Lease obligations, noncurrent	<u>(830,380)</u>	(1,159,308)

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	3,191,275	
Deferred outflows of resources - pension requirement	(2,112,523)	
Net pension liability	<u>(2,566,838)</u>	(1,488,086)

**Total Net Position - Governmental Activities** \$ 3,296,175

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

**Nevada State High School**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

	Special Revenue Fund				Total
	General Fund	Meadowwood General	Special Instruction NSHS	Special Instruction Meadowwood	
<b>REVENUES</b>					
State sources	\$ 6,576,286	\$ 471,337	\$ 122,882	\$ 23,004	\$ 7,193,509
Federal sources	19,265	-	850,191	46,698	916,154
Other sources	81,539	-	-	-	81,539
Total revenues	<u>6,677,090</u>	<u>471,337</u>	<u>973,073</u>	<u>69,702</u>	<u>8,191,202</u>
<b>EXPENDITURES</b>					
Program:					
Instruction	2,922,649	73,775	183,255	35,926	3,215,605
Support services:					
Student support	32,074	-	35,820	-	67,894
Instructional support	42,892	5,692	101,228	810	150,622
General administration	448,394	6,735	-	-	455,129
School administration	1,081,895	58,827	110,231	11,562	1,262,515
Central services	1,316,128	26,432	206,097	-	1,548,657
Operations and maintenance of plant	275,778	6,502	121,621	21,404	425,305
Total support services	<u>3,197,161</u>	<u>104,188</u>	<u>574,997</u>	<u>33,776</u>	<u>3,910,122</u>
Debt service:					
Principal payment on long-term debt	146,907	6,165	176,809	17,903	347,784
Interest expense	22,459	392	20,109	-	42,960
Total debt service	<u>169,366</u>	<u>6,557</u>	<u>196,918</u>	<u>17,903</u>	<u>390,744</u>
Total expenditures	<u>6,289,176</u>	<u>184,520</u>	<u>955,170</u>	<u>87,605</u>	<u>7,516,471</u>
Excess of revenue over (under) expenditures	387,914	286,817	17,903	(17,903)	674,731
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	17,903	(17,903)	(17,903)	17,903	-
Net change in fund balances	405,817	268,914	-	-	674,731
Fund Balances, beginning of year	<u>3,685,237</u>	<u>194,694</u>	<u>-</u>	<u>-</u>	<u>3,879,931</u>
Fund Balances, end of year	<u>\$ 4,091,054</u>	<u>\$ 463,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,554,662</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, 2022**

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**Net Change in Fund Balances - Governmental Funds** \$ 674,731

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.

Recognition of intangible lease assets	-	
Less current year amortization	<u>(361,566)</u>	(361,566)
Expenditures for capital assets	93,857	
Less current year depreciation	<u>(56,512)</u>	37,345

Principal payments on notes payable or lease obligations are reported in the government funds as expenditures. However, for government-wide activities, those costs are shown in the statement of net position as a reduction of a liability. Additionally, proceeds from long-term debt is recognized as revenue from other funding sources.

Principal payments on lease obligations	347,784
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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>(100,949)</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 597,345</u></u></b>
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*The accompanying notes are an integral part of these financial statements.*

**Nevada State High School**  
**Statement of Fiduciary Net Position**  
**Student Activities Fund**  
**June 30, 2022**

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ASSETS

Current assets

Cash	\$	61,883
Receivables		10,110
Prepaid expenses		<u>12,500</u>
Total assets		<u>84,493</u>

LIABILITIES

Current liabilities

Accounts payable		<u>3,493</u>
Total liabilities		<u>3,493</u>

NET POSITION

Unrestricted		<u>81,000</u>
Total net position	\$	<u>81,000</u>

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*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, 2022**

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ADDITIONS:	
Local revenues	\$ 194,671
DEDUCTIONS:	
Student activities	<u>141,470</u>
CHANGE IN NET POSITION	53,201
NET POSITION, Beginning of Year	<u>27,799</u>
NET POSITION, End of Year	<u><u>\$ 81,000</u></u>

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

**NEVADA STATE HIGH SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**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 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 (component school) is a legally separate organization established under its own charter. The School operates as a network of charter schools and shares common governing board members with the component school, in accordance with applicable state law. Accordingly, the financial position and activities of the component school is included in these financial statements as a blended component unit. Blended component units, although legally separate, are in substance part of the government's operations. For purposes of clarity, the component unit has 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 have 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 primarily 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, 2022, 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.

NEVADA STATE HIGH SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2022

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncements**

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.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which provides guidance on recognition and measurement of compensated absences. This statement is effective for fiscal years beginning after December 31, 2023, with early adoption encouraged. The School is currently evaluating the impact the adoption of this statement will have on its financial statements.

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE**

The School has implemented GASB Statement No. 87, *Leases* (GASB 87), with retroactive adjustments made to the fiscal year ended June 30, 2021, which is the earliest year presented. GASB 87 enhances the relevance and consistency of information of the School’s lease activities. It establishes requirements for lease accounting based on the principle that leases are financing activities for the right to use an underlying asset. Accordingly, the School is required to recognize an intangible lease asset and associated lease liability. These changes were incorporated in the School’s financial statements and had an effect on the School’s beginning net position.

The implementation of GASB 87 had the following effect on net position as reported June 30, 2021:

Adjustments:	
Net book value of lease asset	\$ 1,487,127
Lease liability	(1,507,092)
Deferred rent adjustment	<u>44,781</u>
Net adjustment	24,816
Net position, June 30, 2021, previously reported	<u>2,674,014</u>
Net position, June 30, 2021, restated	<u><u>\$ 2,698,830</u></u>

**NOTE 4 – 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.

**NEVADA STATE HIGH SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022**

**NOTE 4 – DEPOSITS AND CREDIT RISK (Continued)**

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, 2022 due to participation in the statewide collateral pool. At June 30, 2022, 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.

**NOTE 5 – CAPITAL ASSETS**

A summary of changes in capital assets from governmental activities for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Cost of assets				
Furniture and equipment	\$ 248,747	\$ -	\$ -	\$ 248,747
Leasehold improvements	280,204	93,857	-	374,061
Total	528,951	93,857	-	622,808
Accumulated depreciation				
Furniture and equipment	(207,276)	(18,368)	-	(225,644)
Leasehold improvements	(95,674)	(38,144)	-	(133,818)
Total	(302,950)	(56,512)	-	(359,462)
	<u>\$ 226,001</u>	<u>\$ 37,345</u>	<u>\$ -</u>	<u>\$ 263,346</u>

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

**NEVADA STATE HIGH SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022**

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**NOTE 6 –LEASES**

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 \$11,000 per month. The School has also participated in certain month-to-month lease agreements. Certain lease agreements include provisions for variable common area maintenance or similar charges. For the year ended June 30, 2022, these variable payments amounted to approximately \$78,000.

At the time of the initial measurement, there were no interest rates specified in the School’s various non-cancelable lease agreements; therefore, the School used an incremental interest rate of 3% based on economic conditions upon implementation.

A summary of changes in capital assets from governmental activities for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Intangible lease asset - buildings	\$ 1,724,740	\$ -	\$ -	\$ 1,724,740
Accumulated amortization	(237,613)	(361,566)	-	(599,179)
	<u>\$ 1,487,127</u>	<u>\$ (361,566)</u>	<u>\$ -</u>	<u>\$ 1,125,561</u>

Annual requirements to amortize lease obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 356,733	\$ 27,805
2024	373,918	19,966
2025	246,189	11,032
2026	209,792	4,322
2027	36,279	478

**NOTE 7 – 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.

**NEVADA STATE HIGH SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022**

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**NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)**

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

**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, 2022**

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**NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)**

**Contributions (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 the year ended June 30, 2021, the statutory employee/employer plan matching rate was 15.25% while the employer-pay contribution rate was 29.25%.

**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, 2021:

<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, 2021, PERS’ long-term inflation assumption was 2.50%.

**Discount Rate and Pension Liability Discount Rate Sensitivity**

The following presents the net pension liability of the PERS as of June 30, 2021, 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:

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
Net pension liability	5,110,492	2,566,838	468,531

**Actuarial Assumptions**

The System’s net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**NEVADA STATE HIGH SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022**

**NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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

Inflation rate	2.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Rates include inflation and productivity increases
Investment rate of return	7.25%
Other assumptions	Same as those used in the June 30, 2021 funding actuarial valuation

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the experience study completed for the period of July 1, 2016 through June 30, 2020. The discount rate used to measure the total pension liability was 7.25% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except the projected contributions are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

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

At June 30, 2022, the School reported a liability of \$2,566,838 for its proportionate share of the net pension liability. At June 30, 2021, the School's proportion was 0.02815%. The net pension liability was measured as of June 30, 2021, 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, 2021, actuarially determined. At June 30, 2021, the School reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 284,328	\$ 18,065
Change in assumptions	852,235	-
Net difference between projected and actual investment earnings on pension plan investments	-	2,094,458
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,605,979	-
Contributions subsequent to the measurement date	448,733	-
	<u>\$ 3,191,275</u>	<u>\$ 2,112,523</u>

**NEVADA STATE HIGH SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022**

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**NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)**

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:

2023	(291,545)
2024	(286,768)
2025	(297,466)
2026	(318,829)
2027	191,828
Thereafter	26,820

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 6.14 years for the measurement period ending June 30, 2021.

**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](http://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 8, 2022, 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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable / (Unfavorable)</u>	<u>Percentage Over (Under) Budget</u>
<b>REVENUE</b>				
Local revenue sources	\$ 193,991	\$ 276,210	82,219	42%
State program revenues	7,031,207	7,193,509	162,302	2%
Federal Program revenues	936,313	916,154	(20,159)	-2%
Total revenue	<u>8,161,511</u>	<u>8,385,873</u>	<u>224,362</u>	<u>3%</u>
<b>EXPENDITURES</b>				
Instruction	3,363,539	3,215,605	147,934	-4%
Support services	4,454,406	4,051,592	402,814	-9%
Debt service	-	390,744	(390,744)	100%
Total expenditures	<u>7,817,945</u>	<u>7,657,941</u>	<u>160,004</u>	<u>-2%</u>
Excess of revenue over expenditures	343,566	727,932	384,366	112%
FUND BALANCE, beginning of year	<u>3,907,730</u>	<u>3,907,730</u>	-	0%
FUND BALANCE, end of year	<u>\$ 4,251,296</u>	<u>\$ 4,635,662</u>	<u>\$ 384,366</u>	<u>9%</u>

*See independent auditor's report*

**Nevada State High School  
Supplemental Pension Information  
June 30, 2022**

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<u>Measurement date of June 30*:</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	0.00702%	\$ 762,329	\$ 425,512	179.2%	75.1%
2016	0.00834%	\$ 803,919	\$ 415,510	193.5%	72.2%
2017	0.00938%	\$ 1,122,834	\$ 504,268	222.7%	74.4%
2018	0.01153%	\$ 1,247,879	\$ 612,222	203.8%	75.2%
2019	0.01755%	\$ 1,572,156	\$ 1,189,898	132.1%	76.5%
2020	0.02477%	\$ 2,393,753	\$ 1,744,145	137.2%	77.0%
2021	0.02815%	\$ 3,450,684	\$ 1,973,047	174.9%	86.5%

\* Fiscal year 2016 was the first year of implementation. Therefore, only six years are shown. 2015 was the relevant measurement period measurement period for 2016.

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**Nevada State High School  
Supplemental Pension Contribution Schedule  
June 30, 2022**

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<u>Fiscal year ended June 30:*</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>School's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2016	\$ 79,737	\$ 79,737	\$ -	\$ 415,510	19.2%
2017	\$ 84,218	\$ 84,218	\$ -	\$ 504,268	16.7%
2018	\$ 104,430	\$ 104,430	\$ -	\$ 612,222	17.1%
2019	\$ 260,935	\$ 260,935	\$ -	\$ 1,189,898	21.9%
2020	\$ 393,785	\$ 393,785	\$ -	\$ 1,744,145	22.6%
2021	\$ 438,892	\$ 438,892	\$ -	\$ 1,973,047	22.2%
2022	\$ 448,733	\$ 448,733	\$ -	\$ 2,192,984	20.5%

\* Fiscal year 2016 was the first year of implementation. Therefore, only six years are shown.

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**Nevada State High School**  
**Financial Statement Audit Results Summary**  
**For the Fiscal Year Ended June 30, 2022**

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1	School name	Nevada State High School
2	School year ended	2021
3	Year of operations	2004
4	Independent auditor	Ellsworth & Stout, LLC
5	Cash	3,467,098
6	Current assets	4,739,990
7	Noncurrent assets	1,425,640
8	Deferred outflows	3,191,275
9	Current liabilities	550,989
10	Noncurrent liabilities	3,397,218
11	PERS pension liability	2,566,838
12	Deferred inflows	2,112,523
13	Revenues	8,191,202
14	Expenditures	7,593,857
15	Annual principal	356,733
16	Interest expense	27,805
17	Depreciation expense	418,078
18	Outstanding loan	No
19	Debt default	No

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**Nevada State High School  
Schedule of Financial Performance  
For the Year Ended June 30, 2022**

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	<u>Standard:</u>	<u>Result:</u>	<u>Meets or Exceeds?</u>
<i>Near-Term Financial Indicators:</i>			
Current ratio	1.1 or greater	8.6	YES
Unrestricted days cash-on-hand	60 days or more	176	YES
Debt default	Should be NO	N/A	YES
<i>Sustainability Indicators:</i>			
Aggregate 3 year total margin	Positive	9.68%	YES
Current year total margin	Positive	7.29%	YES
Debt-to-asset ratio (net of pension liability)	0.90 or less	0.22	YES
Multi-year cash flow	Positive	1,541,339	YES
One-year cash flow	Positive	399,675	YES
Debt-service coverage ratio (net of GASB 68 pension adjustment)	1.1 or greater	3.01	YES

*See independent auditor's report*

**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 Body and Management  
Nevada State High School

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 (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 13, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

**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 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*.

**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 8, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Governing Body and Management  
Nevada State High School

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the School's 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 each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 each 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 programs.

***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 generally accepted auditing standards, *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 each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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.

Las Vegas, Nevada  
October 8, 2022

**Nevada State High School  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Or Cluster Title	Assistance Listing Number	Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
<b>U.S. Department of Education</b>				
Passed through the State of Nevada				
Department of Education:				
<i>Education Stabilization Fund (ESF):</i>				
<i>Section I Sub-Programs</i>				
COVID-19 Elementry and Secondary School Emergency Relief (ESSER) Fund	84.425D			\$ 50,000
Passed through the Nevada State Public Charter School Authority				
COVID-19 Elementry and Secondary School Emergency Relief (ESSER) Fund	84.425D			358,346
<i>Total ESSER Fund</i>				408,346
COVID-19 American Rescue Plan - Elementary and Secondary Emergency Relief (ARP ESSER)	84.425U			316,224
COVID-19 Governor's Emergency Education Relief Fund (GEER I)	84.425C			14,395
<i>Total ESF Section I Sub-Programs</i>	84.425			738,965
Title 1 - Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010			93,509
Supporting Effective Instruction State Grants (Formerly known as Improving Teacher Quality State Grants)	84.367			62,467
Student Support and Academic Enrichment Program	84.424			1,948
				<u>\$ 896,889</u>

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Nevada State High School (the School) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the 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). 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 the activities of the School.

Blended component units, although legally separate entities are, in substance, part of the School's operations and so data from these units are combined with that of the School.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures are recognized on the modified accrual basis, which is based on when costs become a demand on current available financial resources. 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.

No federal financial assistance has been provided to a subrecipient.

**NOTE 3 – INDIRECT COSTS**

The School's federal award programs cover expenditures approved as a part of the federal grant or as otherwise allowed by applicable laws or regulations. For the year ended June 30, 2022, the School did not allocate any indirect costs to its federal award programs.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

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**Nevada State High School  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2022**

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**Section I - Summary of Auditors' Results**

**Financial Statements**

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

Internal control over financial reporting:

Material weaknesses identified?	_____	yes	_____	x	no
Significant deficiencies identified?	_____	yes	_____	x	none reported

Noncompliance material to financial statements noted?	_____	yes	_____	x	no
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**Federal Awards**

Internal control over major federal programs:

Material weaknesses identified?	_____	yes	_____	x	no
Significant deficiencies identified?	_____	yes	_____	x	none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	_____	yes	_____	x	no
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster:</u>
84.425	COVID-19 Education Stabilization Fund (ESF)

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

Auditee qualified as a low-risk auditee?	_____	yes	_____	x	no
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**Nevada State High School  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2022**

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**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

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