

**NOTICE OF PUBLIC MEETING**  
of the  
**Board of Directors of**  
**SOMERSET ACADEMY OF LAS VEGAS**

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Notice is hereby given that the Board of Directors of Somerset Academy of Las Vegas, a public charter school, will conduct a telephonic public meeting on November 19, 2015, beginning at 4:00 p.m. The call-in information is as follows:

**Call-in Number: 1-866-244-8528**

**Access Code: 251188#**

The public is invited to attend. Anyone that wishes to make public comment is welcome to attend the meeting at 1378 Paseo Verde Parkway, Suite 200, Henderson, Nevada 89012.

Attached hereto is an agenda of all items scheduled to be considered. Unless otherwise stated, items may be taken out of the order presented on the agenda at the discretion of the Chairperson.

Reasonable efforts will be made to assist and accommodate physically handicapped persons desiring to attend or participate at the meeting. Any persons requiring assistance may call Kimberly Ballou at (702) 431-6260 in advance so that arrangements may be conveniently made.

Public comment may be limited to three minutes per person at the discretion of the Chairperson.

# AGENDA

## November 19, 2015 Telephonic Meeting of the Board of Directors of Somerset Academy of Las Vegas

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(Action may be taken on those items denoted “For Possible Action”)

1. Call to order and roll call. (For Possible Action).
2. Public Comment and Discussion. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.).
3. Review and Approval of Minutes from the November 4, 2015 Board Meeting. (For Possible Action.)
4. Review and Approval of the 2014/2015 School Year Financial Audit. (For Possible Action.)
5. Review and Approval of Teacher and Staff Holiday Bonuses. (For Possible Action.)
6. Review and Approval of Revised Progressive Discipline Policy. (For Possible Action.)
7. Public Comments and Discussion. (For Discussion.)
8. Adjournment. (For Possible Action.)

This notice and agenda has been posted on or before 9 a.m. on the third working day before the meeting at the following locations:

- (1) 385 W. Centennial Parkway, North Las Vegas, Nevada 89084
- (2) 7038 Sky Pointe Drive, Las Vegas, Nevada 89131
- (3) 50 N. Stephanie St., Henderson, Nevada 89074
- (4) 4650 Losee Road, North Las Vegas, Nevada 89081
- (5) 4491 North Rainbow, Las Vegas, Nevada 89108
- (5) North Las Vegas City Hall, 2200 Civic Center Dr., North Las Vegas, Nevada.
- (6) Henderson City Hall, 240 South Water Street, Henderson, Nevada.
- (7) Las Vegas City Hall, 495 S. Main St., Las Vegas, Nevada.
- (8) Academica Nevada, 1378 Paseo Verde Parkway, Suite 200, Henderson, Nevada 89012

# SOMERSET ACADEMY OF LAS VEGAS

## Supporting Document

Meeting Date: November 19, 2015  
Agenda Item: 3 – Review and Approval of Minutes from the November 4, 2015 Board Meeting  
Number of Enclosures: 1

**SUBJECT: Review and Approval of Minutes from the November 4, 2015 Board Meeting**

Action  
 Appointments  
 Approval  
 Consent Agenda  
 Information  
 Public Hearing  
 Regular Adoption

Presenter (s): Board

Recommendation:

Proposed wording for motion/action:

Motion to Approve the minutes of the November 4, 2015 Board meeting.

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 2-3 minutes

Background: A Board meeting was held on November 4, 2015. As such, the minutes from this meeting will need to be approved by the Board.

Submitted By: Staff

**MINUTES**  
**of the meeting of the**  
**BOARD OF DIRECTORS of SOMERSET ACADEMY OF LAS VEGAS**  
**November 4, 2015**

The Board of Directors of Somerset Academy of Nevada held a public meeting on November 4, 2015 at 5:30 p.m. at 7038 Sky Pointe Drive, Las Vegas, Nevada.

**1. Call to order and roll call.**

Board Chair Cody Noble called the meeting to order at 5:47 p.m. Present were Board Members Cody Noble, Will Harty, Travis Mizer, and Carrie Boehlecke.

Also present were Executive Director John Barlow, Principal Jefferson, Principal Kelley, Principal Mayfield, Principal Pendleton, Principal Denson, Principal Phillips, and Assistant Principal Hammond, as well as Academics Nevada Representatives Ryan Reeves, Carlos Segrera, Trevor Goodsell, and Kristie Fleisher.

**2. Public Comments and Discussion.**

Mr. Larry McKnight, elementary art teacher at Sky Pointe, thanked the Board members for making it possible for teachers to receive bonuses and pay increases. Mr. McKnight suggested that the Board consider publically acknowledging teachers for their longevity, adding that next year many teachers and administrators will have been at the school for five years (perhaps continuing some sort of acknowledgement for every five years thereafter). Mr. McKnight stated that the importance of teachers is invaluable and asked that the Board recognize those teachers and admin in some way, whether it be monetary or some other form of recognition.

Ms. Stephanie Sakillanor, third grade teacher and athletic director at Losee, stated that she had come before the Board to discuss athletics, in an effort to convey a high level of frustration she has had with the athletic league. Ms. Sakillanor further stated that she is happy that Somerset offers a sports program, however, she encouraged both the Board and Academics to take a closer look at the league they were contracted with, adding that there was a high level of disorganization within the league. Ms. Sakillanor stated that she received daily emails making changes to the schedule, changes to the location, or game cancellations, often without time to adequately alert parents and students who made arrangements and then have to scramble to change plans, adding that when these changes occur it makes her look incompetent.

**3. Review and Approval of Minutes from the May 20, 2015; June 2, 2015; July 28, 2015; August 13, 2015; and September 16, 2015 Board Meetings.**

**Member Harty Moved to Approve the Minutes from the May 20, 2015; June 2, 2015; July 28, 2015; August 13, 2015; and September 16, 2015 Board Meetings. Member Boehlecke Seconded the Motion, and the Board voted unanimously to Approve.**

**4. Student Recognition.**

Mr. John Barlow addressed the Board and stated that in 2007 the legislature called for the selection of twenty-one students across the state of Nevada, selected by the Senator from each district to form the Nevada Youth Legislature and serve a term of two years. Mr. Barlow further stated that as part of this program, the students would provide input to the legislators in Carson City on bills that affect the youth of Nevada. Mr. Barlow

stated that last year he had been approached by the student-body president of Sky Pointe middle/high and asked to provide a letter of recommendation for this particular program, which he did and she was subsequently selected as one of the twenty-one students. Mr. Barlow then introduced Sky Pointe's middle/high student-body president, Nadia Ozone. Ms. Ozone gave an overview of some of the events they had been able to accomplish as the student council; including dances, a retreat to Idaho, an active social media presence, and a toy and toiletries drive. Ms. Ozone stated that she attended her first training in Carson City the previous summer as part of the Nevada Youth Legislature, where she was able to meet political leaders and learn about legislation, which she found to be a great opportunity to serve the community. Ms. Ozone expressed her appreciation for Somerset and considered it an honor to be a part of the first graduating class, and she looked forward to continuing to set traditions, adding that she was grateful for the opportunity to address the Board.

Member Noble asked Ms. Ozone what kind of bill they would be putting forward. Ms. Ozone replied that they were looking at focusing on poverty and looking for ways to help in some specific way. Mr. Barlow thanked Ms. Ozone for speaking and stated that they would try to highlight such students/groups in future Board meetings. Mr. Barlow also introduced Mr. Blake Miles, the student counsel advisor and thanked him for what he does to help the students and the community.

## **5. Review of Schools Financial Performance.**

Mr. Carlos Segrera addressed the Board and stated that on page 65 of the support documents they could find the financial summary as of August 31, 2015, which showed that Somerset as a whole had a surplus of \$626,639.34; adding that there was a variance of \$682,283.66 to the positive. Mr. Segrera stated that \$73,000.00 came from additional funding above the budgeted 95%, adding that they had not yet been awarded any special education funds, however, they should arrive sometime in the month of November. Member Harty asked how much was budgeted for special education, to which Mr. Segrera replied that the budget was about \$770,000.00. Mr. Segrera stated that the majority of the savings came from salaries, benefits, lease payments (bond/new buildings), SPED contracted services, and other categories. Mr. Segrera stated that categories over budget included consumables, which were approved by the Board prior to the end of last fiscal year and were purchased between July and August of this fiscal year. Mr. Segrera stated that Mr. Trevor Goodsell would speak to debt service and depreciation on buildings and capital lease.

Mr. Trevor Goodsell addressed the Board and stated that what he would speak about item six on the agenda as well, adding that the first big issue was depreciation on the buildings and capital lease. Mr. Goodsell explained that many items, including curriculum, equipment, furniture, etc. were part of the initial lease where they are purchased under what is called a bargain purchase option, however, curriculum and some of the other items do not have that long of a lifespan which means that those assets are now on the books, whereas they used to be a lease payment. Mr. Goodsell stated that in the end this does not change any of the cash flow, but is really just an accounting basis that affects how it would be recognized on the balance sheet, adding that the total change to equity was around \$14,000.00. Member Harty clarified that they were capitalized items that were previously expensed, to which Mr. Goodsell replied in the affirmative. Some discussion ensued regarding details of this issue.

Member Harty asked if salaries would be a permanent variance, to which Mr. Segrera replied that it would decrease. Member Harty asked if anything else in the budget was due to timing, to which Mr. Goodsell replied that the lease payments were a timing issue because the new building gets a break in lease for the first two months. Member Harty asked for clarification that the \$600,000.00 was not something they should expect each month, to which Mr. Goodsell replied that they should not. Member Harty asked if the funding above 95% was lower because of the way funding is now calculated, to which Mr. Segrera replied that the \$73,000.00 actually accounts for the shortage in funding for special education, so if you look at the DSA funding for each campus, it is about 5% higher, however, when you look at the categories below that you can see that most of them are special

education revenues as well as class size reduction revenue for schools that have kindergarten, and not all of those funds had been received at that point. Member Harty asked for confirmation that they should be receiving \$700,000.00 for which they should be hearing about in the month of November, adding that if they took two months of that and divided it by twelve he could add that to the variance, to which Mr. Segrera replied in the affirmative.

## **6. Review and Approval of the 2014/2015 School Year Financial Audit.**

Member Goodsell stated that there were two items that contributed to the fact that the audit was not ready for review, one is that the capital lease is in restatement, and the other has to do with PERS and some items that will be new to the financial statement, adding that support documents for this item begin on page 100. Mr. Goodsell stated that these changes are as a result of a new accounting pronouncement that became effective for years ending after June 15, 2015, adding that it is called GASB 68 and is basically a pension recognition statement. Mr. Goodsell stated that in the past they had to report on what was given to PERS every year as an expense, adding that now they must recognize their portion of the liability on the balance sheet, which comes out in total at 14.8 million on the balance sheet now. Mr. Goodsell stated that everyone is aware that this change has been made and will not affect current or future bonds, adding that it is just an accounting pronouncement that must be put on the balance sheet and will not affect cash flow or income statements, and instead will show up as its own fund. Mr. Goodsell stated that they will still be able to show how things are running from an operations standpoint, adding that there will be a separate line listed as PERS Liability.

Mr. Goodsell stated that he had included in the support documents information that was received from the state regarding this pronouncement, adding that there will be additional pages added to each of the financial statements devoted to this accounting pronouncement and Nevada PERS. Member Harty asked for verification that they were adding a liability of 14 million to their balance sheet, to which Mr. Goodsell replied in the affirmative, adding that every government entity is now required to do this. Member Harty asked what this would do to their assets and equity, to which Mr. Goodsell replied that there was not a hit because it would simply be recognized as an expense. Some discussion ensued regarding assets, equity, and PERS

Member Noble asked if there were any legal claims to PERS that would allow people to demand those funds, to which Mr. Goodsell stated that there were no legal ramifications, adding that they are attempting to show what the liability would be if there was a call for those funds, which is something that not any of the government entities would be prepared to do.

Mr. Reeves stated that his first call upon hearing this pronouncement was to the bond underwriter, who was well aware of the situation as it is commonly known that unfunded liabilities in public pensions are the norm, adding that there is a general understanding amongst rating agencies that this is not a true liability in the sense that it will be called upon in any reasonable foreseeable circumstance.

Mr. Goodsell stated that there are times when online payments sometimes reach limits in dollar amounts, adding that the auditors had some concerns that it might be unclear who is signing checks. Mr. Goodsell stated that he will come back before the Board and clarify this process. Some additional discussion ensued regarding the adjustments to the policy. Mr. Goodsell stated that he should hear back from the auditors within a few days and that they might need to schedule a telephonic board meeting for its approval. Member Harty stated that one of the treasurers from another charter contacted him and they would be meeting with BDO the following day to go over a few items in the audit.

**This item was tabled.**

## **7. Review and Acceptance of Grant Funding (Title II and Title III LEP).**

Principal Mayfield addressed the Board and stated that they had received two grants through the state department, one of which was a Title II grant to be used for staff development, and another which was a Title III LEP grant with an objective for English Language Learners. Principal Mayfield stated that the largest was the Title II grant which they designed in the area of CHAMPS training, which is a school-wide student management program, adding that they had already conducted the first in-service with the trainers from CHAMPS as well as an additional training meeting on their own and purchase the books, which is where part of that money will go. Principal Mayfield further stated that the Title III grant money had been earmarked to spend on two programs, one for the ELL primary students, and another for the ELL intermediate and high school students, adding that last year they had about sixty ELL students and this year they had identified about ninety-eight.

Member Boehlecke asked about the amount of the Title II grant, to which Principal Mayfield stated that it was \$15,630.00; adding that the Title III grant was for \$7,500.00. Member Noble asked if there were any obligations on the part of the school in regards to these grants. Principal Mayfield explained that there were certain guidelines that must be followed when submitting a grant including stating an objective, providing a budget, and explaining how that money will be spent, adding that once the money had been spent, a submission must be made to the state department with all of the invoices. Principal Mayfield further explained that if changes needed to be made later in the year, an addendum could be submitted, however, the basic agreement is following through with what they agreed to do in the application. Member Boehlecke asked if this grant was a one-time grant, to which Principal Mayfield replied in the affirmative, stating that they could reapply each year, adding that they were awarded both grants last year as well. Principal Mayfield stated that it is fortunate that the state is in touch with the schools that are in need of grants like this, adding that, fortunately, these grants do not require a lot of research in order to submit the application.

Member Noble asked if the grants were offered to all the campuses separately, to which Principal Mayfield replied that they were offered and available for each campus. Member Noble asked for confirmation that each campus would need to submit a separate application, to which Principal Mayfield replied in the affirmative, adding that it might be possible to apply as a charter. Member Noble stated that it might not make much sense to do that because each campus has different needs.

Member Harty stated that there should be a motion, to which Member Noble asked why they would need a motion on this item. Mr. Reeves stated that there would be an obligation on the school to fulfill what was put forth in the application, which required the Board to approve the acceptance of the funds. Member Noble stated that they had not been provided with a copy of the application. Mr. Reeves stated that the action item was acceptance of the money, however, the performance application would fall upon the principal, not the Board. Member Noble stated that it seemed that if the Board was going to approve the funds with an obligation, that the obligation should be outlined to them. Mr. Reeves stated that they certainly could provide documentation, however, Principal Mayfield had come before them with a description of what she would do with the funds in accordance with the application. Member Noble stated that he felt like they had received an adequate description from Principal Mayfield, however, in the future the Board should know what the obligations would be when they take their vote.

**Member Noble Moved to Accept the Title II and Title III LEP grant funding awarded to the Somerset Academy North Las Vegas Campus. Member Harty Seconded the Motion, and the Board voted unanimously to Approve.**

## **8. Discussion and Possible Action Regarding the Formation of a Committee for Board Member Search.**

Mr. Reeves expressed appreciation for Eric Elison and Amy Malone and their time on the Board, adding that Somerset could look forward to two new Board members in the near future. Mr. Reeves stated that this agenda item would form a committee that would search for new Board members (a task which had previously been performed by Academica acting at the Board's direction), in addition to principal and other stake-holders to bring back finalist candidates to be interviewed by the Board. Mr. Reeves further stated that it had been recommended that the composition of the group be changed, however, the basic process (getting word out to the community, narrowing the field of candidates, and the final candidates being interviewed by the Board) would remain the same. Mr. Reeves stated that, to date, they had received about sixteen resumes, including two who are licensed educators, which was a requirement for one of the seats.

Mr. Reeves stated that the change to the composition of the committee would be that it could consist of prior Somerset Board members, adding that all four prior Board members had agreed to participate, should the Board ask them to, acknowledging that former Board members could best ensure that the spirit and consistency of Somerset to be carried forward. Mr. Reeves stated that the names were contained on the cover sheet, adding that it "shall be an independent committee, which shall be able to implement their own procedures for completing the search process, subject only to the requirements set forth within the Board's Bylaws of nondiscrimination and ensuring a comprehensive search for qualified candidates." Mr. Reeves further stated that this group "will complete initial resume reviews, any preliminary interviews they deem necessary and take any other steps they deem pertinent in order to select candidates to bring before the Board as finalists." Mr. Reeves stated that this was a new method that was proposed for bring forth prospective Board members to the Board, adding that one item that was left ambiguous was the number of candidates that would be brought to the Board for each seat, adding that they could leave that number up to the committee or they could designate a specific number. Mr. Reeves stated that the Board could approve this proposal or make changes to it as they saw fit.

Member Harty asked if Academica had taken care of these searches in the past and, if so, was the Board under any obligation to choose a Board member from the proposed finalists, to which Mr. Reeves replied that the Board was not under any obligation. Member Harty asked if they would be under that obligation with this new proposal, to which Mr. Reeves replied in the negative, adding that the Board could delegate powers to that committee that the Board could then not reverse, however, that would make the committee subject to the open meeting laws and would not make for an effective search process. Mr. Reeves stated that this committee would be considered an outside search committee in order that the final candidates could be interviewed in an open meeting setting. Member Harty asked if they set up the independent committee and those members were, at some future point, unable to serve on the committee, it would then be up to the Board to replace those members. Mr. Reeves replied that they could set it up in such a way that prior Board members would be invited to join the committee, adding that if they wanted to change it at some point, it could be placed on a future agenda.

Member Noble stated that Eric Elison, Amy Malone, Crystal Thiriot, and Scott Hammond were people who gave Somerset vision, adding that his concern was that they were getting farther away from the original vision. Member Noble further stated that he had asked Academica to make this proposal to ensure that the Somerset vision might be maintained by future Board members, which was something he felt strongly about as they all move on from their positions on the Board at some point, adding that he would like to build something into their search committees that would take them back to those original roots and vision as Board members are replaced on a continual basis. Member Noble suggested that, for now, they name these specific people and make changes in the future.

Member Boehlecke stated that part of the beauty of the Somerset system is growth, adding that as new people join the Board they can add to that vision and continue to create an amazing system. Member Boehlecke further stated that perhaps in the future they could add some of the newer voices to the committee along with



those original members. Member Noble stated that they needed to be more concrete on how this process would take place. Member Mizer asked if there would be any stipulation in regards to which campus a student of a prospective Board member attends, adding that this could be a way to eliminate some prospects immediately and save them the trouble of the interview process if their application will not be considered in the end. Member Noble stated that he did not disagree with that comment, however, those are details that might change and might be something they alert the community to when resumes are requested. Mr. Reeves stated that it might be something that they mention to the committee before interviews begin, noting that in addition to a motion to approve the committee, they might want to give specific direction regarding how the committee should proceed. Member Noble recalled that during the last interviews they had three amazing candidates and, in order to further narrow the field, they took the school the candidate's child attended into consideration.

Member Boehlecke stated that they also needed to decide if they would indicate a number of finalists or if they would allow the committee to make that determination, adding that it was her opinion that they leave it up to the committee, to which Member Noble agreed. Member Harty suggested making a motion to approve the indicated members as the committee with specific direction each time the committee interviews for Board members. Member Noble agreed and stated that he would suggest that any time they add a new committee member, it should be from the pool of former Board members to the extent that it was possible.

**Member Noble Moved to form a committee to search for Board members that will initially consist of Eric Elison, Amy Malone, Crystal Thiriot, and Scott Hammond, to be replaced only by a former Board member to be chosen by that committee. Member Boehlecke Seconded the Motion, and the Board voted unanimously to Approve.**

Member Noble stated that they should put on the record any specific instructions for the committee. Member Harty asked Mr. Reeves what they statute stated regarding requirements for the particular Board members needed at this time. Mr. Reeves replied that they needed at least one licensed educator at that time and the other seat could be filled by anyone. Member Boehlecke asked if they had a particular need, to which Member Noble asked if the Board was aware of any needs, adding that it was his feeling that only parents of Somerset students should be considered. Member Mizer agreed and stated that a parent would be more invested in Somerset and possibly more dedicated.

Member Harty suggested that they trust this committee and give them as little direction as possibly, adding that they should tell the committee that they need one licensed educator and leave it at that. Member Noble stated that he would be fine with that approach and asked if anyone else had any additional direction. Principal Gayle Jefferson addressed the Board and asked that if they do not set forth any stipulation to begin with, that they not use any stipulation when making the final decision. Member Noble stated that he was not sure they could make that promise as they would have to make a decision on some basis, and asked Principal Jefferson for some clarification. Principal Jefferson stated that, going back to what Member Mizer stated, if they do not stipulate that they do not want another parent from Sky Pointe, the Board should not use that determination to make the final decision. Member Noble stated that it would be difficult to say, until the candidates are sitting before them, which determination would allow them to make a decision. Mr. Gary McClain, a Somerset parent, addressed the Board and stated that he was the previous Board member candidate who was eliminated due to location, adding that Board members can switch their children to another campus at any time. Mr. Reeves stated that they could as long as a seat was open. Mr. McClain stated that the Board obviously consisted of a high caliber people that would do what is best for Somerset as a whole regardless of which school their child attends. Member Noble stated that he does not think of himself as a Board member from a certain campus but for Somerset as a whole, adding that he could not say what factors will determine exactly who will be chosen as the next Board member.

Member Noble asked if they needed a motion on the directions, to which Mr. Reeves replied in the negative, adding that they would act as staff for the committee in gathering resumes, making appointments, and providing a space in which the committee could meet. Member Noble asked if the Executive Director would be

involved in the process, to which Mr. Reeves replied that he could be in the Board wished that to be, however, they could leave it up to the committee to bring Mr. Barlow in if they deemed it necessary.

## **9. Review and Approval of Revised Enrollment Policy**

Ms. Kristie Fleisher addressed the Board and stated that there needed to be some changes to the enrollment policy due to mandated statutes, the first of which is that if a campus is increasing by more than 10% or opening a new campus or grade level, they must send out postcards to homes within a two-mile radius of that campus. Mr. Fleisher further stated that the postcards must go out forty-five days prior to enrollment, adding that the open enrollment period must be a minimum of forty-five days. Member Noble asked if the 10% was per grade level or the school as a whole, to which Ms. Fleisher replied that it was 10% campus-wide. Member Noble asked if this would only need to happen if they were opening a new campus, to which Ms. Fleisher replied that they would have to send them for Sky Pointe (adding 12<sup>th</sup> grade); Losee (adding 11<sup>th</sup> grade); and Lone Mountain (adding 8<sup>th</sup> grade). Ms. Fleisher stated that an additional change to the enrollment policy is that the open enrollment period will begin the first day students return from winter break and will end the last day of February each school year, and the lottery will run on March 1, which is more than forty-five day minimum required, and is a time-frame that the community is familiar with.

Ms. Fleisher stated that this will also solve some of the wait list issues that they have dealt with, in that the wait list number that is given out following the March 1 lottery will not become active until the last day of the school year, adding that they will continue to seat off the existing wait list. Ms. Fleisher stated that this had been an issue in the past, however, they would communicate very clearly with parents how the wait lists will work. Member Harty asked how long the wait list might be with an open enrollment of forty-five days, taking in to account that they already have large wait lists with a much shorter open-enrollment period, to which Ms. Fleisher replied that they will be huge, adding that that fact would certainly be a concern, however, they have to do it in order to follow the statute. Member Mizer asked if the people who receive the postcards will still have to go through the lottery process, to which Ms. Fleisher stated that they will, adding that there will not be preferential treatment given. Ms. Fleisher stated that she had spoken with Mr. Barlow in order to put a statement together for the receptionists who are bound to get calls wondering why they are receiving a postcard advertising a school that does not have any openings.

Member Noble asked Ms. Fleisher to go over the enrollment dates for existing students. Ms. Fleisher replied that parents of existing students will receive a recommitment email around December 14, 2015; and they will then have one week to reply and declare their recommitment for the following year. Some general discussion ensued regarding the enrollment process. Member Harty asked if they could make the enrollment policy very clear to parents as that had been a complaint in the past, to which Ms. Fleisher replied that it was their intention to make the policy extremely clear, adding that she had already met with the registrars of the campuses to make sure they understand the policy completely. Ms. Fleisher stated that they were ready with emails and other information as soon as the policy was approved by the Board.

Ms. Fleisher stated that there were a couple of other changes to the policy, one being that once school starts, families who are offered a seat have twenty-four hours to confirm that their student will be attending, and another is that, once registered, the students must begin attending class the following Monday, if not sooner.

**Member Harty Moved to Approve the revised enrollment policy as presented. Member Mizer Seconded the Motion, and the Board voted unanimously to Approve.**

## 10. Review and Approval of Progressive Discipline Policy.

Mr. Barlow stated that it is a requirement that every public school have an annual review of the progressive discipline plan, adding that the requirement is quite descriptive and has to include the administration, teachers, students, members of the community, and support staff. Mr. Barlow further stated that the principals met with many of those people on their campuses, and they subsequently came up with a comprehensive list from which they drew commonalities that they were able to form into this progressive discipline policy, including a very comprehensive discipline chart, mostly for the anti-social behaviors, however, it includes progressive disciplines that might take place in the classroom. Mr. Barlow stated that the principals had a chance to review the document and that it could be found in the support documents. Mr. Barlow further stated that there was one additional piece that was, per statute, added in case of an expulsion or other items that might go before a Board, which states that the person whose position is most analogous to that of superintendent may also hear and render a decision. Mr. Barlow explained that it was recommended by the in-house attorney that this item be added to the policy, in order to give some discretion to the executive director to act in the role as superintendent, and to help, shape, or guide some of those decisions that might be made. Member Noble asked if it was actually mandatory in the statute that the Board give that authority, to which Mr. Barlow stated that it was not mandatory, adding that it was another element in section eight of the statute, described as something that can happen. Member Noble clarified that this is a “may” rather than a “must.”

Member Noble stated that, up until now, they have not had an executive director and have not taken advantage of that statutory provision and, as a result, in the case of an expulsion, a hearing would take place before the Board. Member Noble further stated that it appeared that this would not be the case now, and asked for input on the situation. Mr. Reeves stated that, with the executive director (as part of the AB521 Committee) taking a role in the process, there would still be a provision for the Board of Trustees to be the last level of appeal for a student. Mr. Reeves explained that after a student had been brought before the executive director and the principal and has been recommended for expulsion, it is that student’s right to appeal to the Board. Member Noble expressed concern that too lenient of a decision might be made and that it would never come before the Board. Mr. Reeves stated that if a Board member or two would like to be on the AB521 Committee, supposing they had that concern, they could endeavor to ensure that too lenient a decision is not made, or the Board could choose to require all disciplinary issues come before the Board. Member Boehlecke stated that the purpose of the PDP is to account for the first offense and second offense, etc., to combat against the decision being too lenient.

Member Noble asked how the AB521 Committee would fit in with the circumstance on the last paragraph of page 155. Mr. Barlow stated that the AB521 Committee could basically be convened at any time where an expulsion might be a possibility, adding that so far they had had three since Somerset’s conception. Member Harty asked the Board if they would feel more comfortable having a Board member on the committee, and if there was a Board member on the committee, how that might affect open meeting laws. Member Noble stated that anything regarding discipline of a student is not open.

Member Harty stated that he sensed some concern over Mr. Barlow being the only member of that committee, and asked if Member Noble would prefer that a Board member join the committee. Member Noble stated that he had a couple of concerns, one being the fact that neither Mr. Barlow nor the Board had any prior record of what had been decided at those previous hearings, adding that there was the potential to treat one student differently than previous students had been treated with a potentially similar set of circumstances. Member Noble further stated that another concern was that he was unsure that the Board would ever want to be involved in those type of hearings except through an appeal. Member Mizer stated that he felt like they had hired Mr. Barlow to do a job and that they ought to trust that he would make the right decision, adding that he felt comfortable with Mr. Barlow handling situations that may arise.

Member Noble stated that the way the plan was drafted it would be mandatory for the AB521 Committee to convene, adding that they should change that wording if it would actually be optional, unless they would want

it to happen in every case. Member Boehlecke stated that it would not be as if the AB521 Committee would be making a decision in a bubble, but rather they would have a lot of information with which to base a decision. Mr. Barlow stated that they would take into consideration the case, the student's behavior history, the relationship with the leadership on the campus, and with the teacher, remembering that they would need to take the state statutes into consideration as well. Member Boehlecke stated that the students and his or her parents would still have the important right to appeal, to which Mr. Barlow agreed. Member Noble clarified that if the executive director recommended expulsion, that student could opt to go before the Board for appeal.

Member Mizer asked Mr. Barlow if the principals would have any say in the process and how they would like it handled, to which Mr. Barlow replied that they would have a great deal of say in any matter of this nature. Member Mizer asked the principals if they had any comments about this aspect of the policy. Principal Jefferson stated that this was the first they were hearing about the situation and they had not had a chance to process or discuss it. Principal Mayfield concurred that this was the first they were hearing about it and that some red flags came up in regards to Mr. Barlow's job description from a facilitator to a supervisor, adding that right now progressive discipline and expulsions are in the hands of the principal where she believed they should stay. Member Noble stated that he disagreed with that and stated that a principal does not have the power to expel a student, to which Principal Mayfield replied that they do have the authority to bring a student before the Board for a possible expulsion.

Principal Jefferson asked what would happen if they recommended a student for expulsion and brought that student before Mr. Barlow who disagreed with the recommendation. Principal Dan Phillips addressed the Board and stated that whenever he had recommended expulsion, he always stated that he did not have the power under Nevada state law to expel a student, only the Board of Trustees can do that, adding that expulsions should not be dealt out lightly and should be a last resort. Mr. Phillips further stated that he had never recommended an expulsion without consulting legal counsel and that, speaking for himself, that kind of referral should always go before the Board for a final decision and that the principals should abide by the Board's decision. Member Noble asked if Mr. Phillips was suggesting that it should not go before a superintendent, to which Principal Phillips replied that he did not think it should be a unilateral decision made by one person.

Member Noble asked if the Board, by statute, had the authority to expel a student. Mr. Reeves stated that this issue was being approached from the expulsion side, however, this issue came to light from a situation where a student's actions mandated expulsion and they were looking for a way to provide leniency, adding that the statute provided it in the form of a person who could deliver leniency without convening the Board for every issue that might arise. Member Noble clarified that the superintendent figure would have the ability to provide leniency, however, the Board would not have that ability under statute. Principal Jefferson stated that they do not have a superintendent, to which Member Noble stated that it sounded like semantics to him, which was a matter of title because the Board could have used "superintendent" rather than "executive director." Principal Mayfield stated that the superintendent is the highest position. Member Noble stated that every superintendent has a board over him or her, to which Principal Mayfield stated that their structure is different in that they do not have superintendents, giving the principal the highest order of decision making. Member Noble asked if Principal Mayfield was implying that this statute would never apply in their case, adding that they could never take advantage of this statute because they do not have someone called "superintendent." Principal Mayfield stated that she was simply speaking about the structure of decision making in that there is a low level, a middle level, and a high level, which is the Board, adding that the law can be interpreted by the various levels, though not necessarily by the terms. Principal Mayfield further stated that, with her experience in one expulsion, legal counsel stated that the authority could be given to the principal, adding that she did not necessarily advocate that, however, she would like to see the decision making process stay as flat as possible.

Dr. Andre Denson addressed the Board and stated that he disagreed slightly with his colleagues, having been on both sides and understanding that being confronted with those expulsion referrals can be daunting, adding that he had seen it work more smoothly when there was a level of appeal before the Board. Dr. Denson further

stated that he never had nor would he view the executive director as overriding the principal, however, he could instead be a third party who could understand all the factors and make a determination that both the Board and the principal could live with before appealing to the Board, adding that either the parent or the principal would have the right to appeal to the Board if they were unhappy with the decision. Dr. Denson stated that he believed that this would be a fair approach especially as they add more students with varying backgrounds and potentially more schools to the system.

Member Noble asked those in attendance to imagine that a student brings a gun to school, and the statute states that the student must be expelled, however, another statute states that a superintendent (which the Board is not) can override that expulsion. Member Noble stated that, in that case, the Board would have no choice but to expel the student. Member Mizer stated that the statute does state that the student can appeal to the Board, to which Member Noble replied that, though true, if this particular situation came before the Board they would have no choice but to expel, regardless of any mitigating circumstances. Mr. Barlow stated that when they sought legal counsel, it was counsel that recommended that the superintendent or the person most analogous to a superintendent (executive director) be the one to function in that capacity, adding that he was in no way advocating to have himself turned into a superintendent, but only that legal counsel recommended that it be included in the progressive discipline policy.

Mr. Barlow suggested tabling this item so that he could have the opportunity to further vet it with the principals. Member Noble agreed and stated that they might be able to receive some clarification upon a closer reading of the statute. Member Harty thanked Mr. Barlow and stated that it would be best to further review and possibly modify the policy. Member Boehlecke stated that she would also like further clarification on whether or not a principal can appeal to the Board if he or she disagrees with an outcome. Mr. Barlow stated that the way he saw it, the executive director and the principal will have had those conversations and the intent of the principal would be known, and he would work with that. Some further discussion ensued regarding the policy before the decision was made to table the item.

**This item was tabled.**

## **11. Update on Academica Nevada Staffing and Support Services.**

Mr. Reeves stated that he wanted to inform the Board that Coral Academy had been approved for two new sites, one on Nellis Air Force Base and one just up the road from the Sky Pointe campus, adding that with the wait list as long as it is, it should not affect Somerset Sky Pointe. Mr. Reeves further stated that another charter school, Quest Academy, had gone into receivership and as such could mean its closure in the future.

Mr. Reeves stated that surveys had been sent out for parents and teachers and the results of these surveys would be reported on at the next board meeting, adding that surveys from last year were included in the support documents for the review process of the administrators, because they were being reviewed for last year. Mr. Reeves further stated that Academica was also reviewed via surveys and that he would report on the results of those surveys, adding that he would also include the changes Academica had made as a result of the surveys. Mr. Reeves stated that the survey had been sent out to approximately forty people and that about 30-50% responded, adding that he would focus on those areas in which it was felt Academica could improve. Mr. Reeves noted that the first of the areas was question seven: Coordinating and monitoring grants, financial reporting and management (e.g. assisting with grant applications, grant compliance, and monitoring and reporting on grand budget spending). Mr. Reeves stated that the results were not bad for this item, they just did not receive as many marks in the effective or highly effective categories, adding that in response they had moved one employee, Becca Fitzgerald, to work solely on nothing but grant support; and added another part time employee, Colin Seale.

Mr. Reeves stated that another area was question nine, educational data, which received three “needs improvement,” adding that another new employee, Dr. James Kenyon, was added to Academica on a part-time basis as he is also a professor at UNLV in their education department, adding that he used to work for the State Department of Education. Mr. Reeves stated that Dr. Kenyon’s sole purpose would be to receive data from the schools, analyze it, and provide them with reports and helpful feedback.

Mr. Reeves stated that the final area that needed the most improvement was not necessarily Academica’s performance, but the vendor who provides payroll as per question sixteen. Mr. Reeves stated that they had been working with Pay Pros in order to make changes to the timeframe in which benefit package enrollment takes place, so that problems with paychecks and insurance cards will not continue to take place at the beginning of the school year. Pay Pros also agreed to triple their staffing for the upcoming school year.

Mr. Reeves stated that, in response to some of the comments, Academica had increased staffing to better provide services, adding that a staff list was available on page 165 of the support documents along with job titles in order to illustrate how Academica provides central office services so that principals can focus on the education aspect of the schools. Mr. Reeves stated that Academica would continue to reach out and obtain feedback so that they could provide the best services possible. Member Noble asked if Mr. Reeves believed Academica’s staffing was adequate to provide what was needed by all the schools, to which Mr. Reeves replied in the affirmative, adding that needs change from year to year and that Academica would be prepared to fulfill those needs, however, as things stand right now, Academica is adequately staffed to fulfill Somerset’s needs. Member Noble asked when the survey was sent out, to which Mr. Reeves replied that it was sent out in October only to employees who were with the system last year, as this was to be a review of Academica’s performance for the 2014/2015 school year.

Mr. Reeves stated that, although he focused on three somewhat negative questions, there were actually twenty-two questions total, most of which received very positive responses. Some discussion ensued regarding adequate staffing and how to anticipate that, with Mr. Reeves concluding that, due to his participation on the board of the Charter School Association of Nevada, he could comfortably say that most schools are envious of what Academica schools have.

**12. Review of Administrators, Principal Reggie Farmer, Principal Gayle Jefferson, Principal Francine Mayfield, Principal Elaine Kelley, Principal Dan Phillips, and Curriculum Coordinator Bethany Farmer.**

**Member Noble Motioned to Move to a Closed Session for the review of administrators. Member Mizer Seconded the Motion, and the Board voted unanimously to Approve.**

Some discussion ensued regarding whether or not Mr. Barlow should attend the evaluations, and the creation of an evaluation tool for future evaluations.

**Member Noble Motioned to Move to an Open Session. Member Harty Seconded the Motion, and the Board voted unanimously to Approve.**

**Member Noble Moved to Approve the salary adjustments that were discussed in the closed session. Member Boehlecke Seconded the Motion, and the Board voted unanimously to Approve.**

**13. Campus Spotlight.**

None.

**14. Public Comments and Discussion.**

None.

**15. Adjournment.**

**Member Harty Motioned to adjourn the meeting at 11:57 p.m. Member Mizer Seconded the Motion and the Board unanimously approved, and the Meeting was adjourned.**

Approved on: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_ of the Board of Directors  
Somerset Academy of Las Vegas

DRAFT

# SOMERSET ACADEMY OF LAS VEGAS

## Supporting Document

Meeting Date: November 19, 2015

Agenda Item: 4 – Review and Approval of the 2014/2015 School Year Financial Audit.

Number of Enclosures:

**SUBJECT: Review and Approval of the 2014/2015 School Year Financial Audit.**

- Action
- Appointments
- Approval
- Consent Agenda
- Information
- Public Hearing
- Regular Adoption

Presenter (s): Trevor Goodsell

Recommendation:

Proposed wording for motion/action:

Motion to approve the 2014/2015 school year financial audit.

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 5-10 minutes

Background: Review and approval of the financial audit from the 2014/2015 school year.

Submitted By: Staff



**DRAFT - SUBJECT TO CHANGE**

**Somerset Academy of Las Vegas**

**Basic Financial Statements**

As of and for the Years Ended June 30, 2015 and 2014

Somerset Academy of Las Vegas

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Basic Financial Statements  
As of and For the Years Ended  
June 30, 2015 and 2014

DRAFT - SUBJECT TO CHANGE

# SOMERSET ACADEMY OF LAS VEGAS

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DRAFT - SUBJECT TO CHANGE

## Independent Auditor's Report

Board of Directors  
Somerset Academy of Las Vegas  
Las Vegas, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Academy of Las Vegas (the School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express 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 School'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 Academy'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 and each major fund of Somerset Academy of Las Vegas, as of June 30, 2015, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6-9. 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 School's basic financial statements. The additional information, listed in the table of contents as the Statement of Revenues - General Fund, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 20, 2015 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 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 School's internal control over financial reporting and compliance.

November 20, 2015

# Somerset Academy of Las Vegas

## Management's Discussion and Analysis

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This section of the annual financial report for Somerset Academy of Las Vegas (the School) provides an overview of the School's financial activities as of and for the fiscal year ended June 30, 2015. It should be read in conjunction with the financial statements, which immediately follow this section.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's annual report. This report has three components: 1) management's discussion and analysis (this section) financial statements, 2) the basic financial statements, and 3) required supplementary information. The basic financial statements include two types of statements presenting different views of the School:

### Government-Wide Financial Statements

The Government-Wide financial statements are designed to provide readers with a broad overview of the School's finance, in a manner similar to a private-sector business.

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

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

### Fund Financial Statements

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

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

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

**Somerset Academy of Las Vegas**  
**Management's Discussion and Analysis**

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**Government-Wide Financial Analysis**

The Statement of Net Position provides the perspective of the School as a whole. The table below provides a summary of the Schools net position as of June 30:

	2015	2014
Current assets	\$ 19,405,999	\$ 3,902,921
Capital assets, net	32,421,280	-
<b>Total Assets</b>	<b>51,827,279</b>	<b>3,902,921</b>
Deferred resources of outflows	2,330,327	-
Liabilities - current	3,529,569	1,216,711
Liabilities - long term	56,026,029	-
<b>Total Liabilities</b>	<b>59,555,598</b>	<b>1,216,711</b>
Deferred resources of inflows	2,989,730	-
Net position		
Net investment in capital assets	(3,790,466)	-
Unrestricted	(4,597,256)	2,686,210
	(8,387,722)	2,686,210
<b>Total Net (Deficit) Position</b>	<b>\$ (8,387,722)</b>	<b>\$ 2,686,210</b>

The unrestricted net position of governmental activities represent the accumulated results of life-to-date operation. These assets can be used to finance day-to-day operations without constraints, such as legislative or legal requirements. The results of the current-year operations for the School as a whole are reported in the Statement of Activities, which shows changes in net position.

# Somerset Academy of Las Vegas

## Management's Discussion and Analysis

The results of operations for the operations for the School as a whole are reported in the summarized Statements of Activities (below) which show the changes in net position for the fiscal years ended June 30:

	2015	2014
<b>Revenues</b>		
State DSA	28,766,318	\$ 18,676,821
Kindergarten tuition	375,918	297,658
SPED	634,089	342,586
Student generated funds	1,783,422	136,615
Federal sources		14,620
Other	1,078	200
<b>Total Revenues</b>	<b>31,560,825</b>	<b>19,468,500</b>
<b>Expenses</b>		
Instruction	13,106,928	9,528,597
Support services	17,011,086	8,568,746
<b>Total Expenses</b>	<b>30,118,014</b>	<b>18,097,343</b>
<b>Change in net position</b>	<b>\$ 1,442,811</b>	<b>\$ 1,371,157</b>

A reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities appear on page 11.

### Capital Assets

Pursuant to the Nevada Department of Education, the capitalization threshold for assets purchased by the School is established at a value of \$5,000. At this time, the School has equipment net of accumulated depreciation of \$32,421,280.



**Somerset Academy of Las Vegas**  
**Management's Discussion and Analysis**

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**Governmental Fund Budget Analysis and Highlights**

The Board of Directors of Somerset Academy of Las Vegas adopted an annual budget for the School. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	Final Budget	Actual
<b>Revenues</b>		
State DSA	\$ 26,792,098	\$ 28,766,318
Kindergarten tuition	348,071	375,918
SPED	634,089	634,089
Student generated funds		1,783,422
Other		1,078
<b>Total revenues</b>	<b>27,774,258</b>	<b>31,560,825</b>
<b>Expenditures</b>		
Instruction	14,702,606	13,106,928
Support services	12,250,264	17,011,086
<b>Total expenditures</b>	<b>26,952,870</b>	<b>30,118,014</b>
<b>Change in net position</b>	<b>821,388</b>	<b>1,442,811</b>

**Requests for Information**

This financial report is intended to provide a general overview of the finances of the School. Request for additional information to the Chief Financial Officer of Academica Nevada, LLC, 1378 Paseo Verde Pkwy, Henderson, Nevada 89012.

DRAFT - SUBJECT TO CHANGE

Basic Financial Statements

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DRAFT - SUBJECT TO CHANGE

Government Wide

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DRAFT - SUBJECT TO CHANGE

# Somerset Academy of Las Vegas

## Statement of Net Position

June 30,	2015
<b>Assets</b>	
Current Assets:	
Cash	\$ 3,955,047
Restricted cash	12,375,397
Accounts receivable	3,054,550
Prepaid expenses and other assets	21,005
Total current assets	19,405,999
Non-Current Assets:	
Capital assets, net	32,421,280
Total Assets	\$ 51,827,279
Deferred Resources of Outflows	
	2,330,327
<b>Liabilities and Net Position</b>	
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 2,342,763
Current portion of bond payable	252,500
Current portion of capital leases	934,306
Total current liabilities	3,529,569
Long-Term Liabilities:	
Bonds payable	42,827,500
Bond premium	148,416
PERS net pension	11,592,755
Capital leases	1,457,358
Total Liabilities	59,555,598
Deferred resources of inflows	2,989,730
Commitments and contingencies (Note 4, 5, 6, and 7)	
<b>Net Position</b>	
Operating fund balance	(4,597,256)
Invested in capital assets	(3,790,466)
Total Fund Balances	(8,387,722)

*See accompanying independent auditor's report and notes to financial statements.*

# Somerset Academy of Las Vegas

## Statement of Activities

			2015
<i>Year Ended June 30,</i>			
<b>Functions</b>	Expenses	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Governmental activities</b>			
Instruction	\$ 13,106,928	\$ 375,918	\$ (12,731,010)
Support services	17,011,086		(17,011,086)
<hr/>			
<b>Total governmental activities</b>	30,118,014	375,918	(29,742,096)
<hr/>			
<b>General purpose revenues:</b>			
State unrestricted revenues			29,400,007
Student generated funds			1,783,422
Other revenues			1,078
<hr/>			
<b>Total governmental activities</b>			31,184,907
<hr/>			
<b>Change in net position</b>			1,442,811
<hr/>			
Net Position, beginning of year			2,730,929
Prior Period Adjustment - Long-term obligation			(14,599)
GASB No. 68 Adjustment (Note XX)			(12,546,863)
Restated Net Position, beginning of year			(9,842,581)
<hr/>			
<b>Total Fund Balance at End of Year</b>			(8,387,722)

*See accompanying independent auditor's report and notes to financial statements.*

DRAFT - SUBJECT TO CHANGE

Somerset Academy of Las Vegas

Balance Sheet Governmental Funds

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<i>June 30,</i>	2015
<b>Assets</b>	
Current Assets:	
Cash	\$ 3,955,047
Accounts receivable	3,054,550
Prepaid expenses and other assets	21,005
<hr/>	
<b>Total Assets</b>	\$ 7,030,602
<hr/>	
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 2,342,764
<hr/>	
<b>Total Liabilities</b>	2,342,764
<hr/>	
Commitments and contingencies (Note 4, 5, 6, and 7)	
<hr/>	
<b>Total Net Position</b>	\$ 4,687,838
<hr/>	

DRAFT - SUBJECT TO CHANGE

Somerset Academy of Las Vegas

Reconciliation of Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position

Year Ended June 30,	2015
Net Position - Total Governmental Funds	4,687,838
Amount reported for governmental activities in the statement of net position are different because:	
Restricted cash for capital asset addition for Sky Pointe Campus	12,375,398
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The net capital assets consist of:	
Capital assets, at cost	34,265,797
Accumulated depreciation	(1,844,517)
Net capital assets	32,421,280
Other long-term assets not available to pay for current period expenditures and, therefore are unearned in the funds. These assets consist of:	
Deferred outflow of pension plan changes	2,330,327
Long-term liabilities, including note payable, are not due and payable in the current period and therefore are not reported in the funds. These consist of	
Capital Lease	(2,391,664)
Bond payable	(43,080,000)
Bond premium	(148,416)
Pension liability	(11,592,755)
Deferred inflow of pension plan changes	(2,989,730)
	(8,387,722)

See accompanying independent auditor's report and notes to financial statements.

DRAFT - SUPERVISOR'S COMMENTS

# Somerset Academy of Las Vegas

## Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2014

	General	Special Education	Governmental Funds	Student Activities	Total Funds
<b>Revenues</b>					
State sources	\$ 28,766,318	\$ 634,089	\$ 29,400,407	\$ 1,783,422	\$ 31,183,829
Other Sources	376,996	-	376,996	-	376,996
<b>Total revenues</b>	<b>29,143,314</b>	<b>634,089</b>	<b>29,777,403</b>	<b>1,783,422</b>	<b>31,560,825</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Salaries	9,766,700	295,764	10,062,464	-	10,062,464
Supplies	166,035	28,035	194,070	-	194,070
Benefits	1,513,289	36,350	1,549,639	-	1,549,639
Purchased services	-	632,518	632,518	-	632,518
Other	668,236	668,236	668,236	-	668,236
<b>Total instruction expenditures</b>	<b>12,114,260</b>	<b>992,668</b>	<b>13,106,928</b>	<b>-</b>	<b>13,106,928</b>
<b>Support services</b>					
Operations	4,992,832	-	4,992,832	-	4,992,832
Salaries	2,512,170	-	2,512,170	-	2,512,170
Purchased services	2,629,005	-	2,629,005	-	2,629,005
Benefits	292,202	-	292,202	-	292,202
Other	1,703,641	-	1,703,641	1,540,057	3,243,698
Debt Service payments	1,259,967	-	1,259,967	-	1,259,967
Supplies	34,712	-	34,712	-	34,712
<b>Total support services expenditures</b>	<b>13,424,528</b>	<b>-</b>	<b>13,424,528</b>	<b>1,540,057</b>	<b>14,964,585</b>
<b>Total expenditures</b>	<b>25,538,788</b>	<b>992,668</b>	<b>26,531,456</b>	<b>1,540,057</b>	<b>28,071,513</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,604,525</b>	<b>(358,579)</b>	<b>3,245,947</b>	<b>243,365</b>	<b>3,489,312</b>
Other financing sources (uses)	43,080,000	-	43,080,000	-	43,080,000
Issuance of bonds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(44,079,054)	-	(44,079,054)	-	(44,079,054)
<b>Total Other Financing Sources (Uses)</b>	<b>(999,054)</b>	<b>-</b>	<b>(999,054)</b>	<b>-</b>	<b>(999,054)</b>
<b>Changes in Fund Balances</b>	<b>2,605,471</b>	<b>(358,579)</b>	<b>2,246,892</b>	<b>243,365</b>	<b>2,490,257</b>
<b>Fund balance, beginning of year</b>	<b>3,538,155</b>	<b>(999,837)</b>	<b>2,538,318</b>	<b>180,562</b>	<b>2,718,880</b>
<b>Fund balance, end of year</b>	<b>6,143,626</b>	<b>(1,358,416)</b>	<b>4,785,210</b>	<b>423,927</b>	<b>4,687,838</b>

See accompanying independent auditor's report and notes to financial statements.



## Somerset Academy of Las Vegas

### Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities

*Year ended June 30, 2015*

<b>Net Change in Fund Balances - Total Governmental Funds</b> (from Page 16)		<b>\$ 2,490,257</b>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful live as depreciation expense.		
Capital outlay	31,703,657	
Restricted cash	12,375,397	
Depreciation expense	(971,741)	
Net effect of capital asset activity		<b>43,107,313</b>
Issuance of bond and note obligations provide current financial resources to governmental funds, but issuing debt, increases long-term liabilities in the Statement of Net Position. Repayment of bond note principal or accrued interest is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal payments	1,259,967	
Bonds	(43,080,000)	
Interest payments	(549,252)	
Net effect of debt issuance and repayment		<b>(42,369,285)</b>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.		
Pension expense	(1,785,475)	
Net effect of accrued interest and pension expense		<b>(1,785,475)</b>
<b>Change in Net Position of Governmental Activities</b> (from Page 13)		<b>\$ 1,442,811</b>

*See accompanying independent auditor's report and notes to financial statements.*

# Somerset Academy of Las Vegas

## Notes to Financial Statements

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### 1. Description of Business and Summary of Significant Accounting Policies

#### *Description of Activity*

Somerset Academy of Las Vegas (the "School"), is a charter school established in 2011 under Nevada Revised Statute 386.500. The School's major operation is to offer an educational environment integrated with the arts where learning is maximized through individual instruction, interdisciplinary projects and access to a full spectrum of technological resources for kindergarten through twelfth grade in Southern Nevada. In 2014 - 2015 school year the School expanded from four campuses to six campuses.

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

#### *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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Basis of Presentation*

The School-wide financial statements report information on all of the nonfiduciary activities of the primary government. The effect of internfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support. All the School's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported instead as general revenue.

# Somerset Academy of Las Vegas

## Notes to Financial Statements

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*The effect of inter-fund activity has been eliminated from the School-wide financial statements.*

When an expense is incurred for purposes for which both restricted and unrestricted net position, and fund balance are available, the School's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School's policy to spend funds in this order: committed, assigned, and unassigned.

### ***Fund Based Statements***

#### ***Measurement Focus and Basis of Accounting***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

#### ***Fund Classification***

The financial activities of the School are organized on the basis of funds. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments having maturities of three months or less when purchased. These balances may at times exceed federally insured limits. The Organization has never experienced any losses related to these balances.

#### ***Receivables***

At times, the School has amounts receivable from various sources. As of June 30, 2015, the School had accounts receivable of \$3,054,550.

The School makes judgements about its ability to collect outstanding accounts receivable. If necessary, the School establishes an allowance if collection becomes doubtful, based primarily on the aging of the specific invoice. The School has not recorded any allowance against outstanding accounts receivable for the school year ending June 30, 2015.

# Somerset Academy of Las Vegas

## Notes to Financial Statements

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### ***Capital Assets***

Capital assets are stated at cost less accumulated depreciation. Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets, which are generally 3 to 30 years. The cost of repairs and maintenance is charged to expense as incurred. It is the policy of the School to capitalize all capital assets costing more than \$5,000 with an estimated useful life of three or more years. This policy is also in line with the Nevada Department of Education mandated threshold for capitalization. Improvements are capitalized and depreciated over the remaining useful lives of related capital assets. All depreciable assets are depreciated using straight-line method of depreciation over the assets useful life. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Expenditures for property betterments and renewals are capitalized. Upon sale or other disposition of depreciable asset, cost and accumulated depreciation are removed from the accounts and any gain or loss is recorded upon disposal.

Management reviews the recoverability of its capital assets in accordance with the provisions of *GASB Statement 42, Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. GASB 42 requires recognition of impairment of long-lived assets in the event the asset's service utility has declined significantly and unexpectedly. Accordingly, management evaluates assets' utility annually or when an event occurs that may impair recoverability of the asset. No impairments were identified as of June 30, 2015.

### ***Restricted Assets***

Assets, which are restricted for specified uses by bond debt requirements grant provisions or other external requirements are classified as restricted assets

### ***Deferred Outflows/Inflows of Resources***

*Deferred Outflows* - 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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School has three items that qualify for reporting in this category. They are the pension contributions, change in pension actuarial assumptions, and the change in proportionate share of pension contribution, reported in the School-wide statement of net position. A deferred outflow is recognized for pension contributions made after the plans measurement date, but before the fiscal year end and future expenditures yet to be recognized in relation to the pension actuarial calculation. The amount is amortized in the plan year in which it applies.

*Deferred Inflows* - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category. It is the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a five year period.

# Somerset Academy of Las Vegas

## Notes to Financial Statements

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### ***Revenue Recognition and Contributions***

***State funding*** - The School receives funding from the State of Nevada as administered by the Nevada Department of Education based on the number of students enrolled in its schools. The State provides unrestricted funding for normal school operations.

***Federal grants*** - The School has received federal grants, which are paid through the Nevada Department of Education. Funds are general received on a reimbursement basis and, accordingly, revenues related to these federal grants are recognized when qualifying expenses have been incurred and when all other grant requirements have been met.

Revenues from auxiliary services are recognized as services are provided. Other revenues are recognized as earned. Deferred revenue arising from debt service funds is recognized using the effective interest method.

### ***Income Taxes***

The School is exempt from taxation as a governmental entity pursuant to Internal Revenue Code Section 115. The School qualifies for public charity status by meeting the requirements of Internal Revenue Code Sections 509(1) and 170(b)(1)(A)(ii).

### ***Long-term Obligations***

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

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

### ***Compensated Absences***

The School allows licensed instructional staff (“Teachers”) eleven days of paid time off (“PTO”) per year. Teachers who return the following school year will be able to rollover all unused PTO up to a total of 30 days. In addition, Teachers who use five days or less of PTO during the previous year may cash out up to eleven days at 80% of the teachers daily rate of pay. No more than eleven days may be cashed out per year. PTO benefits are accrued as a liability in the Government wide financial statements.

### ***Net Position and Fund Balance***

The difference between assets and liabilities is “net position” on the department-wide, and “fund balance” on governmental fund statements. Net position is classified in the following three categories:

***Net Investment in Capital Assets*** – Consist of capital assets, net of accumulated depreciation and reduced by outstanding balances for notes, and other debt that are attributed to the acquisition, construction or improvements of those assets.

# Somerset Academy of Las Vegas

## Notes to Financial Statements

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*Restricted Net Position* – Restricted net position results when constraints placed on an asset’s use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

*Operating Net Position*—Unrestricted (deficit) net position consists of net position that does not meet the definition of the two preceding categories.

### *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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. It is reasonably possible actual results could differ materially from those estimates and that a change in estimate may occur in the near term. Significant estimates include the player’s club point liability and the carrying value of long-lived assets

### *Contributions*

Contributions are recognized when the donor makes a written promise to give to the School that is, in substance, unconditional. In accordance with FASB ASC Topic 958-605, Revenue Recognition for Not-for-profit Entities, all contributions received are recognized as revenue upon being pledged. Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets or permanently restricted net assets, depending on the nature of the restriction. The expiration of the donor imposed restriction on a contribution is recognized in the period in which the restriction expires and the related resources are classified as unrestricted net assets.

### *Subsequent events*

Management has evaluated subsequent events through November 20, 2015, the date the financial statements were available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

### *Recent Accounting Pronouncements*

The GASB has issued the following statements that have been recently implemented by the School:

*Statement No. 68, Accounting and Financial Reporting for Pensions -An Amendment of GASB Statement No. 27*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for non-employer governments that have a legal obligation to contribute to those plans. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that are provided by other entities. The School implemented Statement 68 and there was a material impact to the financial statements as a result of this Statement.

# Somerset Academy of Las Vegas

## Notes to Financial Statements

*Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date -An Amendment of GASB Statement No. 68*, improves accounting and financial reporting by addressing an issue in Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employer contributing entities. The primary objective of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expenses in the first year of implementation of Statement 68 of employers and non-employer contributing entities. The School implemented Statement 71 and there was a material impact to the financial statements as a result of this Statement.

### 2.Capital Assets

Capital assets consist of the following as of June 30, 2015 and 2014:

	June 30, 2014 (as restated)	Additions	Deletions	June 30, 2015
<b>Governmental Activities:</b>				
Capital assets being depreciated:				
Buildings and improvements	\$ -	\$ 24,700,662	\$ -	\$ 24,700,662
Land and improvements	180,000	5,450,000	(180,000)	5,450,000
Furniture, equipment and other	2,562,140	1,552,995	-	4,115,135
<b>Totals at historical cost</b>	<b>2,742,140</b>	<b>31,703,657</b>	<b>(180,000)</b>	<b>34,265,797</b>
Less accumulated depreciation for:				
Buildings and improvements	-	153,631	-	153,631
Land and improvements	6,016	14,253	(20,269)	-
Furniture, equipment and other	887,029	803,857	-	1,690,886
<b>Total accumulated depreciation</b>	<b>893,045</b>	<b>971,741</b>	<b>(20,269)</b>	<b>1,844,517</b>
<b>Net Capital Assets</b>	<b>\$ 1,849,095</b>	<b>\$ 30,731,916</b>	<b>(159,731)</b>	<b>\$ 32,421,280</b>

Depreciation expense was \$971,741 for the year ended June 30, 2015. As of June 30, 2015, the assets reflected a cost of \$4,115,135 and related accumulated amortization of \$1,690,886. The leases are payable in 48 monthly payments that consist of principal and interest through October 2018.



# Somerset Academy of Las Vegas

## Notes to Financial Statements

### 3. Long-Term Obligations

	<i>Balance, June 30, 2014 (restated)</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance, June 30, 2015</i>	<i>Due Within One Year</i>
Somerset Academy Revenue Bonds, Series 2015A	\$ -	\$ 42,995,000	\$ -	\$ 42,995,000	\$ -
Somerset Academy Revenue Bonds, Series 2015A Bond Premium	-	85,000	-	85,000	-
	-	148,416	\$ -	\$ 148,416	4,947
Financing Leases	1,689,710	1,552,995	851,041	2,391,664	934,306
	<b>\$ 1,689,710</b>	<b>\$ 44,781,411</b>	<b>\$ 2,983,059</b>	<b>\$ 45,620,080</b>	<b>\$ 939,253</b>

In April 2015, the School obtained financing of \$43,080,000 through the issuance of Series 2015A and 2015B bonds. These bonds were sold at a premium of \$148,416 and have an interest rates of 4.0% to 5.125%, which are collateralized with pledged gross revenues. The School expensed \$905,289 in debt issuance cost that were incurred in conjunction with the issuance of the Series 2015A and 2015B bonds. The proceeds of the bonds were used to: (i) purchase the land and building of the Sky Pointe campus, along with financing the last phase of construction; (ii) purchase the land and building of the North Las Vegas I campus; (iii) pay the cost of issuing the 2015A and 2015B bonds. As of June 30, 2015, the School was compliant with all bond covenants.

<i>Year ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ -	\$ 2,098,963	\$ 2,098,963
2017	505,000	3,144,194	3,649,194
2018	735,000	4,172,625	4,907,625
2019	765,000	4,143,225	4,908,225
2020	795,000	4,112,625	4,907,625
2021-2025	40,280,000	80,618,916	125,898,916
	<b>43,080,000</b>	<b>\$103,290,547</b>	<b>\$ 146,370,547</b>



# Somerset Academy of Las Vegas

## Notes to Financial Statements

### Capital Leases

The School also entered into a several financing lease agreement in 2013 with a financial institution for the use of furniture, equipment, textbooks, software and computers. As of June 30, 2015, minimum future payments under the capital lease agreement are as follows:

Years ending June 30,

2016	\$	991,188
2017		813,224
2018		517,664
2019 Thereafter		171,199
Total minimum lease payments		2,493,275
Less: amount representing interest		101,611
Present value of minimum lease payments		2,391,664
Less: current maturities of capital lease obligations		934,306
Capital lease obligations, less current maturities	\$	1,457,358

### 4. Operating Leases

The School entered into a lease agreement with SFKF, LLC in May 2012, to lease classroom and office space for the school for a two year term, expiring on July 31, 2014. Monthly payments were \$14,500 for the year ended June 30, 2012, increasing the second year by the Consumer Price Index or 3% whichever is greater. In August 2011, the School entered into a lease for the use of the buildings and related property with School Development Centennial (the "SDC"), to lease space for the Aliante Campus for a period of 20 years, expiring in July 31, 2031. Monthly payments were \$50,000 for the year ended June 30, 2012, which was net of a monthly discount \$8,333. Monthly payments increase to \$54,167 for the year ended June 30, 2013, which is net of a discount of \$4,167. The payment increases to \$58,333 for the year ended June 30, 2014 and increases by the Consumer Price Index thereafter or 3% whichever is greater.

In November 2012, the School entered into a lease for the use of the buildings and related property with Boyer Skypointe Academy, L.C., to lease space for the Skypointe Campus for a period of 20 years, expiring in August 31, 2033. Monthly payments are \$112,225 for the first two lease years ended June 30, 2015. For the first two months of the first two lease years the School is not required to pay the monthly rent. Beginning in the third lease year ended June 30, 2016, the monthly payment increases by the Consumer Price Index thereafter or 3% whichever is greater. In January 2014, the School amended the lease to obtain additional space for the Skypointe Campus for the remaining period of the original November 2012 lease, expiring in August 31, 2033. Monthly payments as part of the amendment are \$39,601 for the first lease year ended June 30, 2015. Beginning in the second lease year ended June 30, 2016, the monthly payment increases by the Consumer Price Index thereafter or 3% whichever is greater.

# Somerset Academy of Las Vegas

## Notes to Financial Statements

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In December 2011, the School entered into a lease agreement with a financial institution for the use of furniture, equipment, textbooks, software and computers. The lease is payable in 48 monthly payments of \$15,997.

In December 2012, the School entered into a lease agreement with a financial institution for the use of furniture, equipment, textbooks, software and computers. The lease is payable in 48 monthly payments of \$13,664.

In October 2013, the School entered into a lease agreement with a financial institution for the use of furniture, equipment, textbooks, software and computers. The lease is payable in 48 monthly payments of \$26,697 and matures in October 2017.

In November 2014 the School entered into a lease agreement with a financial institution for the use of furniture, equipment, textbooks, software and computers. The lease is payable in 48 monthly payments of \$34,240.

The School entered into a lease agreement in November 2013, to lease classroom and office space for the Losee Campus for a twenty-nine year term, starting on the later of September 1, 2014 or the commencement date, which is the date work is substantially complete, and expiring on June 30, 2043. Monthly payments are \$75,375 for the commencement year increasing annually on July 1st incrementally to a monthly payment of \$285,434 in the twenty-ninth year.

The School entered into a lease agreement in December 2013, to lease classroom and office space for the Stephanie Campus for a twenty-nine year term, starting on the later of September 1, 2014 or the commencement date, which is the date work is substantially complete, and expiring on June 30, 2043. Monthly payments are \$53,250 for the commencement year increasing annually on July 1st incrementally to a monthly payment of \$143,524 in the twenty-ninth year.

The School has entered into various equipment leases with varying monthly payments ranging from \$96 to \$5,227 monthly having various maturities through June 2018.

Lease expense totaled \$3,534,439 for the year ended June 30, 2014.

The School entered into a lease agreement for the Stephanie campus in December 2013, to lease classroom and office space for the School for a twenty-nine year term, starting on the later of September 1, 2014 or the commencement date, and expiring on June 30, 2043. Rent expense for the year ending June 30, 2015 totaled approximately \$555,000.

The School entered into a lease agreement for the Losee campus in November 2013, to lease classroom and office space for the School for a twenty-nine year term, starting on the later of September 1, 2014 or the commencement date, and expiring on June 30, 2043. Rent expense for the year ending June 30, 2015 totaled approximately \$768,000.

2016	2,325,547
2017	2,684,286
2018	2,844,695
2019	3,437,206
2020	3,645,331
2021 and thereafter	98,086,234

# Somerset Academy of Las Vegas

## Notes to Financial Statements

### 5. Unrestricted Net Assets

The unrestricted net assets on the statement of net position consists of two parts, normal school operations and pension related expenditures. The normal school operations resulted in an excess of revenues of expenditures of \$1,260,305, while the pension related expenditures totaled \$(300,258). The unrestricted net assets reconcile as follows:

	Normal School Operations	Pension related Expenditures	Total
Beginning balance	\$ 2,716,330	\$ (12,546,863)	\$ (9,830,533)
Excess (deficiency) of revenues over expenditures	2,961,043	(1,518,232)	1,442,811
Ending balance	\$ 5,677,373	\$ (14,065,095)	\$ (8,387,722)

### *Public Employees' Retirement System of Nevada (PERS)*

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

### *Basis of Accounting*

Employers participating in PERS cost sharing multiple-employer defined benefit plans are required to report pension information in their financial statement for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. The Schedule of Employer Allocations and Schedule of Pension Amount by Employer provide employers with the required information for financial reporting.

The underlying financial information used to prepare the pension allocation schedules is based on PERS financial statements. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

Contributions for employer pay dates that fall with PERS fiscal year ending June 30, 2014, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. The Schools employer allocation percentage for the fiscal year ending June 30, 2014, was 0.11123%.

The total pension liability is calculated by PERS actuary. The plan's fiduciary net position in PERS financial statements and net pension liability is disclosed in PERS notes to the financial statements.

# Somerset Academy of Las Vegas

## Notes to Financial Statements

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### *Plan Description*

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

### *Benefits Provided*

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

Monthly benefit allowances for members are computed as 2.5% 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 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 10 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 10 years of service, or any age with thirty years of service.

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

### *Contributions*

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

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

# Somerset Academy of Las Vegas

## Notes to Financial Statements

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

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

For the fiscal year ended June 30, 2014 and 2015, the Statutory Employer/employee matching rate was 13.25% for Regular employees. The Employer-pay contribution (EPC) rate was 25.75% for Regular employees.

### *Investment Policy*

The System policies which determine the investment portfolio target asset allocation are established by the 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 Board adopted policy target asset allocation as of June 30, 2014:

<i>Investment Category</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return*</i>
Domestic Equity Pools	42.00%	5.50%
International Equity	18.00%	5.25%
Domestic Fixed Income Pools	30.00%	0.25%
Private Markets	10.00%	6.80%
<b>Total</b>	<b>100.0%</b>	

\*As of June 20, 2014, PERS long-term inflation assumption was 3.5%

### *Net Pension Liability*

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014.

## Somerset Academy of Las Vegas

### Notes to Financial Statements

#### ***Pension Liability Discount Rate Sensitivity***

The following presents the net pension liability of the PERS as of June 30, 2014, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current discount rate:

	<i>1% Lower (7.0%)</i>	<i>Discount Rate (8.0%)</i>	<i>1% Higher (9.0%)</i>
School's proportionate share of the net pension liability	\$ 18,027,399	\$ 11,592,367	\$ 6,243,217

#### ***Pension Plan Fiduciary Net Position***

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

#### ***Actuarial Assumptions***

The System's net pension liability was measured as of June 30, 2014, 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%
Productivity pay increase	0.75%
Projected salary increase	Regular 4.60% to 9.75%, depending on service rates including inflation and productivity increases
Consumer price index	3.50%
Other assumptions	Same as those used in the June 30, 2014 funding of actuarial valuation

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. 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, 2014, 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, 2014 and June 30, 2013.

## Somerset Academy of Las Vegas

### Notes to Financial Statements

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

As of June 30, 2014, the total employer pension expense is \$1,518,232. At June 30, 2014, the measurement date, PERS reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$	554,777
Changes of assumptions	250,147	-
Net difference between projected and actual earnings on pension plan investments	-	2,434,953
District contributions subsequent to the measurement date	2,080,180	-
Total	2,330,327	2,989,730

Average expected remaining service lives: 6.70 years.

Deferred inflows of resources related to pension will be recognized as follows:

*Year ended June 30,*

2016	(706,044)
2017	(706,044)
2018	(706,044)
2019	(706,044)
2020 and thereafter	(165,454)

#### 6. Related Parties

##### *Management Agreement*

The School entered into an agreement with Academica Nevada, LLC (the Management Company), a professional charter school management company to provide management and administrative services to the School. Services include, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of books and records, bookkeeping, budgeting and financial reporting. Under the terms of the management agreement, the School agrees to pay a fee of \$450 per full time equivalent (FTE) student per year.

Management fees incurred under this agreement for the year ended June 30, 2015, was \$1,951,470.



# Somerset Academy of Las Vegas

## Notes to Financial Statements

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### 7. Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past year. In addition, there were no reductions in insurance coverage from those in the prior year.

### 8. Contingencies

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that the required refund will be immaterial. No provision has been made in the accompanying financial statements for the refund of grants monies.

### 9. Implementation of GASB 68 and 71

For the year ended June 30, 2015, the School implemented the following new pronouncements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

#### *Summary*

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The Statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.



# Somerset Academy of Las Vegas

## Notes to Financial Statements

The restatement of the beginning of the year net position is as follows:

	Governmental Activities
Net position as previously stated June 30, 2014	\$ 2,730,929
Adoption of GASB Statement 68 & 71 Net Pension Liability	(14,627,043)
Deferred outflows	2,080,180
<b>Net Deficit as Restated Before Prior Period Adjusted, June 30, 2014</b>	<b>\$ (9,815,934)</b>

### 10. Prior Period Adjustment - Capital Leases

Since 2011 the School has entered into lease agreements for the financing of certain equipment and text books. These leases were accounted for as operating leases. During the year ended June 30, 2015 it was determined that these leases were actually a financing activity and qualified as capital leases. Therefore, the balance sheet was corrected to properly reflect capital assets of \$2,502,140, net of accumulated depreciation of \$887,029 and capital leases payable of \$1,689,710. The net beginning net position was corrected by \$(14,599) which was the net difference of amounts that were consider rent expense offset by amounts that would reflect depreciation expense and interest expense.

## 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

We have audited the financial statements of the Somerset Academy (the "School") as of and for the year ended June 30, 2015, and have issued our report thereon dated \_\_\_\_\_. 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.

### Internal Control Over Financial Reporting

Management of SCHOOL is responsible for establishing and maintain effective internal control over financial reporting. In planning and performing our audit, we considered SCHOOL's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCHOOL's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SCHOOL's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, which we consider to be material weaknesses and other deficiencies which we consider to be significant deficiencies.

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 SCHOOL's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness. (2015-1)

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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

SCHOOL's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit SCHOOL's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Somerset Academy of Las Vegas, others within the entity, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants  
November \_\_, 2015

DRAFT - SUBJECT TO CHANGE

**Auditor's Results and Schedule of Findings  
and Questioned Costs**

Year Ended June 30, 2015

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**Section I: Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued	Unqualified
Internal control over financial reporting: Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**DRAFT - SUBJECT TO CHANGE**



# SOMERSET ACADEMY OF LAS VEGAS

## Supporting Document

Meeting Date: November 19, 2015

Agenda Item: 5 – Review and Approval of Teacher and Staff Holiday Bonuses.

Number of Enclosures:

### **SUBJECT: Review and Approval of Teacher and Staff Holiday Bonuses.**

- Action
- Appointments
- Approval
- Consent Agenda
- Information
- Public Hearing
- Regular Adoption

Presenter (s): Ryan Reeves

Recommendation:

Proposed wording for motion/action:

Motion to approve teacher and staff holiday bonuses for the 2015/2016 school year.

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 5-10 minutes

Background: As a token of gratitude to the faculty and staff of Somerset Academy, it is proposed that the Board approve year-end gifts of \$50 (aides), \$100 (teachers), \$150 (12 month office staff), \$150 (lead teacher and counselors) \$250 (assistant administrator) and \$500 (Principal). The total cost of those gifts would be approximately \$48,000.

Submitted By: Staff

# SOMERSET ACADEMY OF LAS VEGAS

## Supporting Document

Meeting Date: November 19, 2015  
Agenda Item: 6 – Review and Approval of Revised Progressive Discipline Policy.  
Number of Enclosures: 1

**SUBJECT: Review and Approval of Revised Progressive Discipline Policy.**

Action  
 Appointments  
 Approval  
 Consent Agenda  
 Information  
 Public Hearing  
 Regular Adoption

Presenter (s): Ryan Reeves

Recommendation:

Proposed wording for motion/action:

Motion to approve the revised progressive discipline policy.

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 5-10 minutes

Background: At the last Board meeting, the progressive discipline policy was brought before the Board for approval. The Board asked for some revisions to be made. The changes have been made and are reflected in the progressive discipline policy attached hereto for approval by the Board.

Submitted By: Staff

**Somerset Academy of Las Vegas  
Disciplinary Procedures  
2015-2016**

Somerset Academy of Las Vegas has established the following discipline plan for the progressive discipline of pupils and on-site review of disciplinary decisions. The plan was developed with the input and participation of teachers, other educational personnel (counselors, strategists and specialists), support personnel, and the parents and guardians of pupils who are enrolled in the school. The plan has been developed in accordance with written rules of behavior prescribed in NRS 392.463 and NRS 392.4644.

It includes, without limitation, provisions designed to address the specific disciplinary needs and concerns of the school. The plan provides for the temporary removal of a pupil from a classroom in accordance with NRS 392.4645. The plan was reviewed and developed by the Discipline Committee. The plan was reviewed and revised by administration, teachers, other educational personnel, support staff personnel, and parents. The review and revisions were made continually and collaboratively as requested following monthly discipline committee meetings, weekly administrative meetings, and monthly Parent Advisory Committee meetings. A copy of this plan is located in the main office lobby and posted electronically on the school website for public inspection.

**HABITUAL DISCIPLINARY PROBLEM CRITERIA**

A student will be considered a Habitual Disciplinary Problem (HDP) if written evidence documents that within one school year the student has:

1. Threatened or extorted, or attempted to threaten or extort, another student or school employee two or more times; or
2. Has been suspended for initiating at least two fights on school property, at an activity sponsored by a public school, on a school bus or, if the fight occurs within 1 hour of the beginning or end of a school day, on the pupil's way to or from school;  
or
3. Has a record of five suspensions for any reason. And
4. Has not entered into and participated in a behavior plan

A student who is declared a Habitual Disciplinary Problem (NRS 392.4655) will be suspended from school for a period not to exceed one school semester as determined by the seriousness of the acts which were the basis for the discipline or expelled from school under extraordinary circumstances as determined by the principal of the school.



## **Habitual Disciplinary Declaration**

If two teachers of a pupil enrolled at Somerset Academy of Las Vegas request that the principal deem a student a Habitual Disciplinary Problem, the principal will meet with each teacher to review the student's discipline record. If, after the review, the principal determines the student does not meet the criteria of a Habitual Disciplinary Problem, the teacher(s) submitting the request may appeal that determination to the school's AB 521 Committee.

### **PROCEDURES FOR CRITERIA # 1**

Somerset Academy of Las Vegas will process threats, extortion incidents, or any attempt thereof using existing expulsion procedures, however, in order to be considered Habitual Disciplinary Problem under current statute, the act of threatening or extorting, or attempting to threaten or extort, must have been documented at least twice during one school year. Habitual Disciplinary Problem language will be included in addition to identifying the infraction when preparing expulsion paperwork. Somerset Academy of Las Vegas will provide a written notice seven days prior to declaring a student a Habitual Disciplinary Problem to the parent or legal guardian that contains:

- 1) A description of the act(s).
- 2) Dates on which the act(s) were committed.
- 3) An explanation that pursuant to NRS 392.466, a student declared a Habitual Disciplinary Problem may be suspended from school for a period not to exceed one school semester as determined by the seriousness of the acts which were the basis for the discipline or expelled from school under extraordinary circumstances as determined by the principal of the school.

A student who is determined to have documented infractions in the progression of those identified under statute relevant to Habitual Disciplinary Problem may enter into a voluntary behavior plan designed to prevent the student from being deemed Habitual Disciplinary Problem and may include, without limitation:

- 1) A plan for graduating if the student is credit deficient and not likely to graduate according to schedule;
- 2) Information on alternative schools;
- 3) A voluntary agreement by the parent/guardian to attend school with the student;
- 4) A voluntary agreement by the student and parent/guardian to attend counseling;
- 5) A voluntary agreement by the student and the parent/guardian for the student to attend summer school, intersession school, or Saturday School.

If the student commits the same act or any other act that qualifies him/her as an HDP for which the notice was provided after he/she enters into a plan of behavior, the student shall be deemed to have not successfully completed the plan of behavior and may be deemed a Habitual Disciplinary Problem.

## **HABITUAL DISCIPLINARY PROBLEM PROCEDURES FOR CRITERIA # 2**

Following each suspension, Somerset Academy of Las Vegas will provide written notice to the parent or legal guardian that contains:

- 1) Description of the act committed by the pupil.
- 2) Date the act was committed.
- 3) An explanation that if the student is suspended five times within one school year, the student will be deemed a Habitual Disciplinary Problem.
- 4) An explanation that pursuant to NRS 392.466, a student declared a Habitual Disciplinary Problem may be suspended from school for a period not to exceed one school semester as determined by the seriousness of the acts which were the basis for the discipline or expelled from school under extraordinary circumstances as determined by the principal of the school.

## **BEHAVIOR PLAN PRIOR TO DECLARATION FOR CRITERIA #3**

Before a student is deemed a Habitual Disciplinary Problem, if within one school year, a student is suspended one time for threatening or extortion, or attempting to threaten or extort, another student or school employee; or if the student has been suspended four times, a plan of behavior will be developed with the parent and student. A student may enter into one behavior plan per school year. The plan, without limitation, may include a voluntary agreement for:

- 1) A plan for graduating if the student is credit deficient and not likely to graduate according to schedule;
- 2) Information on attending another Somerset school;
- 3) A voluntary agreement by the parent/guardian to attend school with the student;
- 4) A voluntary agreement by the student and parent/guardian to attend counseling;
- 5) A voluntary agreement by the student and the parent/guardian for the student to attend summer school, intersession school, or Saturday School.

**If the student violates the conditions of the plan or commits the same act for which notice was provided (i.e. commits a second extortion or attempted extortion; or receives a fifth suspension) after he/she enters into a plan of behavior, the student shall be deemed a Habitual Disciplinary Problem.**

The parent/legal guardian of a student who has entered into a plan of behavior may appeal the contents of the behavior plan to the Executive Director of Somerset Academy of Las Vegas.

If the student has been deemed a HDP and/or expulsion is an option, and the student has been suspended for less than 11 days, the executive director, acting as the superintendent under NRS 392.466, and a committee of two principals has the discretion to reduce the expulsion to a short-term suspension. The committee shall consist of an one elementary leader, one middle school leader, and one high school leader. The Executive Director will serve as one of the aforementioned leaders on the committee. If the referring principal is one of the committee members, an alternate member will be chosen from the

existing principals. The last level of appeal for these students is the Somerset Board of Trustees.

**DUE PROCESS NOTIFICATION**—Somerset Academy of Las Vegas will provide due process notification to each parent at least seven days before the school deems the student a Habitual Disciplinary Problem.

### **STEPS TEACHERS MUST TAKE PRIOR TO AB 521 REFERRAL**

AB 521 is an option teachers have for a student who has engaged in behavior that seriously interferes with the ability of the teacher to teach and the other students to learn. Before a student's behavior reaches this level of severity, the teacher must attempt to correct the student's behavior through progressive discipline. According to AB 521, progressive discipline must be followed in the classroom before requesting that a student be temporarily removed. Teachers will complete the following interventions before submitting an AB 521 referral:

1. Conference with student.
2. Parent contact by phone.
3. If the student's family has no phone, a copy of the parent contact form must be mailed home.
4. Assign teacher detention.
5. Counselor referral.
6. Referral to an administrator for disruptive behavior.

**These steps must be documented, and documentation must be submitted with an AB 521 referral.**

### **Assembly Bill 521 (Temporary removal of student)**

The Somerset Academy of Las Vegas Discipline Plan provides for the temporary removal of a student from a classroom if, in the judgment of the teacher, the student has engaged in behavior that **seriously** interferes with the ability of the teacher to teach the other students in the classroom and with the ability of the other students to learn.

Progressive Discipline will be followed within the classroom as explained, and may include such things as: verbal warning, parent contact, detention, counselor referral, and administrator's referral. If a student is removed by teacher, the administrator will explain to the student the reason for the removal and the student will have an opportunity to respond. The administrator will contact the parent within 24 hours. A temporary, alternative placement will be given to the student unless the student is suspended or expelled for disciplinary action.

A conference with the student, parent, administrator, and teacher will be held within three days of the incident. Since it was the teacher that ordered the removal of the student, not the administrator, during the conference, the teacher must provide an explanation of the reasons for the removal and the parent must be given an opportunity to respond. Upon completion of the conference, the administrator will recommend whether the student returns to the classroom or remains in alternative placement for additional time. If the administrator recommends that a student be returned to the classroom from

which he/she was removed and the teacher who removed the student does not agree with the recommendation, the administrator shall continue with the temporary alternative placement and will immediately convene a meeting of the AB 521 Committee. The parent will be informed of the meeting.

The committee will convene to review temporary alternative placement. If the committee membership includes the teacher who removed the student, that teacher shall not participate in the deliberation on that case. The AB 521 Committee will review the circumstances of the student's removal and behavior. Based upon its review, the committee shall assess the best placement available for the student and shall, without limitation 1) Direct that the student be returned to the classroom from which he was removed; 2) Assign the student to another classroom; 3) Assign the student to an alternative school of education (another Somerset Academy of Las Vegas school) if available or appropriate; 4) Recommend suspension or expulsion in accordance with NRS 392.467; or 5) Take any other appropriate disciplinary action against the student that the committee deems necessary.

**AB521 Committee Members 2015-2016**

**SITE BASED**

Principal or His/Her Designee  
Teacher 1 (Selected by teaching staff)  
Teacher 2 (Selected by teaching staff)

Members of this committee were selected based on their diverse, educational backgrounds and willingness to volunteer their time.

**SPECIAL EDUCATION STUDENTS --Assembly Bill 14**

If a student has a disability and is participating in special education, the student may be suspended or expelled from school in the same manner as a student without a disability if the behavior is **NOT** a manifestation of his/her disability. Part B of the Individual With Disabilities Education Act (IDEA) and established disciplinary procedures will be met when declaring a special education student a Habitual Disciplinary Problem.

The Individuals with Disabilities Education Act, the Americans with Disabilities Act of 1990, Title V of the Rehabilitation Act of 1973, any other federal law applicable to children with disabilities, and the procedures adopted by the CCSD board of trustees will be reviewed for students with disabilities and/or participating in special education pursuant to NRS 388.440 to 388.520 to be removed under AB 521.

**Minor Classroom Disruption**

Sample minor infractions may include but are not limited to:

Annoying fellow students  
 Being rude  
 Chewing gum  
 Disrespectful behavior  
 Eating or drinking in class  
 Horse playing  
 Insubordination  
 Making derogatory comments  
 Not following teacher directions  
 Not paying attention  
 Not prepared for class  
 Off task  
 Out of seat  
 Possession of a nuisance item  
 Public display of affection  
 Running/playing around  
 Talking back  
 Talking loudly  
 Talking out of turn

**Major Classroom Disruption**

Sample major infractions may include but are not limited to:

Alcohol use or possession  
 Arson  
 Assault or battery  
 Computer misconduct  
 Controlled substance  
 Defiance of school personnel  
 Disorderly conduct  
 Explosive devices  
 Fighting  
 Gambling  
 Gang activity  
 Harassment  
 Immoral conduct  
 Incitement  
 Robbery or extortion  
 Threats to Somerset personnel or student(s)  
 Theft  
 Tobacco  
 Vandalism/Destruction of property  
 Verbal abuse  
 Weapons

**Somerset Academy of Las Vegas 2015-2016 Progressive Discipline Plan**

<b>INFRACTION</b>	<b>FIRST OFFENSE</b>	<b>SECOND OFFENSE</b>	<b>THIRD OFFENSE</b>	<b>FOURTH OFFENSE</b>
<b>Alcohol Possession/Use (Involve Police)</b>	RPC – Student encouraged to Enroll in Drug Program	RPC-T/ SUS Pending EXP		
<b>Arson (Involve Police)</b>	RPC / SUS Pending EXP			
<b>Assault to Adult</b>	SUS Pending EXP			
<b>Automobile Misuse</b>	RPC	RPC / SUS	RPC / SUS / Revoke Privileges	RPC / SUS Pending EXP
<b>Battery - Student (Involve police)</b>	RPC / SUS Pending EXP			
<b>Battery - Employee (Involve police)</b>	RPC / SUS Pending Expulsion			
<b>Bullying/Cyber Bullying</b>	Follow SB504 Protocols RPC / Possible SUS	Follow SB504 Protocols RPC / Possible SUS	Follow SB504 Protocols SUS / or Expulsion	Follow SB504 Protocols SUS / Expulsion
<b>Campus Disruption (May involve police)</b>	RPC (Possible SUS Pending EXP)	RPC (Possible SUS Pending EXP)	RPC (Possible SUS Pending EXP)	
<b>Classroom Disruption (Minor) see page 5</b>	Classroom Progressive Disc. Parent Contact - (RPC)	RPC	RPC/SUS	RPC / SUS Pending EXP
<b>Classroom Disruption (Major) see page 5</b>	RPC (See page 5 for details.)	RPC / 1-3 day SUS	RPC /4-7 day SUS	RPC / SUS Pending EXP
<b>Computer Misconduct</b>	Minor – RPC  Major-RPC / SUS	RPC / SUS Loss of privileges for a period	RPC / SUS Possible Expulsion	
<b>Controlled Substance Use or Possession (Involve police)</b>	RPC/ SUS Pending EXP	SUS Pending EXP		

<b>Controlled Substance Sale and/or Distribution (Involve police)</b>	RPC / 1-10 days SUS Pending EXP			
<b>Controlled Substance Paraphernalia</b>	RPC / 1-3 days SUS	RPC / 1-10 days SUS Pending Expulsion		
<b>Detention NO-Show</b>	RPC	RPC / 1-3 days SUS	RPC / 4-7 days SUS	RPC / 8-10 days SUS
<b>Disorderly Conduct student profanity/gestures towards students</b>	Student Conference Parent Contact - (RPC)	RPC / 1-3 days SUS	RPC / 4-6 days SUS	RPC / 7-10 days SUS
<b>Distribution of Porn</b>	RPC / 1-10 days SUS Pending EXP			
<b>Dress Code</b>	Warning/Parent contact	RPC	RPC 1-3 SUS	SUS 4-6
<b>Explosive Devices (Involve police)</b>	RPC / SUS Pending Expulsion, Confiscate Items			
<b>Fighting Physical Altercation</b>	RPC / 1-3 SUS	RPC / 4-7 SUS Pending Expulsion	RPC / 8-10 SUS Pending Expulsion	
<b>Fighting Initiating Physical Altercation</b>	RPC / 3-10 SUS	RPC / 3-10 SUS Pending Expulsion		
<b>Fighting Verbal Altercation</b>	RPC / 1-3 day SUS	RPC / 4 - 7 SUS	RPC / 8-10 SUS	
<b>Forgery (May Involve police)</b>	RPC (Minor) RPC (Major)	RPC / SUS 1-3 RPC / SUS 4-6	RPC / 4-6 SUS	
<b>Gambling</b>	RPC / 1-3 days SUS (\$\$ involved) Behavior Contract	RPC / 4-7 days SUS	RPC / 8-10 days SUS Pending Expulsion	
<b>Gang (fighting)</b>	RPC / 1-3 Possible SUS	RPC / 4-7 Possible SUS / Pending Expulsion	RPC / 8-10 SUS Pending Expulsion	
<b>Gang Activity (Involve police)</b>	RPC / SUS	RPC / SUS Pending Expulsion		

<b>Habitual Disregard of School Rules</b>	RPC / Possible SUS/Behavior Contract	RPC / 1-3 days SUS	RPC / 4-6 days SUS	RPC / 8-10 days SUS / Pending Expulsion
<b>Harassment - Threats towards students</b>	Parent Contact - RPC Harassment Contract	RPC /1- 3 days SUS	RPC / 4-6 days SUS	RPC / 8-10 days SUS / Possible Expulsion
<b>Immoral Conduct</b>	RPC / 1-3 days SUS	RPC / 4-6 days SUS	RPC / 8-10 days SUS/ Pending Expulsion	
<b>Incitement (May Involve police)</b>	RPC (Possible 1-3 days SUS /Exp) Behavior Contract	RPC / 4-6 days SUS (Possible Expulsion)	RPC / 8-10 days SUS /Expulsion	
<b>Insubordination</b>	Student Conference Parent Contact - RPC	RPC	RPC / 1-3 days SUS	RPC / 4-6 days SUS Pending Alternate School Placement
<b>Leaving Campus/Class without permission</b>	Conf with student Campus -RPC-/Truancy Letter	RPC / 1-3 days SUS Truancy Letter	RPC / 4-6 days SUS Truancy Letter	RPC / 8-10 days SUS Truancy Letter
<b>Nuisance Items (Minor)</b>	Student Conference Confiscate-return parents	RPC Confiscate Item	RPC / 1-3 days SUS Confiscate Item	RPC / 4-6 days SUS Confiscate Item
<b>Nuisance Items (Major) Portable Comm. Devices</b>	Student Conference Confiscate-return parents	RPC Confiscate until end of sem.	RPC / 1-3 days SUS Confiscate Item	RPC / 4-6 days SUS Confiscate Item
<b>Possession of Stolen Property (under \$500)</b>	RPC /1-3 days SUS	RPC / 4-10 days SUS / Possible Expulsion		
<b>Possession of a Weapon (non NRS)</b>	RPC / 1-10 days SUS / Altern	/SUS Pending EXP		
<b>Profanity towards Employee</b>	RPC / 1-3 days SUS Behavior Contract	RPC / 4-6 days SUS	RPC / 8-10 days SUS	Pending Alternate School Placement / Expulsion
<b>Robbery/Extortion (Involve Police)</b>	RPC / 1-3 days SUS Compensation Behavior Contract	RPC / 4-7 days SUS Compensation Pending Expulsion	RPC / 8-10 days SUS Compensation Pending Expulsion	
<b>Scholastic Dishonesty</b>	RPC / Counselor Referral Redo / Reduction in Points	RPC / 1-3 days SUS / Redo Reduction in Points	RPC / 4-6 days SUS / Redo / Reduction in Points	RPC / 7-10 days SUS Redo / Reduction in Points



<b>Sexual Assault</b>	SUS Pending EXP			
<b>Spraying Propellants (Tear gas, pepper spray, fire extinguisher)</b>	RPC / Possible 1-3 days SUS Behavior Contract Possible /Expulsion	RPC / 4-10 days SUS Pending Expulsion		
<b>Tardies</b>	Tardy Lock-Out/Parent Sign- In	Tardy Lock-Out/Parent Sign-In	Tardy Lock-Out/Parent Sign- In/RPC	Tardy Lock-Out / Parent Sign-In / RPC / 1-3 days SUS
<b>Threats - Student</b>	RPC Behavior Contract	RPC / 1-3 days SUS / Possible EXP	RPC / 4-7 days SUS / Possible EXP	RPC / 8-10 days SUS / EXP
<b>Threats - Employee</b>	RPC / 5 day SUS / Pending Expulsion	RPC / 10 day SUS / Pending Expulsion		
<b>Theft (May Involve police)</b>	RPC / 1-3 days SUS Compensation Behavior Contract	RPC / 4-7 days SUS Compensation Pending Expulsion	RPC / 8-10 days SUS Compensation Pending Expulsion	
<b>Tobacco (Possession and/or Use)</b>	RPC Confiscate	RPC / 1-3 days SUS Confiscate	RPC / 4-7 days SUS Confiscate	RPC / 8-10 days SUS Confiscate
<b>Truancy (May Involve Police)</b>	Parent Contact Truancy Letter	Parent Contact Truancy Letter	Parent Contact Truancy Letter	Citation
<b>Vandalism/Destruction or Defacing Property (May Involve Police)</b>	RPC /Possible 1-3days SUS or Expulsion Compensation Behavior Contract School Beautification	RPC / 4-7 days SUS / Expulsion	RPC / 8-10 days SUS Pending Expulsion	
<b>Weapons</b>	RPC/SUS Pending Expulsion			

The chart below describes step a classroom teacher may take in providing progressive steps of discipline for minor offenses within a classroom.

