

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

**FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2017

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Financial Statements:	
Government-Wide Financial Statements:	
Statement of net position	10
Statement of activities	11
Funds Financial Statements:	
Governmental funds balance sheet	12
Reconciliation of the governmental funds balance sheet to the statement of net position	13
Statement of governmental funds revenue, expenditures, and changes in fund balances	14
Reconciliation of the statement of governmental funds revenue, expenditures, and changes in fund balances to the statement of activities	15
Notes to Financial Statements	16-28
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General fund	29
Special revenue fund - special education	30
Special revenue fund - food service	31
Notes to the budgetary comparison schedules	32
Schedule of the Academy's Proportionate Share of the Net Pension Liability	33
Schedule of the Academy's Pension Contributions	34
Notes to the Schedules of the Academy's Proportionate Share of the Net Pension Liability and Pension Contributions	35
Compliance and controls	
Schedule of Expenditures of Federal Awards	36
Notes to Schedule of Expenditures of Federal Awards	37
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 <i>Government Auditing Standards</i>	38-39
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	40-41
Schedule of Findings and Questioned Costs	42

INDEPENDENT AUDITOR'S REPORT

To the Administrator
Andre Agassi College Preparatory Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Andre Agassi College Preparatory Academy, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Andre Agassi College Preparatory Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Andre Agassi College Preparatory Academy, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter Regarding Disposal of Operations

As discussed in Note 2 to the financial statements, the Andre Agassi College Preparatory Academy terminated its charter with the Clark County School District effective June 30, 2017. The school operating under that charter was closed with the 2016-2017 school year and the Andre Agassi College Preparatory Academy is in the process of disposing all operations as required by legal statutes.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of the Academy's proportionate share of the net pension liability and pension contributions on pages 4-9, and 29-35 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Andre Agassi College Preparatory Academy's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2017, on our consideration of the Andre Agassi College Preparatory Academy'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 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 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 Andre Agassi College Preparatory Academy's internal control over financial reporting and compliance.

Bradshaw, Smith & G., LP

Las Vegas, Nevada

October 3, 2017

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

As management of the Andre Agassi College Preparatory Academy, hereafter referred to as "the Academy," we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Academy's financial statements, which follow this narrative.

Financial Highlights

- The State per pupil funding was comparable between the years ended June 30, 2017 and 2016 because enrollment for the 2016/2017 school year was comparable to the prior year.
- General donations received from the Andre Agassi Foundation for Education (the "Foundation") decreased \$894,000 from the prior year.
- The total net deficit of the Academy at the close of the fiscal year was approximately \$13,952,000. The deficit relates to the net pension liability, which is a long-term liability totaling \$14,080,000.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Academy's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Academy's strategic plan, budget, and other management tools were used for this analysis.

The financial statements report information about the Academy using modified accrual accounting to present the general fund of the Academy and the accrual basis of accounting to convert the fund for presentation in the government wide financial statements. The financial statements of the Academy have been prepared in accordance with generally accepted accounting principles as it applies to governmental units. The financial statements include the Statement of Net Position and Governmental Funds Balance Sheet; the Statement of Activities and Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances, and Notes to the Financial Statements.

The Governmental Funds Balance Sheet and the Statement of Net Position present the financial position of the Academy on a modified accrual historical cost basis for the general fund of the Academy and the accrual basis of accounting to convert the fund for presentation in the government wide financial statements, respectively. The statements present information on all of the Academy's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases and decreases in net position are an indicator of whether the financial position of the Academy is improving or deteriorating.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR FISCAL YEAR ENDED JUNE 30, 2017

While the Statement of Net Position and the Governmental Fund Balance Sheet provide information about the nature and amount of resources and obligations at year-end, the Statements of Activities and Governmental Funds Revenue, Expenditures, and Changes in Fund Balances present the results of the activities over the course of the fiscal year and information as to how the fund balances changed during the year. All changes in fund balances are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. These statements also provide certain information about the Academy's recovery of its costs.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Academy's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The financial statements were prepared from the detailed books and records of the Academy. The financial statements were audited and adjusted, if material, during the independent external audit process.

Summary of Organization and Business

The Andre Agassi College Preparatory Academy was created and obtained statutory authority in 2001, as approved by the Nevada Department of Education contingent upon the negotiation and execution of an agreement acceptable to Andre Agassi College Preparatory Academy and the Clark County School District ("CCSD"). The Academy entered into an agreement with CCSD in 2002, detailing the compliance with various matters. The agreement was renewed in 2013 for a term of six years. During fiscal year 2017, the Academy surrendered their charter with CCSD effective June 30, 2017 and has closed operations as of that date.

Financial Analysis

Total assets of the Academy decreased approximately \$1,776,000 from the previous year. In past years, the Academy built up its cash reserves. With the decision to close the school at the end of the year, the Academy utilized those cash reserves to pay existing obligations and disposal costs. This has decreased the cash balance at June 30, 2017 when compared to the prior year. Accounts receivable were also lower at June 30, 2017 when compared to the prior year due to the prior year having a large amount due from the State of Nevada for a true up calculation of the per pupil funding. All property and equipment was disposed at year end due to the school closing. Most of the assets were transferred to CCSD/the State of Nevada.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)****FOR FISCAL YEAR ENDED JUNE 30, 2017**

GASB 68, *Accounting and Financial Reporting for Pensions* requires the Academy to report its proportionate share of the Public Employee's Retirement System of Nevada's ("PERS") net pension liability, deferred outflows of resources and deferred inflows of resources on the statement of net position. Deferred outflows consisted of employer contributions to PERS made during the year, net differences between projected and actual earnings on pension plan investments, and changes in proportion and differences between academy contributions and proportionate share of contributions. Total long-term liabilities consisted of the net pension liability. Deferred inflows relating to pensions at June 30, 2017 consisted of differences between expected and actual experience, and changes in proportion and difference between employer contributions and proportionate share of contributions. The net pension liability at June 30, 2017 and 2016 has created a net position deficit.

The general fund balance decreased approximately \$905,000 during the year ended June 30, 2017.

Condensed Statement of Net Position - Governmental Activities
As of June 30, 2017 and 2016

	June 30,	
	2017	2016
Assets:		
Total current assets	\$ 817,725	\$ 2,499,300
Total noncurrent assets (capital assets)	--	94,142
Total assets	<u>817,725</u>	<u>2,593,442</u>
Deferred outflows of resources:		
Deferred outflows relating to pensions	2,485,529	1,004,136
Liabilities:		
Total current liabilities	547,964	1,324,520
Total long-term liabilities	14,080,313	11,874,119
Total liabilities	<u>14,628,277</u>	<u>13,198,639</u>
Deferred inflows of resources:		
Deferred inflows relating to pensions	2,627,128	2,961,101
Net position:		
Net investment in capital assets	--	94,142
Restricted	144	87,073
Unrestricted	(13,952,295)	(12,743,377)
Total net position	<u>\$ (13,952,151)</u>	<u>\$ (12,562,162)</u>

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR FISCAL YEAR ENDED JUNE 30, 2017

Results of Operations

Revenues: Program revenues consist mainly of federal and state funds received for the special education and national school lunch programs as well as charges to students for the lunch program, field trips and athletics. Program revenues were comparable to the prior year, with a decrease of approximately \$13,000.

The general revenue received by the Academy is generated primarily through the support of the State of Nevada based on a per pupil allocation, the Andre Agassi Foundation for Education (the "Foundation"), and general donations. The increase in funding allocation from the State of Nevada was approximately \$57,000 from the prior year. The funding received from the Foundation is committed based on the budget. Revenue received from the Foundation over the last fiscal year decreased approximately \$894,000 (27%). As mentioned above, the Academy utilized cash reserves to pay obligations and required less funding from the Foundation. Donations, including scholarship related donations and in-kind donations, decreased by approximately \$156,000. Donations for scholarships and their Summer of a Lifetime program are typically received at fiscal year-end to be used for the upcoming school year. These donations were not received because the school closed at year end.

Expenditures: For the fiscal year ended June 30, 2017, total expenses were higher than prior year's total expense by approximately \$914,000 (7.5%). Payroll and related benefits increased \$260,000, pension costs increased \$437,000, and disposal of operation costs were \$153,000.

Budget: Revenues of the general fund were lower than budgeted revenues by 6.5%. This was due to the decreased donations from the Foundation, as mentioned above. General fund expenditures were slightly under budget with only a 2.2% variance. Revenues and expenditures of the special education fund were less than budgeted amounts due to fewer students in the program than in the prior year and budgeted. Revenue of the food service fund were under budget approximately \$24,000 while expenditures were under budget approximately \$38,000.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR FISCAL YEAR ENDED JUNE 30, 2017

Condensed Changes in Net Position - Governmental Activities		
For the fiscal years ended June 30, 2017 and 2016		
	2017	2016
Revenue:		
Program revenues:		
Charges for services	\$ 154,298	\$ 179,589
Operating grants and contributions	1,369,563	1,357,666
Capital grants and contributions	--	--
Total program revenues	1,523,861	1,537,255
General revenues:		
Federal aid not restricted to specific purposes	355,047	241,623
State aid not restricted to specific purposes	7,361,829	7,304,517
Other local sources	2,512,045	3,416,711
Total general revenues	10,228,921	10,962,851
Total revenues	11,752,782	12,500,106
Expenditures:		
Instructional expenses	6,818,945	6,230,037
Support services:		
Student support	1,074,962	941,386
Instructional staff support	482,973	493,969
General administration	619,958	605,722
School administration	1,050,823	942,562
Central services	924,250	1,050,075
Operation and maintenance of plant services	1,225,372	1,144,547
Student transportation	111,033	117,828
Other support services	19,285	10,937
Food service operations	454,662	481,521
Athletic programs	77,550	91,689
Other services	32,396	34,498
Scholarships	97,906	83,659
Total expenditures	12,990,115	12,228,430
Disposal of operations	152,656	--
Change in net position	(1,389,989)	271,676
Fund balance:		
Beginning of year	(12,562,162)	(12,833,838)
End of year	\$ (13,952,151)	\$ (12,562,162)

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR FISCAL YEAR ENDED JUNE 30, 2017

Economic Outlook

At year end, the Academy only had two remaining employees. An Administrator was approved by the Governing Board. The Administrator will act as a trustee of the Academy from July 1, 2017 through June 30, 2018. The Administrator is following the Nevada statutes and laws relating to the closure of a charter school.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

STATEMENT OF NET POSITION

JUNE 30, 2017

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 565,971
Accounts receivable, net of allowance	223,826
Prepaid expenses	27,928
Total current assets	<u>817,725</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows relating to pensions	<u>2,485,529</u>
LIABILITIES	
Current liabilities:	
Accounts payable	117,132
Accrued expenses	430,832
Total current liabilities	<u>547,964</u>
Long-term liabilities:	
Net pension liability	<u>14,080,313</u>
Total liabilities	<u>14,628,277</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows relating to pensions	<u>2,627,128</u>
NET POSITION	
Restricted for cirque	144
Unrestricted (deficit)	<u>(13,952,295)</u>
Total net position	<u><u>\$ (13,952,151)</u></u>

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

		Program revenues			Net (expense) revenues and changes in net position
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities
Governmental activities:					
Instruction:					
Regular instruction	\$ (6,284,263)	\$ 10,181	\$ 375,381	\$ --	\$ (5,898,701)
Special instruction	(534,682)	--	176,795	--	(357,887)
Total instruction	(6,818,945)	10,181	552,176	--	(6,256,588)
Support services:					
Student support	(1,074,962)	62,846	157,075	--	(855,041)
Instructional staff support	(482,973)	4,084	188,135	--	(290,754)
General administration	(619,958)	6,570	--	--	(613,388)
School administration	(1,050,823)	--	39,893	--	(1,010,930)
Central services	(924,250)	1,505	--	--	(922,745)
Operation and maintenance of plant services	(1,225,372)	13,680	--	--	(1,211,692)
Student transportation	(111,033)	938	166	--	(109,929)
Other support services	(19,285)	--	--	--	(19,285)
Total support services	(5,508,656)	89,623	385,269	--	(5,033,764)
Operation of non-instructional services:					
Food service operations	(454,662)	20,802	430,118	--	(3,742)
Athletic programs	(77,550)	16,282	500	--	(60,768)
Other services	(32,396)	17,410	--	--	(14,986)
Scholarships	(97,906)	--	1,500	--	(96,406)
Total non-instructional services	(662,514)	54,494	432,118	--	(175,902)
Total governmental activities	\$ (12,990,115)	\$ 154,298	\$ 1,369,563	\$ --	(11,466,254)

General revenues:

Federal aid not restricted to specific purposes	355,047
State aid not restricted to specific purposes	7,361,829
Other local sources	2,512,045
Total general revenues	10,228,921
Special item - disposal of operations	(152,656)
Change in net position	(1,389,989)
Net position - beginning of the year	(12,562,162)
Net position - end of the year	\$ (13,952,151)

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2017

	<u>General</u>	<u>Scholarship</u>	<u>Special education</u>	<u>Other governmental</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 551,741	\$ --	\$ --	\$ 14,230	\$ 565,971
Accounts receivable, net of allowance	218,862	--	--	4,964	223,826
Prepaid items	27,928	--	--	--	27,928
Due from other funds	--	6,250	15,654	15,582	37,486
Total assets	<u>\$ 798,531</u>	<u>\$ 6,250</u>	<u>\$ 15,654</u>	<u>\$ 34,776</u>	<u>\$ 855,211</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 90,212	\$ 6,250	\$ --	\$ 20,670	\$ 117,132
Accrued expenses	414,519	--	15,654	659	430,832
Due to other funds	37,486	--	--	--	37,486
Total liabilities	<u>542,217</u>	<u>6,250</u>	<u>15,654</u>	<u>21,329</u>	<u>585,450</u>
Fund balances:					
Nonspendable - prepaid items	27,928	--	--	--	27,928
Restricted for:					
Cirque	--	--	--	144	144
Assigned:					
Councils and booster club	--	--	--	12,495	12,495
Unassigned	228,386	--	--	808	229,194
Total fund balances	<u>256,314</u>	<u>--</u>	<u>--</u>	<u>13,447</u>	<u>269,761</u>
Total liabilities and fund balances	<u>\$ 798,531</u>	<u>\$ 6,250</u>	<u>\$ 15,654</u>	<u>\$ 34,776</u>	<u>\$ 855,211</u>

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2017

Total fund balances - governmental funds balance sheet	\$ 269,761
Amounts reported for governmental activities in the statement of net position are different because:	
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(14,080,313)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pension expense	2,485,529
Deferred inflows of resources related to pension expense	<u>(2,627,128)</u>
Net position of governmental activities – statement of net position	<u><u>\$ (13,952,151)</u></u>

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

STATEMENT OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Scholarship</u>	<u>Special education</u>	<u>Other governmental</u>	<u>Total governmental funds</u>
Revenues:					
Local sources	\$ 2,437,826	\$ 1,500	\$ --	\$ 235,631	\$ 2,674,957
State sources	8,011,566	--	186,176	0	8,197,742
Federal sources	355,047	--	94,918	430,118	880,083
	<u>10,804,439</u>	<u>1,500</u>	<u>281,094</u>	<u>665,749</u>	<u>11,752,782</u>
Expenditures:					
Instruction:					
Regular	5,955,806	--	--	105,279	6,061,085
Special	--	--	512,550	--	512,550
Support services:					
Student	758,426	--	209,669	70,147	1,038,242
Instructional staff	465,284	--	--	--	465,284
General administration	603,297	--	--	--	603,297
School administration	918,266	--	92,710	--	1,010,976
Central services	903,435	--	--	--	903,435
Operation and maintenance of plant services	1,202,620	--	--	--	1,202,620
Student transportation	70,344	--	--	40,689	111,033
Other support services	--	--	--	19,285	19,285
Operation of non- instructional services:					
Athletic programs	--	--	--	77,423	77,423
Food services	--	--	--	451,018	451,018
Other services	--	97,906	--	32,396	130,302
Capital outlay	9,790	--	--	--	9,790
Total expenditures	<u>10,887,268</u>	<u>97,906</u>	<u>814,929</u>	<u>796,237</u>	<u>12,596,340</u>
Excess of revenues over (under) expenditures	<u>(82,829)</u>	<u>(96,406)</u>	<u>(533,835)</u>	<u>(130,488)</u>	<u>(843,558)</u>
Other financing sources (uses):					
Transfers in	--	12,970	533,835	--	546,805
Transfers out	(546,805)	--	--	--	(546,805)
	<u>(546,805)</u>	<u>12,970</u>	<u>533,835</u>	<u>--</u>	<u>--</u>
Special item:					
Disposal of operations	(61,461)	--	--	--	(61,461)
Total excess of revenues and other financing sources/uses over (under) expenditures	<u>(691,095)</u>	<u>(83,436)</u>	<u>--</u>	<u>(130,488)</u>	<u>(905,019)</u>
Fund balances:					
Beginning of year	947,409	83,436	--	143,935	1,174,780
End of year	<u>\$ 256,314</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 13,447</u>	<u>\$ 269,761</u>

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUNDS
REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2017

Net change in governmental fund balances	\$ (905,019)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount that the current year's depreciation expense and asset write-offs exceeded the capital asset purchases in the current period.	(94,141)
Governmental funds report pension contributions as expenditures. However, in the SOA, the cost of pension benefits earned net of employee contributions is reported as pension expense:	
Pension contributions	1,065,809
Cost of benefits earned net of employee contributions	<u>(1,456,638)</u>
Changes in net position of governmental activities – statement of activities	<u>\$ (1,389,989)</u>

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

1. Reporting entity and summary of significant accounting policies:

The financial statements of the Andre Agassi College Preparatory Academy (the "Academy") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Academy are described below.

Reporting entity:

The Academy is a "charter school" established in 2001 under Nevada Revised Statutes. The Academy's major operation is to offer academic programs for grades kindergarten through twelve for students in at-risk communities.

Under the approval by the Nevada Department of Education to operate as a charter school, the Academy had entered into agreements with the Clark County School District ("CCSD") effective for six (6) years. Under the agreements, the Academy agreed to comply with the current statutes and regulations regarding the creation and operation of the Academy, including but not limited to Nevada Revised Statutes ("NRS") 386.520, NRS 386.550 and Nevada Administrative Code ("NAC") 286.210. The most recent agreement was set to expire June 30, 2019. The Academy received funding from state and government sources and must comply with the requirements of these funding sources. Under the agreements, the Academy is considered part of the CCSD. As part of CCSD, the Academy is included in the State of Nevada's reporting. As described in Note 2 to the financial statements, the Academy surrendered their charter from CCSD on June 30, 2017.

The Academy is required to submit annual audited financial statements to CCSD by November 30 after the fiscal year end.

Basis of presentation:

The accompanying financial statements have been prepared in accordance with the model defined by GASB Codification (previously referred to as GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments ("GASB 34")).

Accounting principles generally accepted in the United States of America require the Academy to apply all applicable pronouncements of the GASB. The Academy is also required to follow the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Academy is given the option of whether to apply all FASB ASC issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Accordingly, the Academy has elected to implement non-conflicting FASB ASC issued after November 30, 1989.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

1. Reporting entity and summary of significant accounting policies (continued):

Government-wide and fund financial statements:

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) charges to students who purchase, use, or directly benefit from goods and services provided and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Grants and other revenues received for general purposes and not included among program revenues are reported instead as general revenues.

Measurement focus, basis of accounting and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from the Nevada Department of Education and Andre Agassi Foundation for Education (the "Foundation") are recognized as revenues in the year for which they are allocated. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. For the most part, the effect of interfund activity has been removed from these statements.

The 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal year period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The general fund is the Academy's primary operating fund. It accounts for all financial resources of the Academy relating to regular education and for resources used in the acquisition of capital assets. The food service, athletic, after school, and summer of a lifetime activities have been combined and are presented as non-major funds. The food service, athletic, after school, and summer of a lifetime funds are not considered enterprise funds as the pricing policies are not high enough to recover the related costs. Special revenue funds are used to account for the specific proceeds of revenue sources that are legally restricted for specified purposes. The Academy's financial statements present the following special revenue funds: scholarship fund, which is used to account for funds restricted for use for higher education, and the special education fund, which is used to account for financial resources relating to special education. Transfers between the general fund and the other funds are performed regularly as the activity flows through the general fund initially.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

1. Reporting entity and summary of significant accounting policies (continued):

Measurement focus, basis of accounting and financial statement presentation (continued):

Under the terms of grant agreements, the Academy funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Academy's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Cash and cash equivalents:

The Academy defines cash and cash equivalents as cash and investments with an initial maturity of three months or less. The Academy's cash accounts are categorized in these three categories of credit risk:

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

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

Category 3: Uncollateralized.

Capital assets:

The Academy's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation. It is the Academy's policy to capitalize individual assets costing more than \$5,000 with an estimated useful life of two or more years. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The cost of normal repairs and maintenance that does not add to the value of the asset or materially extend the life of the asset is not capitalized. All assets are depreciated using the straight-line method of depreciation. For computer equipment, the useful life is three years. For furniture and equipment, the useful life is five years. For buildings and improvements the useful life is twenty years. Acquisitions of fixed assets are considered expenditures in the year of purchase and are not reflected on the governmental fund balance sheet.

Accounts receivable:

The accounts receivable balance consists mainly of amounts due from grants and private donors. For the amounts that were not collected within 60 days after year end and were related to the current fiscal year, the balance was not recorded on the governmental fund of the Academy. The accounts receivable balance on the government-wide financial statements does not include an allowance for doubtful accounts because management deems all receivables to be fully collectible.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

1. Reporting entity and summary of significant accounting policies (continued):

Compensated absences:

Compensated absences are accounted for in accordance with GASB Codification, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event, be accrued as employees earn the right to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered or those events take place.

Pension expense and related liabilities, deferred inflows and deferred outflows:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada ("PERS") and additions to/deductions from PERS 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.

Fund balance:

In the governmental fund financial statements, the fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Governing Board through approval. Assigned fund balances reflect amounts constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed. These constraints are imposed by the Governing Board or a designee appointed by the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

When both restricted and unrestricted fund balances are available for use, it is the Academy's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net position in the government-wide financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by the law through state statute.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

1. Reporting entity and summary of significant accounting policies (continued):

Budget data:

The Academy prepares an annual budget. The annual budget is prepared on a basis similar to generally accepted accounting principles under the modified accrual basis of accounting. All annual appropriations lapse at fiscal year end. The budget does not include capital outlay.

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 and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

Pensions:

The Academy participates in a cost sharing deferred benefit plan and reports their proportionate share of the plan's net pension liability or asset, deferred outflows of resources, and deferred inflows of resources in their statements of net position.

2. Disposal of operations:

During fiscal year 2017, the Academy surrendered their charter with CCSD effective June 30, 2017 and has closed operations as of that date. With the surrender of the charter, the Academy terminated substantially all employees, dissolved the Governing Board, appointed an administrator effective July 1, 2017, and transferred substantially all of their fixed assets and equipment to CCSD/the State of Nevada. The Academy is required to follow the requirements of the applicable Nevada statutes and laws for closure of a charter school. The administrator is required to act as trustee during the closure of the Academy through June 30, 2018. The financial statements include disposal costs, which include losses on disposal of fixed assets and lease termination costs.

3. Deposits and investments:

The Academy is required by Nevada statute to deposit funds into an account with a bank, credit union, or other financial institution in Nevada. The Academy maintains bank accounts in one financial institution located in Nevada. The cash held by the financial institution is insured up to the Federal Deposit Insurance Corporation ("FDIC") insurance limits of \$250,000. At June 30, 2017, \$443,873 of the Academy's cash deposits were not covered by FDIC insurance and were uncollateralized.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. Interfund receivables, payables and transfers:

Due to/from other funds consisted of the following at June 30, 2017:

	<u>Receivables</u>	<u>Payable</u>
General fund	\$ --	\$ 37,486
Scholarship fund	6,250	--
Special education fund	15,654	--
Other governmental fund	15,582	--
	<u>\$ 37,486</u>	<u>\$ 37,486</u>

These balances resulted from the time lag between the dates that reimbursable expenditures occur and payments between funds are made.

In the fund financial statements, interfund transfers are shown as other financial sources or uses.

Transfers between funds during the year ended June 30, 2017 are as follows:

	<u>Transfers in</u>		
	<u>Special education</u>	<u>Scholarship</u>	<u>Total</u>
Transfer out of general	\$ 533,835	\$ 12,970	\$ 546,805

Transfers are used to move unassigned revenues collected in the general fund to finance various programs accounted for in other funds. There were no significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

5. Concentrations:

The Academy received funding support of \$2,412,363 from the Foundation and \$8,197,743 from the State of Nevada during the year ended June 30, 2017, which represents approximately 90% of total revenue.

The accounts receivable balance at June 30, 2017 includes \$130,961 due from the State of Nevada, and \$91,042 from the Foundation which represents approximately 99% of the accounts receivable balance.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

6. Capital assets:

Capital asset activity for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Capital assets not being depreciated:				
Artwork	\$ 25,000	\$ --	\$ (25,000)	\$ --
Capital assets being depreciated:				
Computer equipment	347,984	--	(347,984)	--
Equipment	995,630	9,790	(1,005,420)	--
Furniture	82,765	--	(82,765)	--
Buildings and improvements	76,646	--	(76,646)	--
	<u>1,503,025</u>	<u>9,790</u>	<u>(1,512,815)</u>	<u>--</u>
Less accumulated depreciation:				
Computer equipment	(347,984)	--	347,984	--
Equipment	(984,292)	(8,904)	993,196	--
Furniture	(82,765)	--	82,765	--
Buildings and improvements	(18,842)	(3,832)	22,674	--
	<u>(1,433,883)</u>	<u>(12,736)</u>	<u>1,446,619</u>	<u>--</u>
	<u>\$ 94,142</u>	<u>\$ (2,946)</u>	<u>\$ (91,196)</u>	<u>\$ --</u>

Depreciation expense was charged to functions of the Academy as follows:

	Governmental activities
Regular instruction	\$ 5,095
Special instruction	636
Student support	764
Instructional staff support	1,274
General administration	637
School administration	764
Central services	1,274
Operations and maintenance of plant services	2,038
Food services	127
Athletic programs	127
	<u>\$ 12,736</u>

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

7. Pension plan:

The Academy 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 that is used to provide defined benefit pensions to employees of state governmental employers. There were 105,167 covered employees in all of PERS on June 30, 2016. The Academy has no liability for unfunded obligations of the system as provided by NRS 286.110.

Benefits provided:

Benefits, as required by the Nevada Revised Statutes ("NRS" or "statute"), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed 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 for all years of service. Regular members entering the System on or after July 1, 2015, have 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.

Contributions:

Member contribution rates, which are actuarially determined, are established by NRS 286.421 for public employees enrolled in the contribution plan. Two contribution plans are offered to eligible employees, the employee/employer contribution plan and the employer-pay contribution plan. The employee/employer plan increases the employee's salary by 14.36% for fiscal years 2017 and 2016. Under the employee/employer contribution plan, a contribution is deducted from the employee and a matching contribution is paid by the employer. The employer-pay contribution plan requires the employer to pay a contribution on a lower salary schedule. The rates for the employer-pay contribution plan for the years ended June 30, 2017, 2016, and 2015 were 28.00%, 28.00%, and 25.75%, respectively. The rates for the employee/employer contribution plan for the years ended June 30, 2017, 2016, and 2015 were 14.50%, 14.50%, and 13.25%, respectively. The Academy's required contribution for the years ended June 30, 2017, 2016, and 2015 was \$1,093,013, \$1,017,323, and \$863,941, respectively. As of June 30, 2017, the Academy only had two remaining employees who are both eligible for PERS.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

7. Pension plan (continued):

Pension liabilities, expense and deferred outflows and inflows of resources related to pensions:

As of June 30, 2017, the Academy reported a liability of \$14,080,313 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability of PERS was based on the total contributions due on wages paid during the measurement period, which includes combined employer and member contributions relative to the total combined employer and member contributions for all employers participating in PERS for the period ended June 30, 2016. The Academy's proportion was 0.10463% for the measurement period ended June 30, 2016.

For the year ended June 30, 2017, the Academy recognized pension expense of \$390,828. As of June 30, 2017, the Academy reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ --	\$ (942,854)
Changes in assumptions	--	--
Net difference between projected and actual earnings on pension plan investments	1,308,940	--
Changes in proportion and differences between Academy contributions and proportionate share of contributions	110,780	(1,684,274)
Academy contributions subsequent to the measurement date	1,065,809	--
	<u>\$ 2,485,529</u>	<u>\$ (2,627,128)</u>

Deferred outflows of resources totaling \$1,065,809 related to academy contributions to PERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

7. Pension plan (continued):

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u> <u>June 30,</u>	
2018	\$ (453,329)
2019	(453,330)
2020	136,035
2021	(88,617)
2022	(292,268)
Thereafter	(55,899)
	<u>\$ (1,207,408)</u>

Actuarial assumptions:

PERS net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll growth	5.00% (including inflation)
Investment rate of return	8.00% (including 3.5% for inflation)
Productivity pay increase	0.75%
Projected salary increases	Regular 4.60%-9.75%, police/fire 5.25%-14.50%, depending on service
Consumer price index	3.50%

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study for the period from July 1, 2006 through June 30, 2012.

Mortality rates for healthy members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013, as appropriate, with adjustments for mortality improvements based on Scale AA. Healthy female ages were set back one year and police/fire were set forward one year. Disabled employees mortality rates were based on the RP-2000 Disabled Retiree Mortality Table projected to 2013 and were set forward three years.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

7. Pension plan (continued):

Investment returns:

The target asset allocation for investments was adopted by the PERS Board, is reviewed by the PERS Board annually, and is designed to meet the future risk and return needs of PERS. The following was the target asset allocation policy as of June 30, 2016:

	Target allocation	Long-term geometric expected real rate of return*
Domestic equity	42.00%	5.50%
International equity	18.00%	5.75%
Domestic fixed income	30.00%	0.25%
Private markets	10.00%	6.80%

* As of June 30, 2016, PERS' long-term inflation assumption was 3.50%

Discount rate:

The discount rate used to measure the total pension liability of PERS was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016 was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

The Academy's proportionate share of the net pension liability is sensitive to changes in the discount rate. The following presents the Academy's proportional share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Academy's proportional share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) and 1 percentage point higher (9.00%) than the current discount rate:

	1% Decrease (7.00%)	Discount rate (8.00%)	1% Increase (9.00%)
Academy's proportionate share of the net pension liability	\$ 20,638,988	\$ 14,080,313	\$ 8,623,576

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

7. Pension plan (continued):

Pension plan fiduciary net position:

PERS issues a publicly available financial report that includes financial statements and required supplemental information as well as a GASB 68 report. These reports may be obtained at www.nvpers.org. The plan's fiduciary net position has been determined on the same basis as that used by the plan.

8. Risk management:

The Academy has purchased commercial insurance policies for various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or injuries to employees. Payments of premiums for these policies are recorded as expenses of the Academy. The Academy is keeping insurance policies through June 30, 2018.

9. Non-exchange transactions:

The Academy leased property, as further explained in Note 12, from the Foundation. The property, with a total historical cost in excess of \$35,500,000, was utilized for operation of the school. For the year ended June 30, 2017, the Foundation did not require consideration for the use of these facilities and Management has not determined the value of such use. In compliance with GASB Codification, the utilization of the contributed facilities are not recorded in the financial statements. The lease agreement was terminated effective June 30, 2017.

During the year ended June 30, 2017, the Academy received and recognized in kind contributions for supplies and athletic equipment totaling \$99,531.

10. Restrictions:

Net position:

Restricted net position as of June 30, 2017 consisted of \$144 funds for the Cirque program, which will be returned to the donor.

11. Scholarships:

The Academy has received contributions restricted to fund higher education for Academy students; all resources may be used to provide scholarships. Due to the Academy closing operations effective June 30, 2017, \$36,692 of remaining restricted scholarship funds were returned to the Foundation to administer.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

12. Commitments and contingencies:

Employment matters:

The Academy is a party to legal actions regarding employment matters. Management anticipates favorable results of these matters and believes that there will be no material impact on the Academy's financial position. Due to the nature of the settlement process, it is at least reasonably possible that management's estimate of the outcome of these matters will change in the near term.

Property lease:

As noted in Note 9, the Academy leased facilities, including buildings, structures, furniture and fixtures in Las Vegas, Nevada from the Foundation. The facilities incorporate all of the school buildings from which the school was operated and were a vital part of the charter school. The lease agreement called for annual consideration of \$1. The lease was scheduled to expire in January 2050 with 5 consecutive 5 year renewal options. The Foundation had an unconditional right to terminate the lease with the Academy upon written notice of 180 days. The land on which the charter school has been developed is owned by the City of Las Vegas ("the City") and the Foundation has entered into an agreement with the City to utilize the land. The lease between the City and the Foundation is also scheduled to expire in January 2050 with 5 consecutive 5 year renewal options. This lease agreement between the Academy and the Foundation was terminated effective June 30, 2017 with the closing of the school. The Foundation entered into a lease agreement with Democracy Prep, as they are operating a school at the same location.

13. Subsequent events:

The Academy's management has evaluated subsequent events for possible accounting recognition or disclosure through October 3, 2017, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Local sources	\$ 3,480,000	\$ 3,480,000	\$ 2,437,826	\$ (1,042,174)
State sources	7,725,088	7,725,088	8,011,566	286,478
Federal sources	353,096	353,096	355,047	1,951
Total revenue	11,558,184	11,558,184	10,804,439	(753,745)
Expenditures:				
Instruction:				
Regular instruction	6,058,282	6,058,282	5,955,806	102,476
Support services:				
Student support	817,971	817,971	758,426	59,545
Instructional staff support	341,784	461,784	465,284	(3,500)
General administration	614,351	494,351	603,297	(108,946)
School administration	957,689	957,689	918,266	39,423
Central services	1,108,592	1,108,592	903,435	205,157
Operation and maintenance of plant services	1,178,048	1,178,048	1,202,620	(24,572)
Student transportation	59,603	59,603	70,344	(10,741)
Capital outlay	--	--	9,790	(9,790)
	11,136,320	11,136,320	10,887,268	249,052
Excess of revenues over (under) expenditures	421,864	421,864	(82,829)	(504,693)
Other financing uses:				
Transfers out	(600,345)	(600,345)	(546,805)	53,540
Special items:				
Disposal of operations	(190,346)	(190,346)	(61,461)	(128,885)
Net change in fund balance	(368,827)	(368,827)	(691,095)	(580,038)
Beginning fund balance	947,409	947,409	947,409	--
Ending fund balance	\$ 578,582	\$ 578,582	\$ 256,314	\$ (580,038)

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - SPECIAL EDUCATION**

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenue:				
State sources	\$ 189,257	\$ 189,257	\$ 186,176	\$ (3,081)
Federal sources	112,369	112,369	94,918	(17,451)
Total revenue	301,626	301,626	281,094	(20,532)
Expenditures:				
Instruction:				
Special instruction	557,493	557,493	512,550	44,943
Support services:				
Student support	270,627	270,627	209,669	60,958
School administration	84,466	84,466	92,710	(8,244)
	912,586	912,586	814,929	97,657
Excess of expenditures over revenues	(610,960)	(610,960)	(533,835)	77,125
Other financing uses:				
Transfers in	610,960	610,960	533,835	(77,125)
Net change in fund balance	--	--	--	--
Beginning fund balance	--	--	--	--
Ending fund balance	\$ --	\$ --	\$ --	\$ --

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - FOOD SERVICE**

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Local sources	\$ 30,000	\$ 30,000	\$ 20,802	\$ (9,198)
State sources	11,000	11,000	--	(11,000)
Federal sources	434,285	434,285	430,118	(4,167)
	<u>475,285</u>	<u>475,285</u>	<u>450,920</u>	<u>(24,365)</u>
Expenditures:				
Operation of non-instructional services:				
Food services	<u>489,077</u>	<u>489,077</u>	<u>451,018</u>	<u>38,059</u>
Excess of expenditures over revenue	(13,792)	(13,792)	(98)	13,694
Other financing uses:				
Transfers out	<u>(10,615)</u>	<u>(10,615)</u>	<u>(20,004)</u>	<u>(9,389)</u>
Net change in fund balance	(24,407)	(24,407)	(20,102)	4,305
Beginning fund balance	<u>24,407</u>	<u>24,407</u>	<u>24,407</u>	<u>--</u>
Ending fund balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,305</u>	<u>\$ 4,305</u>

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2017

Budgetary information:

The Academy is required by the State of Nevada Department of Education ("Department") to adopt a final budget no later than June 8 of each year under NAC 386.370 but is not required by the Department to augment the budget during the year. The annual budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States.

A budgetary comparison schedule is not presented for the scholarship fund. The Academy was not legally required to adopt a budget for this fund.

Additional budgetary information can be found within Note 1 to the Academy's basic financial statements on page 20 of this report.

Any deficiencies of revenues under expenditures in the special education and food service funds are compensated for through a transfer from the general fund. Any deficiencies of revenues under expenditures in the general fund are compensated for through a use of the general funds unrestricted cash reserves.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY**

JUNE 30, 2017

Public Employees' Reiterment System of Nevada

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Academy's proportion of the net pension liability	0.10769%	0.10362%	0.10463%
Academy's proportionate share of the net pension liability	\$ 11,223,810	\$ 11,874,119	\$ 14,080,313
Academy's covered - employee payroll	\$ 6,315,218	\$ 6,371,886	\$ 7,267,321
Academy's proportionate share of the net pension liability as a percentage of its covered - employee payroll	177.73%	186.35%	193.75%
Plan's proportionate share of the net pension liability as a percentage of the plan's total pension liability	76.3%	75.10%	72.2%

* The amounts presented for each fiscal year were determined as of 6/30.

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PENSION CONTRIBUTIONS**

JUNE 30, 2017

Public Employees' Reiterment System of Nevada

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 881,006	\$ 850,228	\$ 1,004,136	\$ 1,065,809
Contributions in relation to the contractually required contribution	<u>(881,006)</u>	<u>(850,228)</u>	<u>(1,004,136)</u>	<u>(1,065,809)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Academy's covered - employee payroll	\$ 6,283,216	\$ 6,315,218	\$ 6,371,886	\$ 7,267,321
Contribution as a percentage of covered - employee payroll	14%	13%	16%	15%

* Schedule is intended to show information for 10 years. Data is not available for fiscal years prior to 2014.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO THE SCHEDULES OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND PENSION CONTRIBUTIONS

JUNE 30, 2017

Changes of benefit terms:

Benefit terms for participants in Public Employees' Retirement System of Nevada ("PERS") changed for regular members entering the system on or after July 1, 2015 to have a 2.25% multiplier of the average compensation for each accredited year of service. Other member benefit terms remain unchanged.

Changes of assumptions:

There have been no changes in actuarial assumptions or methods since the last valuation.

Method and assumptions used in calculations of actuarially determined contributions:

The actuarially determined contribution rates in the schedule of contributions are determined on an annual basis by PERS. The following actuarial methods and assumptions were used to determine actuarial contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage
Amortization period:	30 years through June 30, 2011 and thereafter a period equal to the truncated average remaining amortization period of all prior UAAL layers until average is less than 20 years, and thereafter a period of 20 years would be used
Asset valuation method:	5 year smoothed market
Inflation rate:	3.50%
Payroll growth:	6.50% per year for regular employees and 7.5% for police/fire
Investment rate of return:	8.00% including 3.50% for inflation

Covered employee payroll:

Covered employee payroll includes salaries and wages for Academy employees that are provided with a pension through PERS.

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education (Pass-through programs from the State of Nevada Department of Education)			
Special Education - Federal Part B - ARRA	84.391		\$ 94,918
Title I Grants to Local Educational Agencies	84.010		<u>353,096</u>
			<u>448,014</u>
U.S. Department of Agriculture (Pass-through program from the State of Nevada Department of Education)			
National School Lunch Program	10.555		<u>430,118</u>
			<u>\$ 878,132</u>

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

1. Basis of presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Andre Agassi College Preparatory Academy (the "Academy") under programs of the federal government for the year ended June 30, 2017. 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"). The Academy received federal awards indirectly through pass-through entities. Because the schedule presents only a selected portion of the operations of Andre Agassi College Preparatory Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of Andre Agassi College Preparatory Academy.

2. Summary of significant accounting policies:

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited to reimbursement. Andre Agassi College Preparatory Academy has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The Academy's summary of significant accounting policies is presented in Note 1 in the Academy's basic financial statements.

Pass-through entity identifying numbers are presented where available.

3. Relationship to basic financial statements:

Expenditures of federal awards have been included in the individual funds of the Academy as follows:

General fund	\$ 353,096
Special education fund	94,918
Other governmental fund	430,118
	<hr/>
	\$ 878,132

**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 Administrator
Andre Agassi College Preparatory Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Andre Agassi College Preparatory Academy, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Andre Agassi College Preparatory Academy's basic financial statements, and have issued our report thereon dated October 3, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Andre Agassi College Preparatory Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Andre Agassi College Preparatory Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Andre Agassi College Preparatory Academy's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Andre Agassi College Preparatory Academy'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bradshaw, Smith & Co., LLP

Las Vegas, Nevada
October 3, 2017

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

To the Administrator
Andre Agassi College Preparatory Academy

Report on Compliance for Each Major Federal Program

We have audited the Andre Agassi College Preparatory Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Andre Agassi College Preparatory Academy's major federal program for the year ended June 30, 2017. Andre Agassi College Preparatory Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Andre Agassi College Preparatory Academy's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Andre Agassi College Preparatory Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Andre Agassi College Preparatory Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, the Andre Agassi College Preparatory Academy, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Andre Agassi College Preparatory Academy, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Andre Agassi College Preparatory Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Andre Agassi College Preparatory Academy's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Bradshaw, Smith & Co, CP

Las Vegas, Nevada

October 3, 2017

ANDRE AGASSI COLLEGE PREPARATORY ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Andre Agassi College Preparatory Academy were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in this Schedule.
3. No instances of noncompliance material to the financial statements of Andre Agassi College Preparatory Academy which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in this Schedule.
5. The auditor's report on compliance for the major federal award program for Andre Agassi College Preparatory Academy expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) that were disclosed during the audit.
7. The program tested as major was CFDA Number 84.010 – Title I Grants to Local Educational Agencies.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Andre Agassi College Preparatory Academy was determined to be a high-risk auditee.

FINDINGS – FINANCIAL STATEMENTS

None noted in the current year audit

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAM

None noted in the current year audit