

**ALPINE ACADEMY HIGH SCHOOL**

*Financial Statements and  
Required Supplementary Information*

**June 30, 2022**

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# ALPINE ACADEMY HIGH SCHOOL

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## TABLE OF CONTENTS JUNE 30, 2022

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position (Deficit)	13
Statement of Activities	14
Balance Sheet - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Deficit)	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	18
Statement of Changes in Student Activity Agency Fund	19
Notes to Financial Statements	20
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of the School's Proportionate Share of Net Pension Liability	34
Schedule of the School's Contributions to Nevada PERS	35
Budgetary Comparison Schedule - Governmental Funds	36
<b>COMPLIANCE SECTION</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38
Summary Schedule of Prior Year Finding	40
Independent Auditors' Comments	41

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Alpine Academy High School  
Sparks, Nevada

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Alpine Academy 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Alpine Academy High School as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation in the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pension information, and the Governmental Funds' budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 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.

Reno, Nevada  
October 31, 2022

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**ALPINE ACADEMY HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

As the administration of the Alpine Academy High School (the School), we offer readers of the School's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School's financial statements. The School's basic financial statements consist of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other required supplemental information that will enhance the reader's understanding of the financial condition of the School.

### **Financial Highlights**

- The School's net deficit as of June 30, 2022 was \$610,294, which represents an increase in net position of \$23,189 over the prior year net deficit of \$633,483.
- The General Fund had a fund balance of \$195,832 as of June 30, 2022, which represents a decrease of \$66,235 or nearly 25% from the prior year.

### **Basic Financial Statements**

#### *Government-Wide Financial Statements*

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. They provide both short and long-term information about the School's financial status.

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

**ALPINE ACADEMY HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

The government-wide financial statements are on pages 13 and 14 of this report.

*Fund Financial Statements*

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the School. These statements provide more detail than the government-wide statements. The fund financial statements for the School report the General Fund, the Special Education Fund, and the School Activity Agency Fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the Nevada Revised Statutes (NRS) and the School's regulations.

*Governmental Funds* – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on how assets can readily be converted into cash flow in and out, and the balances left at year-end available for spending in future periods. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps you determine if there are more or less financial resources available to finance the School's programs. The relationships between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliations that are a part of the fund financial statements. These can be found on pages 16 and 18.

The focus of the governmental fund statements is on major funds. The School has two individual governmental funds, both of which are considered major funds:

- General Fund
- School Grants Fund

These funds are disclosed separately in the Governmental Funds Balance Sheet (page 15) and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (page 17).

**ALPINE ACADEMY HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

*Notes to the Financial Statements*

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in the government-wide and fund financial statements and can be found on pages 20 through 33.

*Required Supplementary Information*

The School's required supplementary information includes a comparison of its budgeted revenues and expenditures to the actual results achieved for the current fiscal year. The *Budgetary Comparison Schedule* can be found on page 36. In addition to these schedules, the School provides information that is required by the Governmental Accounting Standards Board, relative to its participation in the Public Employees' Retirement System in Nevada (PERS). This information can be found on pages 34 and 35.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve as one useful indicator of the School's financial condition over time. The assets and deferred outflows of resources are exceeded by the liabilities and deferred inflows of resources by \$610,294 as of June 30, 2022, which is an improvement of \$66,235 over the previous year. Included in the School's net position is \$30,613, reflecting its investment in capital assets (e.g. buildings, improvements, furniture and equipment) net of related mortgages. These capital assets are used to provide educational services to its students; consequently, they are not available for future spending.

**ALPINE ACADEMY HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

Below is a summary of the School's net position for 2022 compared to 2021:

<b>ALPINE ACADEMY HIGH SCHOOL NET POSITION (DEFICIT)</b>			
	<b>2022</b>	<b>2021</b>	<b>Change</b>
<b>Assets</b>			
Current assets and other	\$ 380,437	\$ 306,347	\$ 74,090
Net noncurrent assets	<u>548,761</u>	<u>27,340</u>	<u>521,421</u>
Total Assets	929,198	333,687	595,511
<b>Deferred Outflows of Resources</b>			
	<u>350,854</u>	<u>190,665</u>	<u>160,189</u>
Total Assets and Deferred Outflows	1,280,052	524,352	755,700
<b>Liabilities</b>			
Current liabilities	359,692	49,517	310,175
Non-current liabilities	<u>915,690</u>	<u>933,863</u>	<u>(18,173)</u>
Total Liabilities	1,275,382	983,380	292,002
<b>Deferred Inflows of Resources</b>			
	<u>614,964</u>	<u>174,455</u>	<u>440,509</u>
Total Liabilities and Deferred Inflows	1,890,346	1,157,835	732,511
<b>Net Position (Deficit)</b>			
Net investment in capital assets	30,163	7,822	22,341
Unrestricted (Deficit)	<u>(640,457)</u>	<u>(641,305)</u>	<u>848</u>
Total Net Position	<u>\$ (610,294)</u>	<u>\$ (633,483)</u>	<u>\$ 23,189</u>

The Government Accounting Standards Board (GASB) requires governmental entities to recognize a net pension liability and its respective deferred outflows and inflows relative to its participation in the Nevada Public Employees' Retirement System (PERS). As such, the School has recognized a net pension liability of \$529,402; deferred inflows of \$614,964; and deferred outflows of \$350,854 as of June 30, 2022. As discussed below, users of this financial statement may gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liabilities to the reported net position and subtracting deferred outflows related to pensions. The resulting net position would be \$183,218, which is \$793,512 more than the net position reported.

**ALPINE ACADEMY HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

GASB statements are national and apply to all governmental financial reports which are prepared in accordance with generally accepted accounting principles. Under the standards required by GASB 68, the pension liability equals the School's proportionate share of the plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service, less plan assets available to pay benefits.

GASB noted that the unfunded portion of the pension benefit promise is a present obligation of the School – part of a bargained-for-benefit to the employee and should accordingly be reported by the School as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Nevada, the employee shares the obligation of funding pension benefits with the employer. Contribution rates are established by State statute and are determined biennially. Nevada's Public Employees' Retirement Act requires an adjustment in the statutory contribution rates on July 1 of each odd-numbered year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year. There is no legal means to enforce the unfunded liability of the pension system against the public employer.

Most long-term liabilities have set repayment schedules. There is no repayment schedule for the pension liabilities. Changes in pension contribution rates, and return on investments affect the balance of the pension liability, but are outside the control of the School. In the event that contributions, investment returns, and other changes are insufficient to keep up with the required pension payments, State statute does not assign or identify the responsible party for the unfunded portion. In accordance with GASB 68, the School's statements are prepared on an accrual basis of accounting including an annual pension expense for its proportionate share of the plan's change in net pension liability not accounted for as deferred inflows or outflows.

In the fiscal year ended June 30, 2022, the School adopted GASB Statement No, 87, *Leases*. This statement better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments and governmental units. The statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the lease contract. It 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. The implementation of GASB 87 increased the School's total assets and deferred outflows by \$518,598 and total liabilities and deferred inflows of resources by \$561,375.

**ALPINE ACADEMY HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

The changes in the School's net position for the years ended June 30, 2022 and 2021 are presented below:

<b>ALPINE ACADEMY HIGH SCHOOL CHANGES IN NET POSITION</b>			
	<b>2022</b>	<b>2021</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenue:			
Operating grants	\$ 128,800	\$ 184,474	\$ (55,674)
General revenue:			
State funding	1,026,992	939,876	87,116
Local sources	<u>18,535</u>	<u>12,735</u>	<u>5,800</u>
Total Revenues	<u>1,174,327</u>	<u>1,137,085</u>	<u>37,242</u>
<b>Expenses:</b>			
Instruction	590,894	530,784	60,110
Support services	555,962	518,428	37,534
Depreciation	<u>4,282</u>	<u>5,637</u>	<u>(1,355)</u>
Total Expenses	<u>1,151,138</u>	<u>1,054,849</u>	<u>96,289</u>
Change in Net Position	<u>\$ 23,189</u>	<u>\$ 82,236</u>	<u>\$ (59,047)</u>

**BUDGETARY HIGHLIGHTS**

The School's actual results compared to its budgeted June 30, 2022 results are presented in the accompanying "Budgetary Comparison Schedule", which can be found on page 36. There were no potential over-expenditures requiring disclosure in Note 2 to the financial statements.

**ALPINE ACADEMY HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

As of June 30, 2022, Alpine Academy High School had total capital assets, net of accumulated depreciation of \$30,163. The School has right to use leased assets, net of accumulated amortization of \$518,598. Depreciation and amortization expense for the year was \$175,262. Additional detail can be found on page 27 of these statements.

*Debt Administration*

The School's long-term debt is comprised of its lease obligations, most notably the lease contract for the School's facility located at 605 Boxington Way in Sparks, Nevada; and estimates of the future obligation of employee pensions (as discussed earlier in this document). Additional detail on non-current liabilities can be found in Note 6 of these statements, page 27.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The School's major source of revenue is per-pupil funding from the State of Nevada. Alpine Academy High School estimates enrollment based upon applications received and a projected late sign up before the start of the school year. The total amount is now based upon Average Daily Enrollment (ADE), a figure that is calculated and submitted to the state on a quarterly basis.

The academic focus remains on the core functions of teaching, learning, assessment and staff support. The Board of Directors and administration are focused on the School becoming more cost-effective and efficient by continually looking at how to reduce costs while prioritizing expenses to core academics. The majority of the School's expense is teachers' salaries. It is a goal that the School's teachers earn salaries in accordance with the Washoe County School District (WCSD) salary schedule. The Board of Directors and administration are focused on maintaining or improving existing staff benefits to remain competitive with other charter schools and the Washoe County School District, as well as making more technology resources available to students.

**ALPINE ACADEMY HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**REQUESTS FOR INFORMATION**

This report is designed to provide an overview of the Alpine Academy High School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be addressed to the School at 605 Boxington Way, Suite 112, Sparks, Nevada 89434, 775/356-1166.

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# ALPINE ACADEMY HIGH SCHOOL

## STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 200,629
Receivables	147,685
Prepaid expenses	32,123
Total current assets	<u>380,437</u>
<b>Noncurrent Assets</b>	
Right of use leased assets, net of amortization	518,598
Capital assets, net of depreciation	30,163
Total noncurrent assets	<u>548,761</u>
Total Assets	<u>929,198</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>350,854</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	5,943
Accrued payroll and benefits	178,662
Capital lease payable, current portion	175,087
Total current liabilities	<u>359,692</u>
<b>Noncurrent Liabilities</b>	
Capital lease payable, net of current portion	386,288
Net pension liability	529,402
Total noncurrent liabilities	<u>915,690</u>
Total Liabilities	<u>1,275,382</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>614,964</u>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	30,163
Unrestricted	(640,457)
Total Net Position	<u>\$ (610,294)</u>

See accompanying notes.

# ALPINE ACADEMY HIGH SCHOOL

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

GOVERNMENTAL ACTIVITIES FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS	
<b>Instruction</b>				
Regular Programs	\$ 410,255	\$ -	\$ 128,800	\$ (281,455)
Special Programs	180,639	-	-	(180,639)
<b>Support Services</b>				
Student support	2,581	-	-	(2,581)
Instructional staff support	3,704	-	-	(3,704)
School administration	63,427	-	-	(63,427)
General administration	134,520	-	-	(134,520)
Central services	68,398	-	-	(68,398)
Operations and maintenance	257,235	-	-	(257,235)
Debt service - interest expense	26,096	-	-	(26,096)
Depreciation	4,282	-	-	(4,282)
<b>Total Governmental Activities</b>	<b>\$ 1,151,138</b>	<b>\$ -</b>	<b>\$ 128,800</b>	<b>(1,022,338)</b>
<b>General Revenues</b>				
State Pupil-centered funding				1,026,992
Other				18,535
<b>Total General Revenues</b>				<b>1,045,527</b>
Change in Net Position (Deficit)				23,189
<b>NET POSITION (DEFICIT), July 1, 2021</b>				<b>(633,483)</b>
<b>NET POSITION (DEFICIT), June 30, 2022</b>				<b>\$ (610,294)</b>

See accompanying notes.

# ALPINE ACADEMY HIGH SCHOOL

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

	GENERAL FUND	SCHOOL GRANTS FUND	TOTAL
<b>ASSETS</b>			
Cash	\$ 200,629	\$ -	\$ 200,629
Receivables	147,685	-	147,685
Prepaid expenses	32,123	-	32,123
Total Assets	<u>\$ 380,437</u>	<u>\$ -</u>	<u>\$ 380,437</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,943	\$ -	\$ 5,943
Accrued payroll and benefits	178,662	-	178,662
Total Liabilities	<u>184,605</u>	<u>-</u>	<u>184,605</u>
<b>FUND BALANCES</b>			
Nonspendable	32,123	-	32,123
Unassigned	163,709	-	163,709
Total Fund Balance	<u>195,832</u>	<u>-</u>	<u>195,832</u>
Total Liabilities and Fund Balances	<u>\$ 380,437</u>	<u>\$ -</u>	<u>\$ 380,437</u>

*See accompanying notes.*

# ALPINE ACADEMY HIGH SCHOOL

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2022

**Fund Balance - Governmental Funds** \$ 195,832

Amounts reported for governmental activities in the Statement of Net Position are different because:

not financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	59,684	
Capital lease, Right of use	854,654	
Less accumulated depreciation/amortization	<u>(365,577)</u>	548,761

Deferred outflows related to pension, including payments made subsequent to the measurement date are not reported in governmental funds. 350,854

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

Capital lease	(561,375)	
Net pension liability	<u>(529,402)</u>	(1,090,777)

Deferred inflows related to pension investment returns and changes in advance payments:

Pension requirement		<u>(614,964)</u>
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**Net Position (Deficit) - Governmental Activities** \$ (610,294)

*See accompanying notes.*

# ALPINE ACADEMY HIGH SCHOOL

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SCHOOL GRANTS FUND	TOTAL
<b>REVENUES</b>			
Local sources	\$ 18,535	\$ -	\$ 18,535
State sources	966,364	60,628	1,026,992
Federal sources	-	129,767	129,767
Total Revenues	<u>984,899</u>	<u>190,395</u>	<u>1,175,294</u>
<b>EXPENDITURES</b>			
Regular programs	519,488	-	519,488
Special programs	-	180,639	180,639
	<u>519,488</u>	<u>180,639</u>	<u>700,127</u>
Undistributed Expenditures			
Support Services			
Student support	485	2,096	2,581
Instructional staff support	2,204	1,500	3,704
School administration	62,689	738	63,427
General administration	112,114	13,603	125,717
Central services	62,636	5,762	68,398
Operations and maintenance	50,827	34,633	85,460
Total Support Services	<u>290,955</u>	<u>58,333</u>	<u>349,288</u>
Debt Service			
Principal	166,017	-	166,017
Interest	26,097	-	26,097
	<u>192,114</u>	<u>-</u>	<u>192,114</u>
Total Expenditures	<u>1,002,557</u>	<u>238,972</u>	<u>1,241,529</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(17,658)	(48,577)	(66,235)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfer (to) from other fund	(48,577)	48,577	-
Net Change in Fund Balance	(66,235)	-	(66,235)
<b>FUND BALANCE, July 1, 2021</b>	<u>262,067</u>	<u>-</u>	<u>262,067</u>
<b>FUND BALANCE, June 30, 2022</b>	<u>\$ 195,832</u>	<u>\$ -</u>	<u>\$ 195,832</u>

See accompanying notes.

# ALPINE ACADEMY HIGH SCHOOL

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

**Net Change in Fund Balances - Governmental Funds** \$ (66,235)

Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	1,594	
Amortization expense	176,057	
Less Expenditure -Debt Service principal	(166,018)	(11,633)

Some revenues reported in the Statement of Activities do not provide current financial resources and therefore are not reported as revenues in the governing funds

Operating grants and contributions - Regular programs		(967)
---	--	-------

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 the governmental funds.

Change in capital lease		(8,803)
-------------------------	--	---------

The difference between the actuarial determined pension liability and actual contributions made increases pension expense in the Statement of Activities.

		110,827
--	--	---------

**Change in Net Position - Governmental Activities** \$ 23,189

*See accompanying notes.*

# ALPINE ACADEMY HIGH SCHOOL

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## STATEMENT OF CHANGES IN STUDENT ACTIVITY AGENCY FUND YEAR ENDED JUNE 30, 2022

	<u>BALANCE JULY 1, 2021</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2022</u>
<b>ASSETS</b>				
Cash	<u>\$ 7,944</u>	<u>\$ 6,281</u>	<u>\$ 6,484</u>	<u>\$ 7,741</u>
<b>LIABILITIES</b>				
Due to students	<u>\$ 7,944</u>	<u>\$ 6,281</u>	<u>\$ 6,484</u>	<u>\$ 7,741</u>

DRAFT

*See accompanying notes.*

# ALPINE ACADEMY HIGH SCHOOL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Alpine Academy High School, Sparks, Nevada (the School) have been prepared in accordance with United States generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for establishing governmental accounting and financial reporting. A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

#### Reporting Entity

The School is a Nevada nonprofit organization, originally incorporated in 2009. It is organized to operate as a public charter school sponsored by Washoe County, under Nevada Revised Statutes (NRS) 386.500 to 386.610. It is a special purpose government as prescribed by the State of Nevada Department of Education.

Alpine Academy is a standards-based school, built on academic achievement and connections to the community. The School's community-based education includes administration, teachers, students, parents, and the community in the education process. Students are offered a personalized education with many support services. The governing Board of Directors (Board), consisting of five to eleven members, is considered to be an independent body, as authorized by the Board of Trustees of the Washoe County School District. The Board of Directors has decision making authority, the authority to designate management, the ability to significantly influence operations and is primarily accountable for fiscal matters. Therefore, the School is not included in any other governmental reporting entity as defined in GASB pronouncements.

#### Basic Financial Statements – Government-Wide Statements

The basic financial statements include both government-wide (based on the School as a whole) and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the School.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables, as well as long-term debt and obligations. The School's net position is reported in two parts: invested in capital assets and unrestricted net position. At the present time, no part of the School's net position is restricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general revenues (State Education Fund apportionments, interest income not legally restricted for specific programs, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues include operating grants, contributions and investment earnings legally restricted to support a specific program. Program revenue must be directly associated with the function. Operating grants include

# ALPINE ACADEMY HIGH SCHOOL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

operating-specific and discretionary grants. The net costs (by function) are normally covered by general revenue.

### **Basic Financial Statements – Fund Financial Statements**

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The School's resources are allocated to and accounted for in the individual funds based upon the purposes for which they are intended and the means by which spending activities are controlled.

The emphasis of the fund financial statements is on the major funds in the governmental type activity category. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds. The School's management may electively add funds as major funds, when it is determined the funds have specific community or management focus. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major **Governmental Funds**:

#### ***General Fund***

The General Fund is the School's primary operating fund and accounts for all revenues and expenditures of the School not required by law or contractual agreement to be reported in another fund.

#### ***School Grants Fund***

The School Grants Fund is a special revenue fund that accounts for revenue sources and expenditures that are legally restricted to purposes as specified by grantors. Title I, Special Education revenue sources, and other state and local grants are included in this fund.

The School uses *Fiduciary Funds* to account for receipts and payments related to the extra-curricular activities of the School's students. These amounts are not the School's funds and are reported separate from its governmental activities.

### **Measurement Focus**

#### ***Government-Wide Financial Statements***

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net position.

# ALPINE ACADEMY HIGH SCHOOL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### *Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental funds financial statements.

### **Basis of Accounting**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. The government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows, and in the presentation of expenses versus expenditures.

### *Revenues*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations for which the revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are deemed both measurable and available at fiscal year-end: investment earnings, grants and entitlements.

### *Deferred Inflows/Outflows of Resources*

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

# ALPINE ACADEMY HIGH SCHOOL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

then. The School's deferred outflows are related to its pension contributions, as discussed in Note 9. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Statement of Net Position reports deferred inflows related to its pension expense, as also discussed in Note 9.

### *Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

### *Budgets and Budgetary Accounting*

The School adheres to the regulations found in the Nevada Administrative Code, Chapter 387, sections 715 through 740, which include the following major procedures to establish the budgetary data which is reflected in these financial statements:

1. Prior to April 15, the School's governing board (the Board) files a tentative budget with the Nevada Department of Education for the fiscal year beginning the following July 1. For all funds except Agency funds, the tentative budget includes proposed expenditures and the means of financing them.
2. During the second or third week of May, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and not later than June 8, adopts a final budget by the favorable vote of a majority of the Board's members.
3. On or before the following January 1, the Board adopts an amended final budget to reflect any adjustments necessary as a result of the complete count of students.
4. Appropriations may be transferred between functions, funds, or contingency accounts, if amounts do not exceed the original budget, subject to subsequent approval by the Board. Augmentations in excess of the original budget require approval from the Board.
5. Formal budgetary integration is employed as a management control device for the General Fund and the School Grants Fund; however, the School combines these funds into one reporting unit when preparing its legally-adopted annual budget.
6. Budgeted appropriations may not be exceeded by actual expenditures of the various functions in the budgeted governmental funds.

# ALPINE ACADEMY HIGH SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

7. All budgets are adopted on a basis consistent with GAAP. The accompanying financial statements reflect the Original Budget and the Final Budget, which include the adjustments for legally authorized revisions made during the year. Appropriations, except encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

### *Cash*

Cash includes demand deposits held in a commercial bank.

### *Due from Other Governments*

This account includes amounts due from other governments for grants or other appropriations which are expected to be received within the subsequent year.

### *Capital Assets*

Capital assets, which are comprised of furniture and equipment as well as land, buildings, and improvements to the real property, are reported in the government-wide financial statements. The School defines capital assets as having an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. If purchased or constructed, capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their estimated acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15-20 years
Furniture and equipment	5-20 years

### *Right to Use Leased Assets*

The School has recorded two right to used leased assets. The assets are right to use assets for leased facilities and leased equipment and are further discussed under Capital Assets and Right of Use Assets. The related leases are discussed in the Long-term Debt note. These right to use assets are amortized on a straight-line basis over the terms of the related leases.

### *Accrued Payroll and Benefits*

Accrued liabilities consist principally of teacher, administrator, and other School employee salaries and benefits for the school program year ended June 30, 2022, but which were not yet paid as of that date.

# ALPINE ACADEMY HIGH SCHOOL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### *Income Taxes*

The School is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) as a non-profit organization. Management annually reviews its tax positions, which are summarized as follows:

- The School has not engaged in activities that would jeopardize its tax-exempt status.
- The School has not engaged in any activities that would result in unrelated business income tax.
- The School has determined that there are no material uncertain tax positions that require recognition in the financial statements.

No provision for income taxes has been made in the accompanying financial statements and the School does not expect any material change in uncertain tax positions within the next twelve months.

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses/expenditures and disclosure of contingent assets and liabilities. Accordingly, actual results could differ from these estimates.

### **NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES**

The School conformed to all significant statutory constraints on its financial administration during the year.

### **NOTE 3 – CASH**

The School's cash balances as of June 30, 2022 consists of six checking accounts in one commercial bank. The Government-wide balance is \$200,629 and the Student Activity Fund balance is \$7,741. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to an aggregate of \$250,000 per institution. Amounts in excess of \$250,000 per institution are fully collateralized through the State of Nevada Pooled Collateral Program.

### **NOTE 4 – RECEIVABLES**

Receivables consist primarily of amounts due from other governments.

# ALPINE ACADEMY HIGH SCHOOL

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 5 – NET POSITION AND FUND BALANCE CLASSIFICATIONS

#### *Government-Wide Financial Statements*

The government-wide Statement of Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is typically categorized as invested in capital assets, restricted and unrestricted.

Net position is reported as restricted when there are statutory limitation on their use either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. As of June 30, 2022, no part of the School's net position is reported as restricted.

Unrestricted net position represents the School's available financial resources.

#### *Fund Financial Statements*

Generally accepted accounting principles for governments require fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The School may report the following classifications:

*Non-spendable* – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the School. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

*Unassigned* – the residual classification for the General Fund.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned, in that order – as needed, unless the Board has provided for otherwise in its commitment or assignment actions.

# ALPINE ACADEMY HIGH SCHOOL

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 6 – CAPITAL AND RIGHT OF USE ASSETS

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

<b>Governmental Activities</b>	<b>Balance July 1, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>
Capital assets:				
Equipment	\$ 33,288	\$ 23,916	\$ (21,888)	\$ 35,316
Leasehold improvements	24,368	-	-	24,368
	<u>57,656</u>	<u>23,916</u>	<u>(21,888)</u>	<u>59,684</u>
Less accumulated depreciation:				
Equipment	(15,413)	(1,594)	4,013	(12,994)
Leasehold improvements	(14,903)	(1,624)	-	(16,527)
	<u>(30,316)</u>	<u>(3,218)</u>	<u>4,013</u>	<u>(29,521)</u>
Capital assets, net	<u>\$ 27,340</u>	<u>\$ 20,698</u>	<u>\$ (17,875)</u>	<u>\$ 30,163</u>

A summary of changes in the right of use assets for the year ended June 30, 2022 is as follows:

<b>Governmental Activities</b>	<b>Balance July 1, 2021 (as restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>
Right of use assets	\$ 854,654	\$ -	\$ -	\$ 854,654
Less accumulated amortization	(159,999)	(176,057)	-	(336,056)
Right of use assets, net	<u>\$ 694,655</u>	<u>\$ (176,057)</u>	<u>\$ -</u>	<u>\$ 518,598</u>

Depreciation and amortization expense was \$175,262, for the year ended June 30, 2022, has been allocated to depreciation and to support services, operations and maintenance, respectively.

### NOTE 6 – LONG-TERM DEBT

The School has entered into an agreement to lease its facilities located on Boxington Way in Sparks, Nevada and an agreement to lease copier equipment. The lease agreements qualify as other than short-term leases under Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Accordingly, the leases have been recorded at the present value of the future minimum lease payments as of the date of their inception.

# ALPINE ACADEMY HIGH SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

The facilities lease was originally executed on April 21, 2009; its fourth amendment was executed on August 4, 2020 for a 60 month term, expiring on September 1, 2020. Monthly base rent requirements during the current lease period started at \$15,205 and increase by 3% on each anniversary date, up to \$17,114 on September 1, 2024 through August 31, 2025. The lease liability is measured at a discount rate of 4%, which is the School's assumed incremental borrowing rate. As a result of this lease, the School has recorded a right to use asset with a net book value of \$517,170.

The second agreement is for the lease of a Xerox copier, executed on July 30, 2020 and requires 60 monthly payments of \$413. The lease liability is measured at a discount rate of 4%, the School's assumed incremental borrowing rate. As a result of this lease, the School has recorded a right to use asset with a net book value of \$1,428.

The future minimum lease obligations as of June 30, 2022 are as follows:

Fiscal Years Ending	Principal	Interest	Total Requirements
2023	\$ 194,354	\$ 18,876	\$ 213,231
2024	198,415	11,703	210,118
2025	168,605	3,944	172,550
	<u>\$ 561,375</u>	<u>\$ 34,524</u>	<u>\$ 595,899</u>

Total interest paid on long-term debt for the year ended June 30, 2022 was \$34,524.

A discussion of the School's net pension liability follows in Note 8.

The following shows the changes in the School's long-term debt for the year ended June 30, 2022:

	Balance July 1, 2021 (as restated)	Additions of New Debt	Retirements, Repayments and Reductions	Balance June 30, 2022	Due Within One Year	Due After One Year
Leases payable	\$ 727,392	\$ -	\$ (166,017)	\$ 561,375	\$ 175,087	\$ 386,288
Net pension liability	920,549	-	(391,147)	529,402	-	529,402
Total non-current liabilities	<u>\$ 1,647,941</u>	<u>\$ -</u>	<u>\$ (557,164)</u>	<u>\$ 1,090,777</u>	<u>\$ 175,087</u>	<u>\$ 915,690</u>

# ALPINE ACADEMY HIGH SCHOOL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 8 – NEVADA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

#### *Plan Description*

The School contributes to the State of Nevada Public Employees Retirement System (PERS) a statewide, cost-sharing, multiple-employer defined benefit plan administered by the State of Nevada that covers substantially all employees of the School. PERS provides retirement, disability, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web at <http://www.nvpers.org> or by writing to the State of Nevada Public Employees Retirement System, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

#### *Benefits Provided*

Benefits provisions of the defined benefit pension plan are established by Nevada Revised Statutes (NRS or statute), which may be amended. Benefits are determined by the number of years of accredited service at 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, and on or after July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed 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 multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier, and for regular members entering PERS on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

#### *Vesting*

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

# ALPINE ACADEMY HIGH SCHOOL

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

The normal ceiling limitation on monthly benefit 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.

### *Contributions*

Contribution provisions are specified by state statute and may be amended only by action of the State legislature. Contribution rates are based on annual actuarial valuations and are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability. 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. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution (EE/ER) plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

The required contribution rates for the year ended June 30, 2022 were 15.50% for the EE/ER plan and 29.75% for the EPC plan. The School's contributions to the plans were \$151,458 for the year ended June 30, 2022.

# ALPINE ACADEMY HIGH SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### *PERS Investment Policy*

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

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

Asset Class	Target Allocation	Long-Term
		Geometric Expected Real Rate of Return
U.S. Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private Markets	12%	6.65%
	<u>100%</u>	

### *Net Pension Liability*

At June 30, 2022, the School reported a liability of \$529,402 for its proportionate share of the net pension liability. The 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. The School's proportion of the net pension liability was based on the School's share of contributions in the PERS pension plan relative to the total contributions of all participating reporting units and members. At June 30, 2021, the School's proportion of the regular plan was .00581%, compared to its .00661% proportion measured as of June 30, 2020, a decrease of .00080.

### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the School calculated using the discount rate of 7.25%. The following also reflects what the School's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.25%) or 1.00 percentage point higher (8.25%) than the current discount rate of 7.25%.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	<u>\$1,054,877</u>	<u>\$ 529,402</u>	<u>\$ 96,711</u>

# ALPINE ACADEMY HIGH SCHOOL

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### *Pension Plan Fiduciary Net Position*

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

### *Deferred Inflows of Resources*

Deferred inflows of resources in the governmental fund statement represent amounts which are considered unearned revenue as the revenue is not considered available unless received within 60 days of year end under the modified accrual basis of accounting.

### *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.

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

Investment rate of return	7.25% per year.
Salary increases	4.2% to 9.1% depending on service.
Inflation rate	2.5% per year.
Productivity pay increase	0.50%
Consumer Price Index	2.50%
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 for the period July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for 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.

# ALPINE ACADEMY HIGH SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

For the year ended June 30, 2022, the School recognized pension income of \$85,022. As of June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 58,642	\$ 3,726
Changes in assumptions	175,771	-
Net difference between projected and actual earnings on pension plan assets	-	431,975
Changes in proportion	40,712	179,263
The School's contributions subsequent to the measurement date	75,729	-
	<u>\$ 350,854</u>	<u>\$ 614,964</u>

The School's contributions subsequent to the measurement date were recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2023	\$ (77,717)
2024	(84,685)
2025	(96,338)
2026	(103,095)
2027	18,997
2028	2,999
	<u>\$ (339,839)</u>

### NOTE 10 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the School carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

# ALPINE ACADEMY HIGH SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NPL  
 (NET PENSION LIABILITY)  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA  
 LAST TEN FISCAL YEARS\*

	Plan Year Ended				
	2021	2020	2019	2018	2017
School's portion of the Net Pension Liability	0.00581%	0.00661%	0.00747%	0.00751%	0.00686%
School's proportionate share of the Net Pension Liability	\$ 529,402	\$ 920,549	\$ 1,018,308	\$ 1,023,794	\$ 911,868
School's covered payroll	\$ 973,215	\$ 468,641	\$ 508,625	\$ 493,680	\$ 439,681
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	54.40%	196.43%	200.21%	207.38%	207.39%
Plan fiduciary net position as a percentage of the Total Pension Liability	86.51%	77.04%	76.46%	75.20%	74.40%

  

	Plan Year Ended		
	2016	2015	2014
School's portion of the Net Pension Liability	0.00702%	0.00598%	0.00762%
School's proportionate share of the Net Pension Liability	\$ 945,068	\$ 684,754	\$ 794,214
School's covered payroll	\$ 425,307	\$ 359,026	\$ 447,174
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	222.21%	190.73%	177.61%
Plan fiduciary net position as a percentage of the Total Pension Liability	72.20%	75.10%	76.30%

\*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the School presents information for those years for which the information is available.

# ALPINE ACADEMY HIGH SCHOOL

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA LAST TEN FISCAL YEARS\*

	Determined for the Year Ended June 30,			
	2022	2021	2020	2019
Statutorily required contribution	\$ 75,729	\$ 60,761	\$ 69,141	\$ 71,643
Contributions in relation to the statutorily required contribution	<u>75,729</u>	<u>60,761</u>	<u>69,141</u>	<u>71,643</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School's covered payroll	\$ 503,225	\$ 411,225	\$ 468,641	\$ 508,625
Contributions as a percentage of employee payroll	15.05%	14.78%	14.75%	14.09%

  

	Determined for the Year Ended June 30,			
	2018	2017	2016	2015
Statutorily required contribution	\$ 69,644	\$ 61,766	\$ 60,254	\$ 46,294
Contributions in relation to the statutorily required contribution	<u>69,644</u>	<u>61,766</u>	<u>60,254</u>	<u>46,294</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School's covered payroll	\$ 493,680	\$ 439,681	\$ 425,307	\$ 359,026
Contributions as a percentage of employee payroll	14.11%	14.05%	14.17%	12.89%

\*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the School presents information for those years for which the information is available.

# ALPINE ACADEMY HIGH SCHOOL

## BUDGETARY COMPARISON SCHEDULE - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>REVENUES</b>				
Local sources	\$ 15,250	\$ 44,493	\$ 18,535	\$ (25,958)
State sources	1,177,086	1,100,824	1,026,992	(73,832)
Federal source	67,065	129,767	129,767	-
Total revenues	1,259,401	1,275,084	1,175,294	(99,790)
<b>EXPENDITURES</b>				
Regular programs	589,385	621,556	519,488	102,068
Special programs	96,710	140,655	180,639	(39,984)
Other instructional programs	-	8,276	-	8,276
Co-curricular/Extra-curricular programs	5,000	7,305	-	7,305
Total programs expenditures	691,095	777,792	700,127	77,665
Undistributed expenditures				
Support services				
Students	2,491	800	2,581	(1,781)
Instruction	5,438	3,644	3,704	(60)
School administration	66,967	62,273	63,427	(1,154)
General administration	108,447	113,516	125,717	(12,201)
Central services	72,709	68,982	68,399	583
Operations and maintenance	272,292	247,215	85,460	161,755
Other	1,624	-	-	-
Total support services	529,968	496,430	349,288	147,142
Debt Service				
Principal	-	-	166,017	(166,017)
Interest	-	-	26,097	(26,097)
Total debt service	-	-	192,114	(192,114)
Total expenditures	1,221,063	1,274,222	1,241,529	32,693
Excess (deficiency) of revenue over (under) expenditures	38,338	862	(66,235)	(67,097)

Continued on next page.

# ALPINE ACADEMY HIGH SCHOOL

## BUDGETARY COMPARISON SCHEDULE - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 48,577	\$ 48,577
Transfers (out)	-	-	(48,577)	(48,577)
	-	-	-	-
Net Change in Fund Balance	38,338	862	(66,235)	(67,097)
<b>FUND BALANCE, July 1, 2021</b>	<b>209,234</b>	<b>256,606</b>	<b>262,067</b>	<b>5,461</b>
<b>FUND BALANCE, June 30, 2022</b>	<b>\$ 247,572</b>	<b>\$ 257,468</b>	<b>\$ 195,832</b>	<b>\$ (61,636)</b>

DRAFT

**INDEPENDENT AUDITORS' 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 Board of Directors  
Alpine Academy High School  
Reno, 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 Alpine Academy 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 Alpine Academy High School's basic financial statements, and have issued our report thereon dated October 31, 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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

Reno, Nevada  
October 31, 2022

DRAFT

# ALPINE ACADEMY HIGH SCHOOL

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2022

### FINDINGS – FINANCIAL STATEMENT AUDIT

#### *Finding #2021-001 – Material Weakness*

**Criteria:** Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is having the capability to prepare full disclosure financial statements.

**Condition:** The School does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. In conjunction with the completion of our financial statement audit, we were requested to draft the financial statements and accompanying notes to those financial statements. Although this circumstance is not unusual for an organization the size of the School, the preparation of financial statements as part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by School personnel. In addition, the absence of controls over the preparation of the financial statements and related financial statement disclosures increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, in a timely manner by the School's internal control. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other consideration.

**Cause:** Due to a shortage of personnel with the ability to prepare full disclosure financial statements, the School has chosen to contract with Barnard, Vogler and Co. to prepare its financial statements and related financial statement disclosures.

**Effect:** Internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by School personnel.

**Recommendation:** It is not recommended that the School engage the services of a second accounting firm to assist in preparing its governmental financial statements and related financial statement disclosures solely to avoid having a significant deficiency or material weakness as it is not assured that the benefit of engaging a second firm would outweigh the costs. The School's staff could obtain training in the preparation of governmental financial statements and related financial statement disclosures, but this time and effort would also not assure that the benefits outweigh the costs.

**Status as of June 30, 2022:** This finding has been resolved during the FYE June 30, 2022.

# ALPINE ACADEMY HIGH SCHOOL

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## INDEPENDENT AUDITORS' COMMENTS

JUNE 30, 2022

### STATUTE COMPLIANCE

#### *Current Year*

Our comments related to the School's compliance with significant statutory constraints are reported in Note 2 to the financial statements.

#### *Progress on Prior Year*

The 2021 audit noted an instance of an expenditure exceeding the appropriation.

### AUDIT RECOMMENDATIONS

#### *Current Year*

There are no findings or recommendations of the magnitude for inclusion in this report.

#### *Prior Year*

The prior year Finding #2021-001 has been corrected.