

**DOUGLAS COUNTY SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**June 30, 2011**



**SCHETTLER  
MACY & SILVALLC**  
Certified Public Accountants

# DOUGLAS COUNTY SCHOOL DISTRICT

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## TABLE OF CONTENTS JUNE 30, 2011

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Assets	17
Statement of Activities	18
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds	20
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	24
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	25
<i>Major Special Revenue Funds:</i>	
Special Education Fund	30
Federal and State Grants Fund	32
Statement of Net Assets – Proprietary Funds	35
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37
Statement of Agency Assets and Liabilities	38
<b>Notes to the Financial Statements</b>	39
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Schedule of Funding Progress	62
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
<b>Major Governmental Funds</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Capital Projects Fund	63
Bond Fund	64

# DOUGLAS COUNTY SCHOOL DISTRICT

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## TABLE OF CONTENTS JUNE 30, 2011

### **Nonmajor Governmental Funds**

Combining Balance Sheet	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	66
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Food Service Fund	67
Class Size Reduction Fund	68
Building and Sites Fund	69
Debt Service Fund	70

### **Proprietary Funds – Internal Service Funds**

Combining Statement of Net Assets	71
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	72
Combining Statement of Cash Flows	73

#### *Self Insurance Health Fund*

Schedule of Revenues, Expenses, and Changes in Fund Net Assets – Budget and Actual	74
Schedule of Cash Flows – Budget and Actual	75

#### *Workers' Compensation Self-Insurance Fund*

Schedule of Revenues, Expenses, and Changes in Fund Net Assets – Budget and Actual	76
Schedule of Cash Flows – Budget and Actual	77

### **Agency Fund**

#### *Student Activity Agency Funds*

Schedule of Cash Receipts and Disbursements – By School	78
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### **COMPLIANCE SECTION**

Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	81
Schedule of Expenditures of Federal Awards	83
Notes to the Schedule of Expenditures of Federal Awards	85
Schedule of Findings and Questioned Costs	86
Summary Schedule of Prior Year Audit Findings	87
Independent Accountants' Report – Nevada Revised Statutes	89
Independent Auditors' Comments	90

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Douglas County School District  
Minden, Nevada

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District, Minden, Nevada (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Special Education Fund and Federal and State Grants Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2011, on our consideration of the District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 16 and the Schedule of Funding Progress related to the District's other postemployment benefits on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Schettler, Macy + Silva, LLC*

Reno, Nevada  
October 24, 2011

# DOUGLAS COUNTY SCHOOL DISTRICT

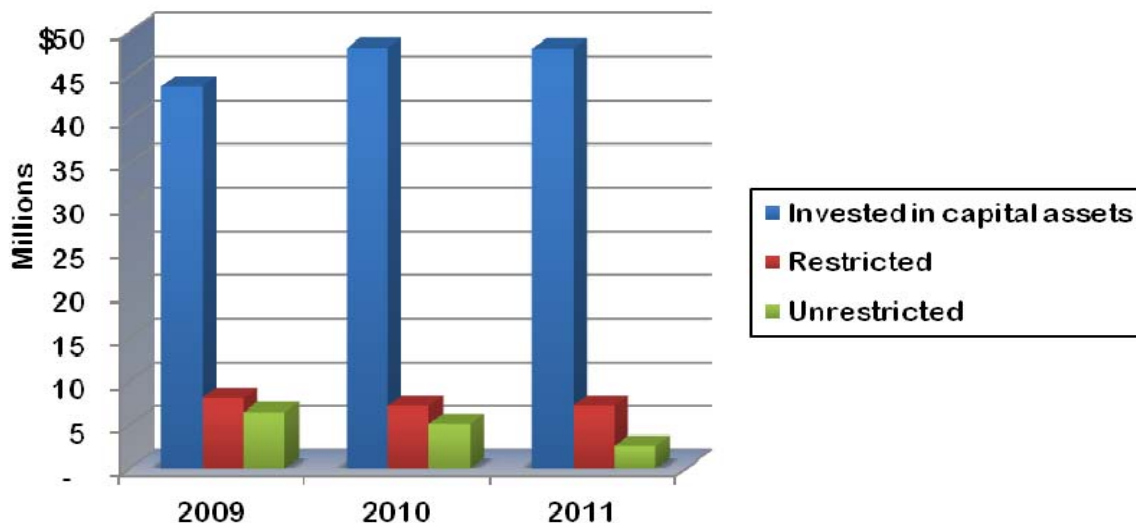
## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Management's discussion and analysis of Douglas County School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with the District's financial statements, which follow this narrative.

### Financial Highlights

- The District's net assets decreased as a result of this year's operations. On a government-wide basis including all governmental activities, the assets of Douglas County School District exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$57.7 million. This represents a decrease of 4.3% over the prior fiscal year.
- As of June 30, 2011, the District's governmental funds reported combined ending fund balances of \$23.8 million, a decrease of \$3 million over the prior year. This decrease is largely a result of capital outlay in the bond fund for school facility improvements. Approximately 10% of the total fund balance, or \$2,368,072, is unassigned and available for spending at the District's discretion within the parameters of the respective fund.
- The General Fund reported a net decrease in fund balance of \$99 thousand. At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$5.2 million, of which \$2.9 million has been assigned to eliminate a projected budgetary deficit for the 2012 fiscal year.

The following provides a graphical representation of net assets by category as of June 30, 2011, 2010, and 2009.



# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

### Overview of the Financial Statements

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

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the District's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the District. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

**Supplemental information**, including combining and individual fund statements and schedules, providing budget to actual and prior year comparisons, are presented in this part of the statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Douglas County School District's finances, similar in format to a financial statement of a private-sector business.

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

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

In many government entities, the government-wide financial statements distinguish functions that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges by reporting them as business-type activities. The District has no functions in the business-type category, which results in the entire statement representing governmental activities. The government-wide financial statements are on pages 17 through 19 of this report.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

### Fund Financial Statements

The fund financial statements provide a more detailed look at the District's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Douglas County School District uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the Nevada Revised Statutes (NRS) and the District's regulations. The District's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as part of its fiscal year 2010-2011 financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on how assets can readily be converted into cash, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the District's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

The focus of the governmental fund statements is on major funds. The District has nine individual governmental funds of which the following are considered major funds:

- General
- Special Education
- Federal and State Grants
- Capital Projects
- Bond

These funds are disclosed separately in the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. The remaining four nonmajor governmental funds are combined into a single aggregated presentation in these statements. Individual fund data for each of these nonmajor funds is reported in the Combining and Individual Fund Statements and Schedules section of this report.

**Proprietary Funds** – Proprietary funds are comprised of enterprise funds and internal service funds. As previously discussed, the District has no business-type activities to be accounted for in enterprise funds.



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

*Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the District. The District uses two internal service funds to account for its self-insurance of employees' health care and workers' compensation. Because internal service fund operations primarily benefit governmental funds, they are included in the governmental activities in the government-wide financial statements.

**Fiduciary Funds** - *Fiduciary Funds* account for resources held by the District in a trustee or agency capacity for the benefit of others; as such, fiduciary funds are not included in the government-wide statements. The District's only fiduciary fund is its agency fund, which is used to report the aggregate balances of student activity funds.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 39 – 61 of this report.

### Government-Wide Financial Analysis

#### DOUGLAS COUNTY SCHOOL DISTRICT NET ASSETS

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and other assets	\$ 37,180,656	\$ 41,634,308
Net capital assets	<u>59,765,900</u>	<u>57,617,055</u>
Total Assets	<u>96,946,556</u>	<u>99,251,363</u>
<b>Liabilities</b>		
Current liabilities	9,482,914	10,758,304
Long-term liabilities	<u>29,754,077</u>	<u>28,193,100</u>
Total Liabilities	<u>39,236,991</u>	<u>38,951,404</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	48,013,137	48,107,975
Restricted	7,124,907	7,127,440
Unrestricted	<u>2,571,521</u>	<u>5,064,544</u>
Total Net Assets	<u>\$ 57,709,565</u>	<u>\$ 60,299,959</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The largest component of the District's net assets (83%) reflects the District's investment in capital assets (e.g. land, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

### DOUGLAS COUNTY SCHOOL DISTRICT'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,045,424	\$ 1,087,516
Operating grants and contributions	8,266,422	7,249,798
Capital grants and contributions	370,884	875,000
General revenues:		
Property taxes	22,174,242	22,986,831
Local school support taxes	11,324,115	12,133,792
Government service taxes	3,287,192	3,546,124
Other taxes and fees	158,730	165,278
Unrestricted investment earnings	78,543	65,693
State aid not restricted to specific purposes	16,614,700	16,612,487
Other revenues	365,228	263,597
Total revenues	<u>63,685,480</u>	<u>64,986,116</u>
<b>Expenses</b>		
Instruction:		
Regular instruction	28,257,018	26,276,289
Special instruction	7,772,481	7,325,667
Vocational instruction	769,021	767,711
Adult instruction	107,409	17,814
Other instruction	2,270,927	2,193,065
Support services:		
Student support	2,603,722	2,035,304
Instructional support	1,482,062	1,431,113
General administration	493,946	756,717
School administration	4,014,373	3,678,255
Business administration	1,770,111	1,764,348
Operation and maintenance	6,668,510	6,529,178
Student transportation	3,315,406	3,207,384
Other support	1,324,391	2,306,912
Food service	1,638,116	2,674,887
Facilities and acquisitions	2,841,736	1,608,747
Interest on long-term debt	946,645	288,264
Total expenses	<u>66,275,874</u>	<u>62,861,655</u>
Net change in net assets	(2,590,394)	2,124,461
<b>Net Assets, July 1</b>	<u>60,299,959</u>	<u>58,175,498</u>
<b>Net Assets, June 30</b>	<u>\$57,709,565</u>	<u>\$60,299,959</u>

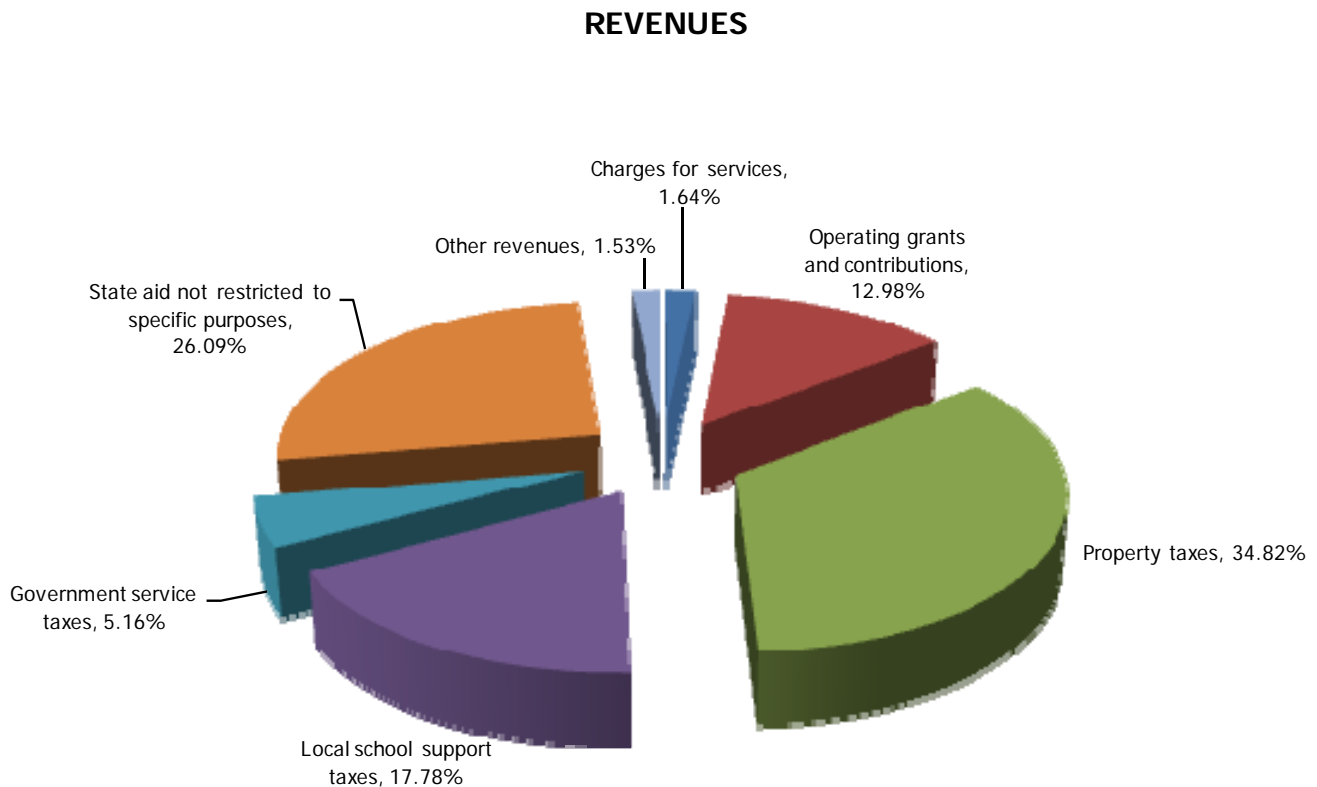
# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

### Governmental Activities:

- ◇ The largest and main revenue sources for the District are local school support taxes, property taxes (ad valorem), and state aid. Together, these revenue sources comprise 79% of total revenues.
- ◇ Ad valorem taxes decreased 4% from the prior year due to a decrease in tax collections and decrease in assessed valuations.
- ◇ Local school support taxes (LSST) decreased 7% from the prior year due to a decrease in taxable sales.
- ◇ State aid not restricted to specific purposes was relatively unchanged from the prior year.

The following chart presents the District's primary revenue sources.



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Douglas County School District uses fund accounting and budgetary integration to ensure and demonstrate compliance with finance-related legal requirements.

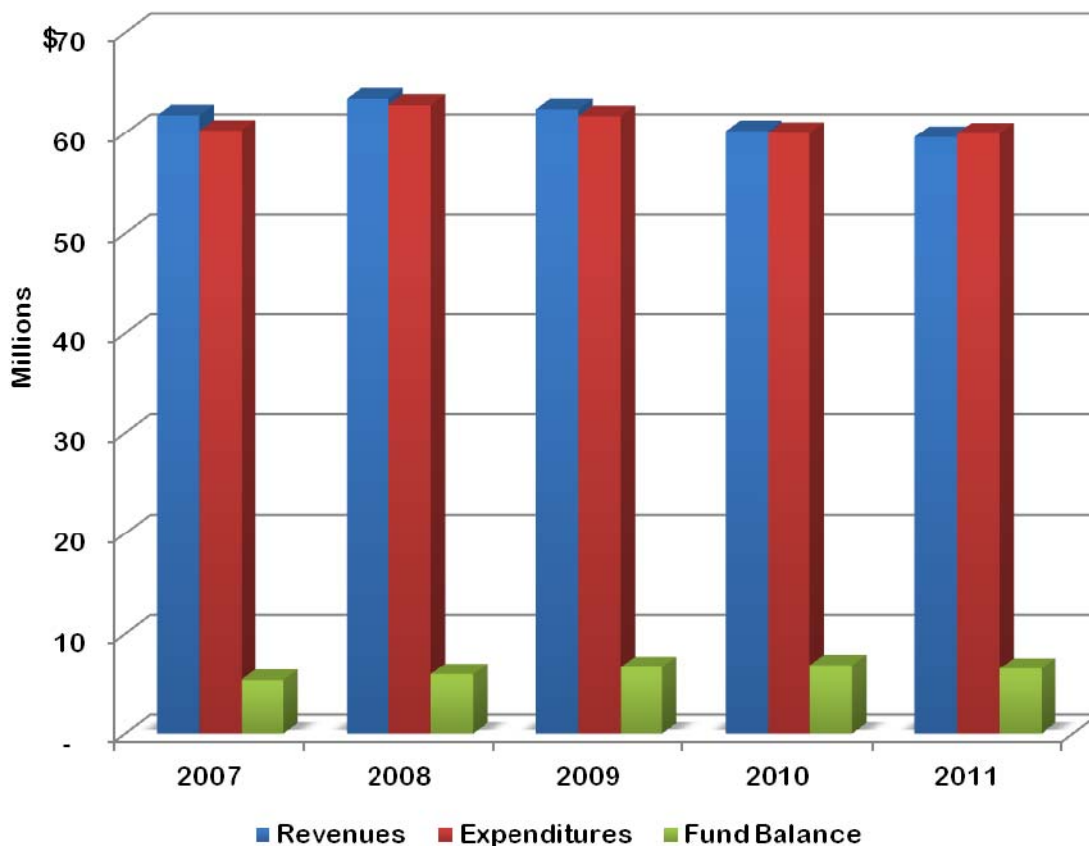
**Governmental Funds** - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the District's current funding requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2011, the District's governmental funds reported a combined fund balance of \$23.8 million, an 11% decrease over last year. Of this total, approximately \$21.4 million is nonspendable, restricted or assigned fund balance. The remaining \$2.4 million, or 10%, constitutes unassigned fund balance, which is available for spending at the District's discretion within the parameters of the respective fund. Additional detail can be found on pages 20 – 24 of these statements.

#### *General and Special Revenue Funds*

The General Fund and the special revenue funds are often referred to as the District's "operating funds." The following chart compares the revenues to expenditures and fund balance for these funds for the last five years:

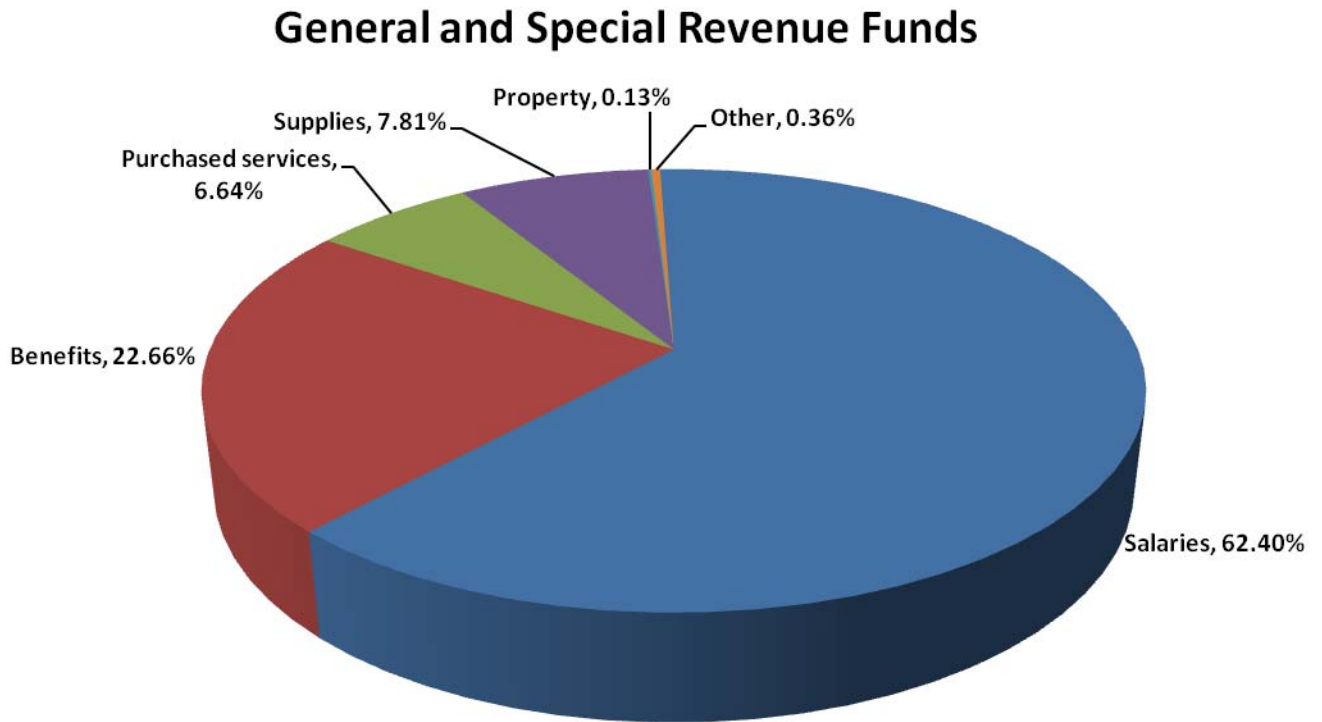
**General and Special Revenue Funds**



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Education is labor intensive, which is evident from the following chart. This chart displays the expenditures (by object) for the District's General Fund and special revenue funds:



### ***Debt Service Fund***

The amount required to service the 2011-2012 general obligation debt exceeds the fund balance of Debt Service Fund by approximately \$18 thousand.

### ***Capital Projects Funds***

The District has three capital projects funds – the Building and Sites Fund, the Bond Fund and the Capital Projects Fund. These funds had a combined ending fund balance at June 30, 2011 of \$16.5 million, which is restricted by NRS 387.328 to be used to accumulate resources for major capital acquisitions and improvements.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

### *Internal Service Funds*

The District has two internal service funds – the Self-Insurance Health Fund and the Workers' Compensation Self-Insurance Fund. As of June 30, 2011, these funds had combined net assets of \$4.4 million, which represents approximately 60% of the funds' 2010-11 expenses.

### **BUDGETARY HIGHLIGHTS**

Nevada's school districts are funded in large part based on student enrollment at the end of the first school month. State statutes require all school districts to amend their general fund budgets after "count day" enrollment is known. Throughout the year, the District also amends their budget for other known adjustments, such as opening fund balance amounts and approved grant funds.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### *Capital Assets:*

The District's capital assets as of June 30, 2011 and 2010 are as follows:

#### **CAPITAL ASSETS (Net of Depreciation)**

	<u>2011</u>	<u>2010</u>
Land	\$ 1,413,439	\$ 1,413,439
Construction in progress	1,543,855	1,996,545
Buildings	54,703,511	51,891,380
Equipment	2,105,095	2,315,691
	<u>\$ 59,765,900</u>	<u>\$ 57,617,055</u>

Additional detail can be found on page 51 of these statements. Commitments with respect to unfinished capital projects are discussed on page 61 of these statements.

#### *Debt Administration:*

As of June 30, 2011, the District's debt was comprised of the following:

General obligation bonds, net of premium	\$ 20,839,516
Compensated absences	462,704
Note payable	4,873,000
	<u>\$ 26,175,220</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

The District maintained an AA- rating with a stable outlook from Standard and Poor's (S&P). Additional detail can be found on pages 52 – 54 of the financial statements.

Principal and interest payments on the General Obligation Bonds and note payable for the 2011-12 fiscal year are scheduled to total \$1,176,215.

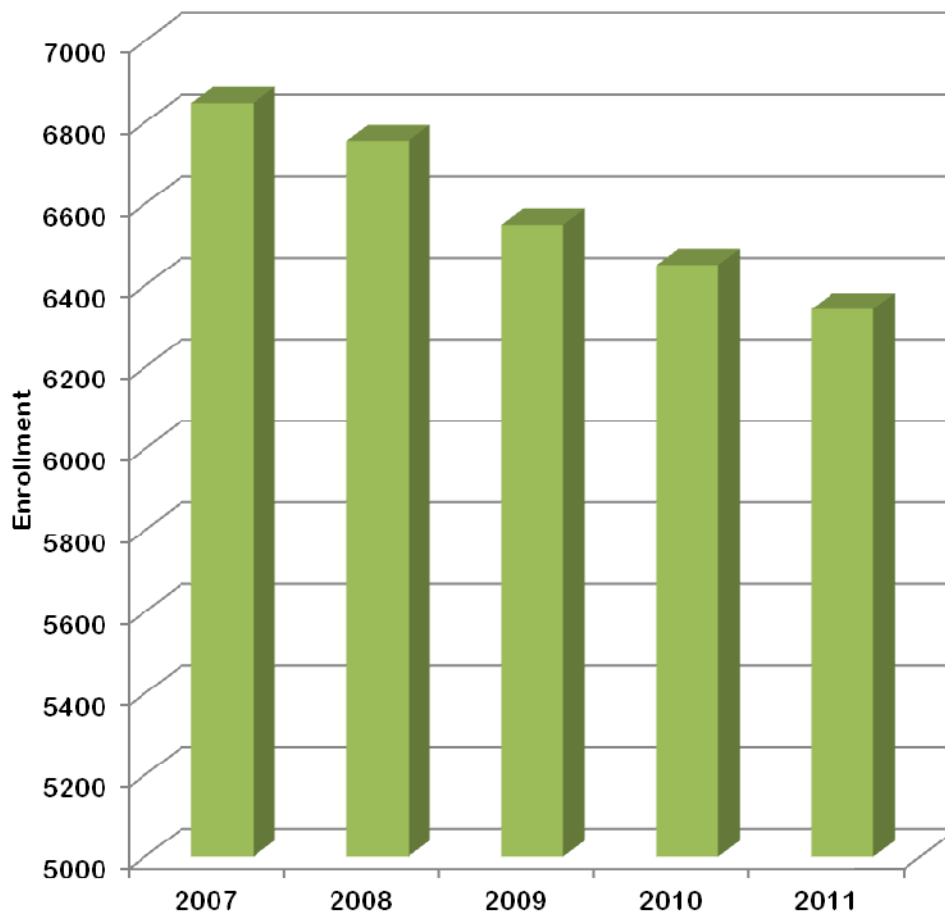
The District is limited by state statutes as to the amount of general obligation debt it can have outstanding. The limit is equal to 15% of the District's total assessed property valuation. Based on the fiscal year 2011 assessed value, the District's statutory general obligation debt limit is \$462,562,237. As of June 30, 2011, the District had \$20,805,000 of general obligation debt outstanding.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

#### *Enrollment and Funding*

Provided below is a chart which depicts the District's recent trend of declining student enrollment, which has declined by 7.4%, or 505 students, in the five year period since school year 2006-2007.

**District Enrollment**



# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Nevada's school districts are highly dependent on the economic condition of the State. Nevada's formula for school district funding guarantees the majority of operating revenue by making up any shortfall in property tax or sales tax (local school support tax) collections. For the 2010-11 school year, the District (as will all Nevada's school districts) will receive funding in accordance with the biennial state budget.

A large percentage of revenues received by the District are provided through the State Distributive School Account (DSA) monies or basic support guarantee for school districts. These revenues are based on a weighted average per pupil within total enrollment. Due to the significance of the revenue and basis of funding there are several concerns regarding the future of DSA funding for the District.

The first concern is a decline in enrollment, and therefore a reduction of DSA revenues. DCSD saw significant enrollment growth, particularly in the Valley based school sites, from 1987 through 1999. However, since 1999, enrollment has fluctuated – some years increasing, some years decreasing. In 2009-10, enrollment declined by 1.5% from the previous year, and enrollment further declined in the 2010-11 school year by 1.7%. The current 2011-12 school year enrollment shows this to be a continuing trend, as enrollment dropped by 1.1% from the previous year.

The second concern is the stability of these DSA monies. The State has revised its revenue projections multiple times in the last several bienniums – each revision resulting in fewer revenues to offset inflationary and / or increased operating expenditures. In turn, these reductions have filtered to the K-12 arena through revisions and reductions in the State Guaranteed Funds or DSA. The District covered State imposed reductions of \$5.3 million in the past four years, primarily through a cumulative diminution in the general fund ending fund balance of \$3.2 million. There may be further reductions in State funding, and the District will continue to monitor and evaluate further reductions in expenditures as needed. However, the School Finance Plan (see "Plan" under "State Sources" below) was designed with intended stability in mind.

Local Sources - The District's local operating revenue sources are comprised largely of a county-wide seventy-five cent property tax and a sales tax equal to 2.25 percent of taxable sales. The District received \$19,536,074 from property tax and \$11,324,115 from sales tax for the year ended June 30, 2011. The District has budgeted \$18,965,691 in property tax revenue and \$10,181,185 in sales tax revenue for fiscal year 2012. Other local operating sources to the General Fund include governmental services taxes, tuition receipts, earnings on investments, and utility franchise fees.

State Sources of Funding - State revenue sources consist of payments from the State distributive school account (the "DSA") received pursuant to the Nevada Plan for School Finance (the "School Finance Plan"). The revenue for the DSA is received from the following five sources: (a) State General Fund Appropriation (83%); (b) a portion of the annual excise tax of \$250 for each slot machine operated in the State (7%); (c) a State sales tax for local school support, which is \$.0225 for every \$1.00 of gross retail sales (8%); (d) revenue from mineral leases on federal land (1%); and (e) interest earned on the Permanent School Fund established by the State Constitution (1%).



# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011**

Each school district's share of State aid is set by the State legislature for the biennium in accordance with a formula set forth in the School Finance Plan. The School Finance Plan was adopted by the Nevada legislature in 1967 to compensate for wide local variations in resources and in cost per pupil. It is designed to provide reasonable equal educational opportunity and can be expressed in a formula partially on a per-pupil basis and partially on a per-program basis. The formula in the School Finance Plan contains four basic calculations: equalized basic support ratios, wealth adjustment factors, transportation allotments, and guaranteed basic support. The School Finance Plan has been amended from time to time by the State Legislature. The per-pupil State guaranteed support for the District for fiscal years 2010 and 2011 were \$5,268 and \$5,155, respectively. Per-pupil guaranteed support for the 2012 / 2013 biennium is \$5,237 and \$5,313 respectively per AB579.

The School Finance Plan provides a substantial guarantee of revenue support for the District's General Fund budget. Under the Plan, the District is protected from fluctuations in receipts of the 2.25 percent sales tax (see "Local Sources" above) and from fluctuations in receipts with respect to a portion (\$.25) of the property tax levy (see "Local Sources" above) for operating purposes by virtue of the State's guarantee of such receipts from those tax sources to the District. The effect of this guarantee is that approximately 64 – 67 percent of the District's budgeted General Fund revenue is fixed as a State obligation and is, therefore, not subject to revenue fluctuations during the course of the school year. For example, the District received total General Fund revenues of \$49,509,491 in fiscal year 2010 and the total State basic support guarantee for the fiscal year 2011 was \$32,016,674. The total General Fund revenues for fiscal year 2011 were \$47,905,013 and the State basic support guarantee for fiscal year 2012 is \$32,036,824. Further, of the remaining District General Fund revenue, approximately 80 percent is based on the remaining \$.50 component of the total \$.75 property tax levy, and because the assessed valuation of property within the District is determined prior to the beginning of the school year, the District knows its property tax base prior to the outset of its operating year.

However, in keeping with AB579, Section 2, from the 2011 Legislative Session, the Department of Education is required to true-up on or before April 1, 2012 the earlier estimated basic support per pupil amounts for the second year of the biennium based solely on ad valorem (i.e., property taxes, PSOPT and Net Proceeds of Minerals) revisions provided by the Department of Taxation. Per previous guidance from the Department of Education, property values in Clark County are not likely to recover substantially for several years, and as a result, the second year of the biennium will likely result in a redistribution of the original DSA allotment based on the update of other, outside tax sources by the Department of Taxation – upon which Clark County heavily influences. The effect of the prior biennium resulted in a reduction to the District's DSA by \$84 / pupil from \$5,235 / pupil to \$5,151 / pupil, totaling \$521 thousand dollar reduction in revenues.

### ***Capital and Bond Funding:***

The Capital Project Fund generally receives two sources of revenue – Governmental Services Tax (GST; formerly referred to as Motor Vehicle Privilege Tax), and Residential Construction Tax (RCT).

Presently, Douglas County provides a breakdown to the District that indicates which portion of the GST flows to the General Fund (approx 70% of total GST revenues), and which a portion flows to the Capital Fund (approx 30% of total GST revenues). Per NRS 371, the "debt service" portion of GST is dependent on having a debt service tax rate. Currently, the District's debt service tax rate is \$0.10 per \$100 in property tax revenues.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011**

Due to the November 2008 voter approved continuation of this tax, the \$0.10 per \$100 in property tax revenues is secure through 2018. The approved "Roll-Over" or "Continuation" Bond will provide an expected \$30 million + in capital funding to improve, equip, acquire and construct school facilities without increasing the District's existing tax levy. Many of the proposed projects will provide operational and energy efficiencies which will in turn benefit the District's General Fund in reduced operations and maintenance expenses.

The bond expenditures will be guided by the Facilities Master Plan which was approved by the Board of Trustees in April 2010. The first Phase consists of major improvements and additional capacity to four of the District's elementary schools. This first Phase is further split into Phase 1A and Phase 1B. Phase 1A is currently underway at the Gardnerville and Piñon Hills Sites, and completed construction is estimated in the later part of 2012. Additionally, the District has begun the planning of Phase 2B for the modernization and capacity additions to Douglas High School to programmatically return the 9<sup>th</sup> grade to the Valley High School. Current estimated completion of construction is the Fall of 2015.

Additionally, the District engaged in a \$5 Million Installment Purchase Agreement (IPA) in May 2008 with an Energy Services Performance Contract (ESPC) with Ameresco, an Energy Services Contractor. An ESPC is an alternative way to fund major capital projects and still remain budget neutral. An ESPC bundles together several energy conservation measures that in turn generates savings in utilities, operations, and maintenance that pay for the IPA. The Final Commissioning of the project was concluded in October 2009, and has verified that the District attained an additional \$56,939 in savings beyond the original projections required to engage in the IPA. An additional savings of \$54,811 beyond the original projections for the first year of the contract was realized as of March 5, 2011. In terms of pollution reduction, this energy conservation project is equivalent to:

- Removing 764 cars from the road (one vehicle produces the equivalent of 5.3 tons of carbon monoxide per year, according to the U.S. Environmental Protection Agency).
- Powering 298 homes per year (The average home utilizes 1,000 kilowatt hours per month).

The District was named as the School District Finalist for the 2011 Cashman Good Government award by the Nevada Taxpayers Association for staff's efforts and the project's resulting operational savings. Similarly, the District has been recognized by both the Nevada Department of Energy and the US Department of Energy as a success story with "Best Practices" noted in a white paper published on the US Department of Energy's website.

[http://www1.eere.energy.gov/wip/solutioncenter/buildings/performance\\_contracting.html](http://www1.eere.energy.gov/wip/solutioncenter/buildings/performance_contracting.html)

Another portion of the revenue that helps to sustain the District's Capital Improvement Plan comes from a privilege tax on Residential Building Permits. The Residential Building Permit Tax is currently imposed in Douglas County at \$1,600 per new residential unit, the maximum authorized by NRS 387.331. Douglas County Commission and Department of Taxation has approved the levy of this tax through June 2014 at which time the District will need to resubmit a request for continuation of the levy.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011**

### **REQUESTS FOR INFORMATION**

This report is designed to provide an overview of the Douglas County School District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Business Administration Office, 1638 Mono Avenue, Minden, Nevada 89423.

# **BASIC FINANCIAL STATEMENTS**

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF NET ASSETS JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<b>GOVERNMENTAL ACTIVITIES</b>	
	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 13,564,424	\$ 19,470,994
Receivables		
Taxes	559,826	654,157
Interest	613	1,749
Other	188,410	118,805
Due from other governments	5,226,008	2,617,337
Inventories	151,408	165,982
Deferred bond issuance costs	236,531	256,934
Total Current Assets	<u>19,927,220</u>	<u>23,285,958</u>
<b>Noncurrent Assets</b>		
Restricted cash	17,253,436	18,348,350
Capital assets		
Land and construction in progress	2,957,294	3,409,984
Other capital assets, net of depreciation	56,808,606	54,207,071
	<u>77,019,336</u>	<u>75,965,405</u>
Total Assets	<u>96,946,556</u>	<u>99,251,363</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	6,380,176	5,631,402
Pending claims	1,576,295	1,444,610
Deferred revenues	1,248,595	2,180,262
Current maturities of long-term obligations	277,848	1,502,030
Total Current Liabilities	<u>9,482,914</u>	<u>10,758,304</u>
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	462,704	363,254
Obligation for other postemployment benefits	3,856,705	2,117,330
General obligation bonds	20,690,668	20,839,516
Note payable	4,744,000	4,873,000
	<u>29,754,077</u>	<u>28,193,100</u>
Total Liabilities	<u>39,236,991</u>	<u>38,951,404</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	48,013,136	48,107,975
Restricted for:		
Debt service	829,731	1,906,615
Employee benefits	3,487,332	4,734,413
Capital projects	2,807,842	486,412
Unrestricted	2,571,524	5,064,544
Total Net Assets	<u>\$ 57,709,565</u>	<u>\$ 60,299,959</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	2011	2010
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction:						
Regular instruction	\$ 28,257,018	\$ 374,013	\$ 3,284,755	\$ -	\$ (24,598,250)	\$ (22,960,260)
Special instruction	7,772,481	-	1,728,983	-	(6,043,498)	(5,842,823)
Vocational instruction	769,021	-	170,524	-	(598,497)	(572,139)
Adult instruction	107,409	-	107,409	-	-	19,592
Other instruction	2,270,927	-	32,155	-	(2,238,772)	(2,160,236)
Total instruction	39,176,856	374,013	5,323,826	-	(33,479,017)	(31,515,866)
Support services:						
Student support	2,603,722	-	143,698	-	(2,460,024)	(1,904,041)
Instructional staff support	1,482,062	-	273,847	-	(1,208,215)	(1,209,704)
General administration	493,946	-	-	-	(493,946)	(756,717)
School administration	4,014,373	-	-	-	(4,014,373)	(3,678,255)
Business administration	1,770,111	-	-	-	(1,770,111)	(1,764,348)
Operation and maintenance of plant	6,668,510	-	-	-	(6,668,510)	(6,529,178)
Student transportation	3,315,406	-	-	-	(3,315,406)	(3,108,929)
Other support	1,324,391	-	733,277	-	(591,114)	(1,228,666)
Facilities acquisition and construction	2,841,736	8,171	742,201	370,884	(1,720,480)	(1,733,690)
Food service	1,638,116	663,240	1,049,573	-	74,697	68,317
Interest on long-term debt	946,645	-	-	-	(946,645)	(288,264)
Total support services	27,099,018	671,411	2,942,596	370,884	(23,114,127)	(22,133,475)
Total school district	\$ 66,275,874	\$ 1,045,424	\$ 8,266,422	\$ 370,884	(56,593,144)	(53,649,341)

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	2011	2010
<b>General revenues:</b>						
	Property taxes, levied for general purposes				\$ 19,536,074	\$ 20,270,880
	Property taxes, levied for debt service				2,638,168	2,715,951
	Local school support taxes				11,324,115	12,133,792
	Government service taxes for general purposes				2,325,856	2,506,693
	Government service taxes for capital purposes				961,336	1,039,431
	Other taxes and fees				158,730	165,278
	Unrestricted investment earnings				78,543	65,693
	Other local sources				365,228	263,597
	State aid not restricted to specific purposes				16,614,700	16,612,487
	Total general revenues				54,002,750	55,773,802
	Change in net assets				(2,590,394)	2,124,461
	<b>NET ASSETS, July 1</b>				60,299,959	58,175,498
	<b>NET ASSETS, June 30</b>				\$ 57,709,565	\$ 60,299,959

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	GENERAL FUND	SPECIAL EDUCATION FUND	FEDERAL AND STATE GRANTS FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTALS GOVERNMENTAL FUNDS	
							2011	2010
<b>ASSETS</b>								
Cash and investments	\$ 4,632,463	\$ 902,781	\$ 249,177	\$ 2,844,974	\$ 13,939,091	\$ 1,794,129	\$ 24,362,615	\$ 30,231,886
Deposits held by fiscal agent	424,893	-	-	9,586	-	44,477	478,956	431,641
Receivables:								
Taxes, delinquent	493,966	-	-	-	-	65,860	559,826	654,158
Interest	-	-	-	-	-	27	27	778
Other	160,142	105	-	-	1,770	-	162,017	101,856
Due from other governments	4,394,568	-	730,181	81,175	-	20,085	5,226,009	2,617,338
Due from other funds	-	-	-	-	-	-	-	200,000
Inventories	113,879	-	-	-	-	37,529	151,408	165,982
Total Assets	<u>\$ 10,219,911</u>	<u>\$ 902,886</u>	<u>\$ 979,358</u>	<u>\$ 2,935,735</u>	<u>\$ 13,940,861</u>	<u>\$ 1,962,107</u>	<u>\$ 30,940,858</u>	<u>\$ 34,403,639</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 3,960,989	\$ 379,235	\$ 821,463	\$ 189,906	\$ 258,957	\$ 272,341	\$ 5,882,891	\$ 5,183,174
Due to other funds	430,066	77,885	27,668	-	-	36,366	571,985	788,570
Deferred revenues	481,293	-	130,227	-	-	65,089	676,609	1,591,692
Total Liabilities	<u>4,872,348</u>	<u>457,120</u>	<u>979,358</u>	<u>189,906</u>	<u>258,957</u>	<u>373,796</u>	<u>7,131,485</u>	<u>7,563,436</u>
<b>FUND BALANCES</b>								
Nonspendable	113,879	-	-	-	-	37,529	151,408	165,982
Restricted	-	-	-	2,745,829	13,681,904	891,744	17,319,477	19,985,471
Assigned	2,865,613	445,766	-	-	-	659,038	3,970,417	5,924,919
Unassigned	2,368,071	-	-	-	-	-	2,368,071	763,831
Total Fund Balance	<u>5,347,563</u>	<u>445,766</u>	<u>-</u>	<u>2,745,829</u>	<u>13,681,904</u>	<u>1,588,311</u>	<u>23,809,373</u>	<u>26,840,203</u>
Total Liabilities and Fund Balance	<u>\$ 10,219,911</u>	<u>\$ 902,886</u>	<u>\$ 979,358</u>	<u>\$ 2,935,735</u>	<u>\$ 13,940,861</u>	<u>\$ 1,962,107</u>	<u>\$ 30,940,858</u>	<u>\$ 34,403,639</u>

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2011

**Fund Balance - Governmental Funds** \$ 23,809,373

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	111,365,734	
Less accumulated depreciation	<u>(51,599,834)</u>	59,765,900

Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Bond issuance costs	274,411	
Less accumulated amortization	<u>(37,880)</u>	236,531

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

General obligation bonds payable	(20,805,000)	
Bond premium	(1,532,395)	
Bond discount	110,204	
Less accumulated amortization	1,387,674	
Accrued interest payable	(436,666)	
Note payable	(4,873,000)	
Compensated absences	<u>(462,704)</u>	(26,611,887)

The liability for estimated future payments for benefits provided to current and future retirees is not reported in fund liabilities since it will not be paid from current resources. (3,856,705)

Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds are reported with governmental activities.

4,366,353

**Net Assets - Governmental Activities** \$ 57,709,565

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	GENERAL FUND	SPECIAL EDUCATION FUND	FEDERAL AND STATE GRANTS FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2011	2010
<b>REVENUES</b>								
Local sources	\$ 34,051,243	\$ 1,936	\$ 935,164	\$ 1,010,771	\$ 32,901	\$ 3,311,869	\$ 39,343,884	\$ 41,681,089
State sources	13,791,172	2,823,528	430,441	-	-	2,035,971	19,081,112	19,473,743
Federal sources	62,598	-	3,760,071	-	-	1,413,061	5,235,730	3,816,027
Total Revenues	47,905,013	2,825,464	5,125,676	1,010,771	32,901	6,760,901	63,660,726	64,970,859
<b>EXPENDITURES</b>								
Instruction:								
Regular instruction	23,034,711	-	1,256,180	-	-	2,289,545	26,580,436	25,988,276
Special instruction	-	5,546,887	1,728,983	-	-	-	7,275,870	7,238,549
Vocational instruction	540,182	-	170,524	-	-	-	710,706	775,857
Adult instruction	-	-	107,409	-	-	-	107,409	37,406
Other instruction	1,826,192	310,788	32,155	-	-	-	2,169,135	2,006,751
Undistributed expenditures:								
Student support	2,013,590	377,957	81,100	-	-	-	2,472,647	2,398,519
Instructional staff support	1,117,842	-	273,847	-	-	-	1,391,689	1,381,606
General administration	469,214	-	-	-	-	-	469,214	754,536
School administration	3,797,951	-	-	-	-	-	3,797,951	3,664,460
Business administration	1,725,531	-	-	-	-	-	1,725,531	1,796,577
Operation and maintenance	6,428,216	-	-	-	-	-	6,428,216	6,458,107
Student transportation	2,616,495	503,183	-	114,585	-	-	3,234,263	3,264,033
Other support	271,096	-	733,276	401,757	54,812	-	1,460,941	3,256,070
Building improvements	-	-	742,202	-	-	-	742,202	42,755
Food service	-	-	-	-	-	1,640,063	1,640,063	1,597,591
Facilities construction/improvements	-	-	-	303,420	3,848,113	-	4,151,533	4,593,210
Debt service:								
Principal	119,000	-	-	-	-	885,000	1,004,000	963,000
Interest	204,449	-	-	-	-	1,115,276	1,319,725	402,294
Fiscal agent charges	-	-	-	-	-	4,050	4,050	1,250
Total Expenditures	44,164,469	6,738,815	5,125,676	819,762	3,902,925	5,933,934	66,685,581	66,620,847

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)*

	GENERAL FUND	SPECIAL EDUCATION FUND	FEDERAL AND STATE GRANTS FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2011	2010
Revenues Over (Under) Expenditures	\$ 3,740,544	\$ (3,913,351)	\$ -	\$ 191,009	\$ (3,870,024)	\$ 826,967	\$ (3,024,855)	\$ (1,649,988)
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of fixed assets	8,602	-	-	-	-	-	8,602	-
Transfers (to) from other funds	(3,833,392)	3,593,392	-	2,082,501	-	(1,842,501)	-	-
Proceeds from issuance of bonds	-	-	-	-	-	-	-	17,305,000
Bond premiums	-	-	-	-	-	-	-	151,276
Bond discounts	-	-	-	-	-	-	-	(110,205)
Total Other Financing Sources (Uses)	(3,824,790)	3,593,392	-	2,082,501	-	(1,842,501)	8,602	17,346,071
Net Change in Fund Balances	(84,246)	(319,959)	-	2,273,510	(3,870,024)	(1,015,534)	(3,016,253)	15,696,083
<b>FUND BALANCES, July 1</b>	5,446,805	765,725	-	472,319	17,551,928	2,603,425	26,840,202	11,156,967
Increase (decrease) in reserve for inventories	(14,996)	-	-	-	-	420	(14,576)	(12,846)
<b>FUND BALANCES, June 30</b>	<u>\$ 5,347,563</u>	<u>\$ 445,766</u>	<u>\$ -</u>	<u>\$ 2,745,829</u>	<u>\$ 13,681,904</u>	<u>\$ 1,588,311</u>	<u>\$ 23,809,373</u>	<u>\$ 26,840,204</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

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## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2011

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (3,030,829)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.	2,148,846
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and thus requires current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(68,531)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.	1,035,964
Costs associated with the issuance of long-term debt and any discount or premium realized at the time of incurring debt are recognized as an expenditure and other financing source or use, respectively, in the governmental funds. These items are accrued and deferred in the Statement of Activities and amortized over the life of the new debt.	445,663
The change in the long-term portion of compensated absences is reported in the Statement of Activities. These do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(99,450)
The full cost of postemployment benefits to current employees earned during the current year and the amortization of the past cost is recognized as an expense in the Statement of Activities while only the current contributions are reported in the fund statements.	(1,739,375)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income (expense) of the internal service funds is reported with governmental activities.	(1,282,682)
<b>Change in Net Assets of Governmental Activities</b>	<u>\$ (2,590,394)</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 19,950,000	\$ 19,950,000	\$ 19,536,074	\$ (413,926)	\$ 20,270,880
Local school support tax	11,766,653	12,004,795	11,324,115	(680,680)	12,133,792
Motor vehicle privilege tax	2,635,589	2,300,000	2,325,856	25,856	2,506,693
Franchise tax	120,000	120,000	111,103	(8,897)	78,095
Out-of-state tuition	332,000	374,000	374,013	13	346,103
Earnings on investments	100,000	25,000	23,456	(1,544)	25,488
Other	305,000	215,000	356,626	141,626	263,598
Total Local sources	35,209,242	34,988,795	34,051,243	(937,552)	35,624,649
State sources:					
Distributive school account	13,190,233	13,477,095	13,791,172	314,077	13,828,727
Federal sources:					
In lieu of tax	10,000	500	-	(500)	388
E-rate funds	-	-	62,598	62,598	55,727
Total Federal sources	10,000	500	62,598	62,098	56,115
Total Revenues	48,409,475	48,466,390	47,905,013	(561,377)	49,509,491
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	16,273,534	16,291,437	16,033,271	258,166	15,991,358
Benefits	6,148,352	6,165,985	5,912,321	253,664	5,652,597
Purchased services	293,391	283,369	239,828	43,541	208,138
Supplies	843,195	878,914	813,692	65,222	928,833
Property	11,000	23,000	28,999	(5,999)	9,226
Other	5,324	7,543	6,600	943	6,202
	23,574,796	23,650,248	23,034,711	615,537	22,796,354
Vocational programs:					
Salaries	441,182	367,707	347,150	20,557	378,393
Benefits	163,845	145,616	137,955	7,661	144,051
Purchased services	5,500	1,000	1,177	(177)	588
Supplies	58,465	64,087	51,540	12,547	57,102
Other	2,000	3,000	2,360	640	151
	670,992	581,410	540,182	41,228	580,285

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other instructional programs:					
Co-curricular activities:					
Salaries	\$ 200,000	\$ 200,000	\$ 186,720	\$ 13,280	\$ 193,614
Benefits	5,400	5,400	4,598	802	4,816
Purchased services	6,160	8,951	12,161	(3,210)	12,891
Supplies	9,800	8,100	5,631	2,469	6,761
Property	-	14,000	-	14,000	-
Other	6,350	12,700	9,378	3,322	4,569
	<u>227,710</u>	<u>249,151</u>	<u>218,488</u>	<u>30,663</u>	<u>222,651</u>
Athletics:					
Salaries	282,000	287,000	256,600	30,400	257,005
Benefits	10,499	10,499	13,735	(3,236)	12,717
Purchased services	14,300	14,452	17,546	(3,094)	13,739
Supplies	50,987	43,998	41,217	2,781	42,818
Property	-	-	-	-	6,883
Other	43,410	43,438	44,737	(1,299)	38,454
	<u>401,196</u>	<u>399,387</u>	<u>373,835</u>	<u>25,552</u>	<u>371,616</u>
Alternative education:					
Salaries	252,130	252,196	192,342	59,854	204,593
Benefits	60,990	61,130	60,656	474	54,391
Purchased services	9,500	8,000	18,488	(10,488)	6,464
Supplies	19,407	20,907	15,850	5,057	3,861
	<u>342,027</u>	<u>342,233</u>	<u>287,336</u>	<u>54,897</u>	<u>269,309</u>
JROTC:					
Salaries	165,000	144,709	144,709	-	142,921
Benefits	55,573	50,902	49,655	1,247	47,588
Supplies	6,000	7,300	6,037	1,263	4,947
Other	-	-	290	(290)	-
	<u>226,573</u>	<u>202,911</u>	<u>200,691</u>	<u>2,220</u>	<u>195,456</u>
Summer school:					
Salaries	70,000	70,000	60,197	9,803	66,162
Benefits	2,865	2,865	2,041	824	2,507
Supplies	7,700	7,700	803	6,897	1,424
	<u>80,565</u>	<u>80,565</u>	<u>63,041</u>	<u>17,524</u>	<u>70,093</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
English as a second language (ESL):					
Salaries	\$ 420,418	\$ 479,042	\$ 480,328	\$ (1,286)	\$ 454,550
Benefits	180,939	199,204	197,236	1,968	170,312
Supplies	13,000	13,000	5,237	7,763	8,003
	614,357	691,246	682,801	8,445	632,865
Total other instructional programs	1,892,428	1,965,493	1,826,192	139,301	1,761,990
Undistributed expenditures:					
Student support:					
Salaries	1,457,474	1,480,133	1,413,669	66,464	1,391,747
Benefits	579,362	591,149	538,894	52,255	500,724
Purchased services	20,313	31,995	29,957	2,038	33,154
Supplies	35,520	35,992	30,772	5,220	22,406
Property	11,583	-	-	-	-
Other	200	330	298	32	208
	2,104,452	2,139,599	2,013,590	126,009	1,948,239
Instructional staff support:					
Salaries	793,694	788,539	746,332	42,207	760,539
Benefits	288,498	292,082	275,784	16,298	256,890
Purchased services	26,163	31,503	21,302	10,201	26,668
Supplies	97,250	95,925	74,274	21,651	115,705
Other	2,300	2,000	150	1,850	395
	1,207,905	1,210,049	1,117,842	92,207	1,160,197
General administration:					
Salaries	238,151	246,648	245,038	1,610	321,411
Benefits	133,536	134,085	103,858	30,227	87,250
Purchased services	164,048	149,198	90,748	58,450	329,504
Supplies	14,750	16,600	14,527	2,073	12,635
Other	15,000	28,000	15,043	12,957	3,736
	565,485	574,531	469,214	105,317	754,536
School administration:					
Salaries	2,589,953	2,585,780	2,585,630	150	2,546,594
Benefits	978,575	1,000,327	929,194	71,133	881,176
Purchased services	186,488	218,744	209,341	9,403	181,546
Supplies	53,711	50,506	66,068	(15,562)	53,480
Other	2,740	3,189	7,718	(4,529)	1,664
	3,811,467	3,858,546	3,797,951	60,595	3,664,460

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Business support:					
Salaries	\$ 1,040,051	\$ 1,058,563	\$ 1,012,506	\$ 46,057	\$ 1,057,958
Benefits	359,780	356,861	326,567	30,294	328,083
Purchased services	326,407	287,591	250,214	37,377	251,357
Supplies	113,362	153,678	134,974	18,704	158,843
Other	4,000	2,500	1,270	1,230	336
	<u>1,843,600</u>	<u>1,859,193</u>	<u>1,725,531</u>	<u>133,662</u>	<u>1,796,577</u>
Operation and maintenance:					
Salaries	2,486,672	2,523,636	2,461,399	62,237	2,475,989
Benefits	944,850	968,862	895,419	73,443	842,679
Purchased services	1,417,500	1,526,814	1,351,154	175,660	1,259,734
Supplies	2,166,114	2,085,640	1,688,854	396,786	1,832,166
Property	67,905	97,905	31,390	66,515	47,539
	<u>7,083,041</u>	<u>7,202,857</u>	<u>6,428,216</u>	<u>774,641</u>	<u>6,458,107</u>
Student transportation:					
Salaries	1,604,617	1,610,882	1,474,023	136,859	1,483,644
Benefits	755,050	751,803	603,221	148,582	570,879
Purchased services	124,442	127,075	67,793	59,282	102,106
Supplies	474,474	581,841	461,703	120,138	382,697
Property	25,000	25,000	9,755	15,245	193,851
	<u>2,983,583</u>	<u>3,096,601</u>	<u>2,616,495</u>	<u>480,106</u>	<u>2,733,177</u>
Other support:					
Salaries	100,000	100,000	32,219	67,781	-
Benefits	251,950	251,950	109,035	142,915	68,952
Purchased services	354,000	462,006	129,842	332,164	1,144,500
Supplies	10,000	10,000	-	10,000	6,807
	<u>715,950</u>	<u>823,956</u>	<u>271,096</u>	<u>552,860</u>	<u>1,220,259</u>
Total undistributed expenditures	<u>20,315,483</u>	<u>20,765,332</u>	<u>18,439,935</u>	<u>2,325,397</u>	<u>19,735,552</u>
Debt Service:					
Principal	-	-	119,000	(119,000)	103,000
Interest	-	-	204,449	(204,449)	192,383
	<u>-</u>	<u>-</u>	<u>323,449</u>	<u>(323,449)</u>	<u>295,383</u>
Contingency	<u>464,537</u>	<u>908,279</u>	<u>-</u>	<u>908,279</u>	<u>-</u>
Total Expenditures	<u>46,918,236</u>	<u>47,870,762</u>	<u>44,164,469</u>	<u>3,706,293</u>	<u>45,169,564</u>

*See accompanying notes.*



# DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Revenues Over (Under)					
Expenditures	\$ 1,491,239	\$ 595,628	\$ 3,740,544	\$ 3,144,916	\$ 4,339,927
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of fixed assets	5,000	5,000	8,602	3,602	-
Transfers to other funds	(4,340,000)	(3,833,392)	(3,833,392)	-	(4,040,000)
	(4,335,000)	(3,828,392)	(3,824,790)	3,602	(4,040,000)
Net Change in Fund Balance	(2,843,761)	(3,232,764)	(84,246)	3,148,518	299,927
<b>FUND BALANCE, July 1</b>	4,982,682	5,446,805	5,446,805	-	5,153,774
Increase (Decrease) in Reserve for Inventories	-	-	(14,996)	(14,996)	(6,896)
<b>FUND BALANCE, June 30</b>	<u>\$ 2,138,921</u>	<u>\$ 2,214,041</u>	<u>\$ 5,347,563</u>	<u>\$ 3,133,522</u>	<u>\$ 5,446,805</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 15,000	\$ 15,000	\$ 1,936	\$ (13,064)	\$ 3,106
State sources:					
Distributive school account	2,783,760	2,823,528	2,823,528	-	2,783,760
Total Revenues	2,798,760	2,838,528	2,825,464	(13,064)	2,786,866
<b>EXPENDITURES</b>					
Special programs:					
Instruction:					
Salaries	4,111,599	3,899,630	3,984,739	(85,109)	4,160,122
Benefits	1,767,903	1,577,160	1,555,717	21,443	1,556,595
Purchased services	53,770	52,720	204	52,516	24,437
Supplies	18,973	18,646	5,877	12,769	14,551
Other	250	250	350	(100)	-
	5,952,495	5,548,406	5,546,887	1,519	5,755,705
Other direct support:					
Salaries	238,431	340,517	241,476	99,041	203,864
Benefits	82,299	115,466	84,653	30,813	68,913
Purchased services	156,416	1,300	51,771	(50,471)	90,514
Supplies	13,000	48,354	57	48,297	11,453
Property	-	1,000	-	1,000	-
	490,146	506,637	377,957	128,680	374,744
Student transportation:					
Salaries	340,517	240,342	337,877	(97,535)	291,966
Benefits	119,538	78,111	115,034	(36,923)	112,329
Purchased services	1,300	156,816	50,272	106,544	28,106
Supplies	48,354	12,800	-	12,800	-
Property	1,000	-	-	-	-
	510,709	488,069	503,183	(15,114)	432,401
Total Special Programs	6,953,350	6,543,112	6,428,027	115,085	6,562,850
Other instructional programs:					
Academically talented:					
Salaries	184,134	223,035	224,427	(1,392)	166,220
Benefits	76,940	86,238	84,406	1,832	44,057
Supplies	2,000	2,515	1,955	560	1,656
Other	70	-	-	-	-
Total Other Instructional	263,144	311,788	310,788	1,000	211,933

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Contingency	\$ 60,000	\$ 68,549	\$ -	\$ 68,549	\$ -
Total Expenditures	7,276,494	6,923,449	6,738,815	184,634	6,774,783
Revenues Over (Under) Expenditures	(4,477,734)	(4,084,921)	(3,913,351)	171,570	(3,987,917)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	4,100,000	3,593,392	3,593,392	-	3,880,000
Net Change in Fund Balance	(377,734)	(491,529)	(319,959)	171,570	(107,917)
<b>FUND BALANCE, July 1</b>	557,140	765,725	765,725	-	873,642
<b>FUND BALANCE, June 30</b>	\$ 179,406	\$ 274,196	\$ 445,766	\$ 171,570	\$ 765,725

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

FEDERAL AND STATE GRANTS FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Grants from:					
Local Sources	\$ 760,621	\$ 957,846	\$ 935,164	\$ (22,682)	\$ 572,903
State Sources	944,670	897,642	430,441	(467,201)	831,591
Federal Sources	3,523,932	4,496,787	3,760,071	(736,716)	2,806,650
Total Revenues	5,229,223	6,352,275	5,125,676	(1,226,599)	4,211,144
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	617,156	969,249	849,166	120,083	608,538
Benefits	216,884	312,280	269,121	43,159	187,782
Purchased services	35,565	34,208	24,527	9,681	10,353
Supplies	100,935	98,189	74,654	23,535	109,194
Other	32,354	44,595	38,712	5,883	30,225
Total regular programs	1,002,894	1,458,521	1,256,180	202,341	946,092
Special programs:					
Salaries	901,902	974,495	808,558	165,937	735,929
Benefits	472,425	457,657	356,934	100,723	294,783
Purchased services	734,500	1,047,103	457,743	589,360	374,857
Supplies	57,785	97,338	35,499	61,839	29,603
Other	77,160	104,107	70,249	33,858	47,672
Total special programs	2,243,772	2,680,700	1,728,983	951,717	1,482,844
Vocational programs:					
Salaries	1,152	13,310	13,204	106	1,336
Benefits	-	225	362	(137)	26
Purchased services	9,827	6,678	6,678	-	12,158
Supplies	107,896	146,581	143,423	3,158	127,208
Property	77,370	-	-	-	50,199
Other	4,446	6,989	6,857	132	4,645
Total vocational programs	200,691	173,783	170,524	3,259	195,572

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

FEDERAL AND STATE GRANTS FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Adult education:					
Salaries	\$ 43,469	\$ 20,000	\$ 17,250	\$ 2,750	\$ 14,962
Benefits	68	-	479	(479)	465
Purchased services	14,500	6,000	700	5,300	3,284
Supplies	45,593	104,437	88,980	15,457	17,499
Other	4,233	-	-	-	1,196
Total adult education	107,863	130,437	107,409	23,028	37,406
ESL:					
Salaries	20,900	15,172	15,172	-	20,900
Benefits	8,109	5,940	5,940	-	8,109
Purchased services	6,294	-	-	-	3,176
Supplies	-	15,180	10,412	4,768	-
Other	706	676	631	45	644
Total ESL	36,009	36,968	32,155	4,813	32,829
Undistributed expenditures:					
Student support:					
Salaries	74,869	75,279	64,758	10,521	57,917
Benefits	16,736	16,726	15,759	967	15,664
Supplies	-	-	-	-	1,947
Other	472	593	583	10	8
	92,077	92,598	81,100	11,498	75,536
Instructional staff support:					
Salaries	113,874	132,099	131,715	384	132,402
Benefits	7,246	4,980	4,986	(6)	5,744
Purchased services	80,239	110,243	104,041	6,202	68,624
Supplies	18,265	23,744	22,499	1,245	8,909
Other	6,481	10,606	10,606	-	5,730
	226,105	281,672	273,847	7,825	221,409
Student transportation:					
Property	-	-	-	-	98,455
	-	-	-	-	98,455

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

FEDERAL AND STATE GRANTS FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other support:					
Salaries	\$ 579,163	\$ 550,773	\$ 540,542	\$ 10,231	\$ 592,489
Benefits	-	532	-	532	1,401
Purchased services	194,500	74,654	77,154	(2,500)	47,260
Supplies	324,749	127,737	115,578	12,159	437,017
Other	-	-	2	(2)	79
	<u>1,098,412</u>	<u>753,696</u>	<u>733,276</u>	<u>20,420</u>	<u>1,078,246</u>
Site improvements:					
Purchased services	<u>221,400</u>	<u>743,900</u>	<u>742,202</u>	<u>1,698</u>	<u>42,755</u>
Total undistributed expenditures	<u>1,637,994</u>	<u>1,871,866</u>	<u>1,830,425</u>	<u>41,441</u>	<u>1,516,401</u>
Total Expenditures	<u>5,229,223</u>	<u>6,352,275</u>	<u>5,125,676</u>	<u>1,226,599</u>	<u>4,211,144</u>
Net Change in Fund Balance	-	-	-	-	-
<b>FUND BALANCE, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF NET ASSETS JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<b>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</b>	
	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
Current:		
Cash and investments	\$ 5,985,875	\$ 7,155,819
Receivables:		
Interest	605	1,065
Other	16,787	16,856
Premiums	571,986	588,570
Total Assets	<u>6,575,253</u>	<u>7,762,310</u>
<b>LIABILITIES</b>		
Current:		
Accounts payable and accrued expenses	60,621	80,095
Deferred revenue	571,986	588,570
Pending claims	1,576,295	1,444,610
Total Liabilities	<u>2,208,902</u>	<u>2,113,275</u>
<b>NET ASSETS</b>		
Restricted	<u>\$ 4,366,353</u>	<u>\$ 5,649,035</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET ASSETS  
 YEAR ENDED JUNE 30, 2011  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<b>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</b>	
	<b>2011</b>	<b>2010</b>
<b>OPERATING REVENUES</b>		
Insurance premiums	\$ 5,921,931	\$ 6,537,732
Insurance proceeds and other	113,518	538,192
Total Operating Revenues	6,035,449	7,075,924
<b>OPERATING EXPENSES</b>		
Claims expense	6,521,512	5,549,521
Purchased services	812,766	803,402
Total Operating Expenses	7,334,278	6,352,923
Operating Income (Loss)	(1,298,829)	723,001
<b>NONOPERATING REVENUES</b>		
Earnings on investments	16,147	15,256
Change in Net Assets	(1,282,682)	738,257
<b>NET ASSETS, July 1</b>	5,649,035	4,910,778
<b>NET ASSETS, June 30</b>	\$ 4,366,353	\$ 5,649,035

*See accompanying notes.*



# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<b>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</b>	
	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from insurance premiums	\$ 5,921,931	\$ 6,539,212
Cash received from insurance proceeds and other	114,045	654,700
Cash paid for claims expense	(6,389,827)	(5,525,326)
Cash paid for services and supplies	(832,239)	(799,509)
Net cash provided (used) by operating activities	(1,186,090)	869,077
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	16,147	15,256
NET INCREASE (DECREASE) IN CASH	(1,169,943)	884,333
<b>CASH AND INVESTMENTS, July 1</b>	<b>7,155,818</b>	<b>6,271,486</b>
<b>CASH AND INVESTMENTS, June 30</b>	<b>\$ 5,985,875</b>	<b>\$ 7,155,819</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,298,829)	\$ 723,001
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Receivables	527	116,508
Premiums due from other funds	16,584	79,855
Accounts payable	(19,473)	3,893
Deferred revenue	131,685	24,195
Pending claims	(16,584)	(78,375)
Total Adjustments	112,739	146,076
Net cash provided (used) by operating activities	\$ (1,186,090)	\$ 869,077

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## STATEMENT OF AGENCY ASSETS AND LIABILITIES

JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<u>STUDENT ACTIVITY FUNDS</u>	
	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and investments	<u>\$ 763,977</u>	<u>\$ 670,207</u>
<b>LIABILITIES</b>		
Due to student groups	<u>\$ 763,977</u>	<u>\$ 670,207</u>

*See accompanying notes.*

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Douglas County School District, Minden, Nevada (District) have been prepared in accordance with United States generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for establishing governmental accounting and financial reporting.

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

#### **Reporting Entity**

The District is organized under terms of legislation enacted in 1956 creating countywide school districts. The governing Board of Trustees consists of seven members elected by district voters for four-year terms and has authority to adopt and administer budgets. As required by GAAP, the accompanying financial statements include the accounts of all District operations. The District is not financially accountable for any other entity.

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

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund activities relating to services provided and used between functions are not eliminated. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities then unrestricted resources, as they are needed.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (ad valorem taxes, school support taxes, distributive school funds, government services tax and interest income not legally restricted for specific programs, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Certain indirect costs are included as part of the program expenses reported for the various functional activities. Program revenues include charges for services, operating grants and contributions, capital grants and contributions, and investment earnings legally restricted to support a specific program. Program revenue must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs (by function) are normally covered by general revenue.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

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

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. District resources are allocated to and accounted for in the individual funds based upon the purposes for which they are intended and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The emphasis of the fund financial statements is on the major funds in the governmental type activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise categories combined) for the determination of major funds. District management may electively add funds as major funds, when it is determined the funds have specific community or management focus. Major individual governmental funds are reported as separate columns in the fund financial statements.

The focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The focus for proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

The District's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the costs of these services are reported in the appropriate functional activity.

The District's fiduciary fund is presented in the fiduciary fund financial statement by its agency type. Since, by definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

The District reports the following major **governmental funds**:

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

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### ***Special Education Fund***

The Special Education Fund is a special revenue fund which accounts for transactions of the District relating to educational services provided to children with special needs supported by state and local sources.

### ***Federal and State Grants Fund***

The Federal and State Grants Fund is a special revenue fund which accounts for transactions of the District relating to federally assisted grant programs, State of Nevada funded programs, and locally funded programs.

### ***Capital Projects Fund***

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by special revenues).

### ***Bond Fund***

The Bond Fund accounts for financial resources (currently from School Improvement bonds) to be used for school site facility improvements.

Additionally, the District reports the following fund types and funds:

### **Proprietary Funds:**

#### ***Internal Service Funds***

The Internal Service Funds account for the financing of services provided by one department to other departments of the District on a cost-reimbursement basis. The District's internal service funds account for its self-funded insurance activities.

### **Fiduciary Funds:**

#### ***Agency Funds***

The Agency Funds account for assets held by the District in a trustee capacity or as an agent for student activity funds.

### **Special Revenue Funds (Nonmajor):**

Special Revenue funds account for proceeds of specific revenue sources (other than private purpose trust or major capital projects) that are legally restricted to expenditures for specified purposes. The District reports the following nonmajor Special Revenue funds: the Food Service Fund and the Class Size Reduction Fund.

### **Building and Sites Fund (Nonmajor):**

The Building and Sites fund accounts for financial resources to be used for major improvements to the District's existing facilities.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### **Debt Service Fund (Nonmajor):**

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt, capital leases, and other debt of governmental activities.

### **Basis of Accounting / Measurement Focus**

The measurement focus describes the types of transactions and events that are reported in a fund's operating statement. The basis of accounting refers to the timing of revenues, how expenditures/expenses are recognized in the accounts, and how they are reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

### ***Governmental Funds***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due but will not be collected within 60 days after year-end, the receivable is recorded and an offsetting deferred revenue account is established. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting.

### ***Proprietary Funds***

Proprietary funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Accounts payable include provisions for claims reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid each claimant. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Those revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### ***Fiduciary Funds***

The accounting records for the agency funds are maintained on the economic resources measurement focus and accrual basis of accounting.

### **Property Taxes**

Taxes on real property are levied and the lien attaches on July 1<sup>st</sup> of each year. They are due on the third Monday of August and can be paid in quarterly installments on or before the third Monday of August and the first Monday of October, January, and March, respectively. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. If delinquent taxes are not paid within the two-year redemption period, the Treasurer of Douglas County obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the Treasurer may sell the property to satisfy the tax lien.

Property tax revenue and the related receivable have been recognized for property tax assessments in the fiscal year for which they were levied, provided that such taxes were collected within 60 days after the District's year-end. Taxes receivable not collected within such time period are recorded as deferred revenue at the District's year-end. To record amounts due and deemed collectible, secured roll property taxes receivable reflect only those taxes receivable from the last two delinquent roll years.

### **Budgets and Budgetary Accounting**

The District adheres to the *Local Government Budget and Finance Act* incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data which is reflected in these financial statements:

1. Prior to April 15, the District's Board of Trustees (the Board) files a tentative budget with the Nevada Department of Taxation and the Nevada Department of Education for the fiscal year beginning the following July 1. For all funds except Agency funds, the tentative budget includes proposed expenditures and the means of financing them.
2. Prior to June 8, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the Board's members.
3. On or before the following January 1, the Board of Trustees adopts an amended final budget to reflect any adjustments necessary as a result of the complete count of students.
4. The Superintendent of Schools is authorized to transfer appropriations between accounts within departments and funds, if amounts do not exceed the original budget, subject to subsequent approval by the Board of Trustees. Augmentations in excess of the original budget require approval from the Board of Trustees.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

5. Formal budgetary integration is employed as a management control device for the General Fund, Special Revenue funds, the Debt Service Fund, Capital Projects funds, and the Internal Service funds. Such funds have legally adopted annual budgets which lapse at year-end. The fund balance described as "Designated for Subsequent Year's Expenditures" in these financial statements represents that portion of the ending fund balance which has been obligated in the 2011-2012 budget.
6. Budgeted appropriations may not be exceeded by actual expenditures of the various programs in the budgeted governmental funds. The sum of operating and nonoperating expenses in the Internal Service funds may not exceed appropriations.
7. All budgets are adopted on a basis consistent with GAAP. The accompanying financial statements reflect the Original Budget and the Final Budget, which include the adjustments for legally authorized revisions made during the year. Appropriations, except encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

### **Cash and Investments**

The District pools cash and investment resources of its various funds in order to facilitate the management of its cash and investments. Amounts applicable to a particular fund are readily identifiable.

The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the District's investments. Investments are carried at fair value as determined by quoted market prices, net of accrued interest as provided by the pool sponsors. Restricted cash includes cash reserved for the acquisition or construction of capital assets or improvements.

Pursuant to NRS 355.170 and 355.175, the District may invest in the following types of securities:

1. United States bonds and debentures maturing within 10 years from the date of purchase.
2. Certain farm loan bonds.
3. Securities of the United States Treasury, obligations of an agency or instrumentality of the United States, or a corporation sponsored by the government maturing within (10) years from the date of purchase.
4. Negotiable certificates of deposit from commercial banks, insured credit unions or savings and loan associations.
5. Certain nonnegotiable certificates of deposit issued by insured commercial banks, insured credit unions, or insured savings and loan associations.
6. Certain securities issued by local governments of the State of Nevada.



# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

7. Certain bankers' acceptances, commercial paper issued by a corporation organized and operating in the United States, and certain money market mutual funds.
8. Certain obligations of state and local governments.
9. State of Nevada Local Government Investment Pool Fund.
10. Other securities expressly provided by other statutes, including repurchase agreements.

### **Statements of Cash Flows**

For purposes of the statements of cash flows, the District considers all short-term highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

### **Inventories**

Inventories in the General Fund and Food Services Special Revenue Fund are maintained on the consumption basis of accounting, where items are purchased for inventory and recorded as expenditures as the items are consumed. Inventories are valued at cost, as determined using the first-in, first-out (FIFO) cost method, except for commodities, which are stated at their fair value.

### **Capital Assets**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	<b><u>Years</u></b>
Buildings and Improvements	20-50
Vehicles/Buses	8
Equipment	5-15

### **Allowance for Uncollectible Receivables**

The District has not established an allowance for uncollectible receivables since prior experience has shown that uncollectible receivables are not significant in amount.

### **Accrued Liabilities**

Accrued liabilities consist principally of teacher, administrator, and other District employee salaries and benefits for the school program year ended June 30, 2011, but not yet paid.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### Expenditures

Expenditure data is characterized by major program classifications pursuant to the provisions of the Handbook II (Revised) Accounting System established by the State of Nevada Department of Education. A brief description of these program classifications follows:

***Regular programs*** are activities designed to provide elementary and secondary students with learning experiences to prepare them as citizens, family members, and non-vocational workers.

***Special programs*** are activities designed primarily to serve students having special needs. Special programs include services for the gifted and talented, mentally challenged, physically handicapped, emotionally disturbed, culturally different, learning disabled, bilingual, and special programs for other types of students at all levels.

***Vocational programs*** are learning experiences that will provide individuals with the opportunity to develop the necessary knowledge, skills, and attitudes needed for occupational employment.

***Other instructional programs*** are activities that provide elementary and secondary students with learning experiences in school-sponsored activities, athletics, and summer school.

***Adult education programs*** are learning experiences designed to develop knowledge and skills to meet intermediate and long-range educational objectives for adults, who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities.

***Undistributed expenditures*** are charges not readily assignable to a specific program. Student and instructional staff support and overall general and administrative cost are classified as undistributed expenditures. Also included are cost of operating, maintaining, and constructing the physical facilities of the District.

***Food services*** programs consist of activities to provide food service to students and staff.

### Compensated Absences

Teachers and certain school administrators do not receive vacation leave. For other District employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to specific maximum days/hours. Employees are allowed to accumulate sick days for future use up to certain maximums. Vested sick leave will be paid by the District to eligible employees. Payment will be made in the form of insurance premiums at the rate of \$25 per day of accumulated and vested sick leave. Alternatively, payment may be made as a lump sum. The current portion of vacation and sick leave is recorded as a payroll expenditure. The estimated long-term liability for vacation and sick leave is accounted for in the government-wide financial statements.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### **Use of Estimates**

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

### **Prior Year Information**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2010, from which summarized information was derived. Certain amounts presented in the prior year data may be reclassified in order to be consistent with the current year's presentation.

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

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

### **NOTE 3 – CASH AND INVESTMENTS**

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of the pool is displayed on the Governmental Funds Balance Sheet as "Cash and Investments." Student Activity Funds are reported as Agency funds. These funds are not part of the District's pooled cash and investments; rather, they are held separately.

As of June 30, 2011, the District had the following amounts reported as cash and investments:

<u>Government-Wide Balances:</u>	
Pooled cash	\$ 658,904
Deposit held with fiscal agent	478,956
Investments	<u>29,680,000</u>
	30,817,860
 <u>Fiduciary Fund Balances:</u>	
Cash held by Student Activity Funds	<u>763,977</u>
 Total Cash and Investments	 <u><u>\$ 31,581,837</u></u>

The District held bank balances totaling \$1,756,024 at June 30, 2011. These deposits are held in noninterest-bearing transaction accounts and are fully insured by the Federal Depository Insurance Corporation (FDIC).

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

As of June 30, 2011, the District had the following investments, at fair value with a maturity date of less than one year:

State of Nevada, Local Government Investment Pool	<u>\$ 29,680,000</u>
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The Local Government Investment Pool is authorized by NRS 355.167 and is administered by the State Treasurer. Administrative policies are adopted by the State Board of Finance, which has oversight responsibilities of the Fund. The fair value of the District's position in the pool equals the value of the pool shares. The \$29,680,000 investment in the State Treasurer's Local Government Investment Pool is carried at market. This Pool is an unrated external investment pool.

*Interest Rate Risk* – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. To limit exposure to interest rate risk, the Nevada Revised Statutes limits bankers' acceptances to 180 days maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. In accordance with the Nevada Revised Statutes, the District limits its investment instruments by their credit risk. The State of Nevada Local Government Investment Pool and the Douglas County Investment Pool are unrated external investment pools.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank or brokerage failure, the District's deposits may not be returned. The District's bank deposits are generally covered by FDIC insurance and are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

### **NOTE 4 – FUND BALANCE/NET ASSETS**

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

The government-wide Statement of Net Assets utilizes a net asset presentation. Net assets are categorized as invested in capital assets-net of related debt, restricted and unrestricted. Related debt is the debt outstanding that relates to the acquisition, construction or improvement of capital assets.

Restricted net assets are net assets which have third-party (statutory, bond covenant or granting agency) limitation on their use. Restricted net assets are classified either by function, debt service, project or claims.

The restriction for debt service represents net assets legally restricted by statute or bond covenants for future debt service requirements of both principal and interest. The amount restricted for projects consists of unspent grants, donations, and debt proceeds with third party restrictions for use on specific projects or programs.

Unrestricted net assets represent available financial resources of the District.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### **Fund Financial Statements**

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides a more structured classification of fund balance and improves the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB Statement No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The District has inventories that are considered nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

*Restricted* – fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

*Committed* – fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. Committed fund balance is reported pursuant to formal action of the Board of Trustees, the District's highest level of decision making authority.

*Assigned* – fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Amounts may be assigned by the Board of Trustees or Chief Financial Officer.

Appropriated assigned fund balance is an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

*Unassigned* – fund balance of the general fund that is not constrained for any particular purpose.

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

The following is a summary of the District's fund balances as of June 30, 2011:

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Special Education Fund	Federal and State Grants Fund	Capital Projects Fund	Bond Fund		
Fund Balances:							
Nonspendable:							
Inventories	\$ 113,879	\$ -	\$ -	\$ -	\$ -	\$ 37,529	\$ 151,408
Restricted for:							
Debt service	-	-	-	-	-	829,731	829,731
School renovations	-	-	-	2,745,829	13,681,904	62,013	16,489,746
Assigned to:							
Education services	-	445,766	-	-	-	18,173	463,939
Child nutrition services	-	-	-	-	-	640,865	640,865
Subsequent							
year's budget	2,865,613	-	-	-	-	-	2,865,613
Unassigned	2,368,071	-	-	-	-	-	2,368,071
Total Fund Balance	<u>\$ 5,347,563</u>	<u>\$ 445,766</u>	<u>\$ -</u>	<u>\$ 2,745,829</u>	<u>\$ 13,681,904</u>	<u>\$ 1,588,311</u>	<u>\$ 23,809,373</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2011 is shown below:

	Balance June 30, 2010	Additions / Transfers	Deletions / Transfers	Balance June 30, 2011
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,413,439	\$ -	\$ -	\$ 1,413,439
Construction in progress	1,996,545	1,543,855	(1,996,545)	1,543,855
Total capital assets, not being depreciated	<u>3,409,984</u>	<u>1,543,855</u>	<u>(1,996,545)</u>	<u>2,957,294</u>
Other capital assets:				
Buildings and improvements	95,862,521	5,510,117	-	101,372,638
Equipment and vehicles	7,122,361	37,648	(124,210)	7,035,799
Total capital assets being depreciated	<u>102,984,882</u>	<u>5,547,765</u>	<u>(124,210)</u>	<u>108,408,437</u>
Total capital assets	<u>106,394,866</u>	<u>7,091,620</u>	<u>(2,120,755)</u>	<u>111,365,731</u>
Less accumulated depreciation for:				
Buildings and improvements	43,971,141	2,697,986	-	46,669,127
Equipment and vehicles	4,806,670	239,403	(115,369)	4,930,704
Total accumulated depreciation	<u>48,777,811</u>	<u>2,937,389</u>	<u>(115,369)</u>	<u>51,599,831</u>
Governmental activities, capital assets, net	<u>\$ 57,617,055</u>	<u>\$ 4,154,231</u>	<u>\$ (2,005,386)</u>	<u>\$ 59,765,900</u>

Depreciation expense was allocated to the following functions/programs:

Instruction:		Support:	
Regular	\$ 112,490	Student	\$ 2,276
Special	32,736	Instructional staff	25,100
Vocational	26,118	General administration	615
Other	4,546	School administration	658
	<u>175,890</u>	Business administration	712
		Operations and maintenance	65,508
		Student transportation	160,489
		Other	263,921
		Facilities construction and improvement	2,234,775
		Food services	7,445
			<u>2,761,499</u>
		Summary:	
		Instruction	175,890
		Support	2,761,499
		Total depreciation expense	<u>\$ 2,937,389</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### NOTE 6 – LONG-TERM DEBT

#### General Long-Term Obligations

General long-term obligations consist of the following at June 30, 2011:

	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
General Obligation Refunding Bonds issued February 20, 2003, in the amount of \$5,750,000 due serially over 8 years, interest at 1.5% to 3.3%.	\$ 885,000	\$ -	\$ (885,000)	\$ -
General Obligation School Improvement Bonds issued February 11, 2009, in the amount of \$3,500,000 due serially over 20 years, interest at 3.0% to 4.0%.	3,500,000	-	-	3,500,000
General Obligation School Improvement (Build America) Bonds issued March 25, 2010, in the amount of \$12,625,000 due serially over 20 years, interest at 4.9% to 6.1%.	12,625,000	-	-	12,625,000
General Obligation School Improvement Bonds issued March 25, 2010, in the amount of \$2,375,000 due serially over 8 years, interest at 3.0% to 4.0%.	2,375,000	-	-	2,375,000
General Obligation Qualified School Construction Bonds issued May 13, 2010, in the amount of \$2,000,000 due serially over 17 years, interest at 6.4%.	2,000,000	-	-	2,000,000
General Obligation Qualified School Construction Bonds issued May 13, 2010, in the amount of \$305,000 due serially over 5 years, interest at 4.5%.	<u>305,000</u>	<u>-</u>	<u>-</u>	<u>305,000</u>
	<u>\$ 21,690,000</u>	<u>\$ -</u>	<u>\$ (885,000)</u>	<u>\$ 20,805,000</u>



# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

The annual requirements to amortize all General Obligation Debt outstanding as of June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Interest Subsidy	Total Requirements
2012	\$ 140,000	\$ 1,089,134	\$ (381,368)	\$ 847,766
2013	525,000	1,084,234	(381,368)	1,227,866
2014	530,000	1,067,760	(381,368)	1,216,392
2015	845,000	1,051,134	(381,368)	1,514,766
2016	555,000	1,016,452	(367,536)	1,203,916
2017 - 2021	4,365,000	4,696,850	(1,798,320)	7,263,530
2022 - 2026	6,210,000	3,333,376	(1,400,980)	8,142,396
2027 - 2030	7,635,000	949,829	(376,988)	8,207,841
	<u>\$ 20,805,000</u>	<u>\$ 14,288,769</u>	<u>\$ (5,469,296)</u>	<u>\$ 29,624,473</u>

### Installment Note Payable

On July 1, 2008, the District entered into an installment purchase agreement with Bank of America in the amount of \$5,095,000 to finance District wide energy efficiency improvements. Payments on the note including 4.12% interest began in January 2009 and will continue until July 2023.

The annual requirements to amortize the outstanding installment note payable as of June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
2012	\$ 129,000	\$ 199,449	\$ 328,449
2013	283,000	192,568	475,568
2014	247,000	181,280	428,280
2015	316,000	170,403	486,403
2016	340,000	157,137	497,137
2017 - 2021	2,119,000	551,155	2,670,155
2022 - 2024	1,439,000	91,422	1,530,422
	<u>\$ 4,873,000</u>	<u>\$ 1,543,414</u>	<u>\$ 6,416,414</u>

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### **Changes in Long-Term Debt**

	<u>Balance July 1, 2010</u>	<u>Additions of New Debt</u>	<u>Retirements, Repayments and Reductions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 21,690,000	\$ -	\$ (885,000)	\$ 20,805,000	\$ 140,000
Plus: Bond Premiums	603,258	-	(476,402)	126,856	19,184
Less: Bond Discounts	<u>(102,676)</u>	-	<u>10,336</u>	<u>(92,340)</u>	<u>(10,336)</u>
Total Bonds Payable	22,190,582	-	(1,351,066)	20,839,516	148,848
Compensated Absences	363,254	99,450	-	462,704	-
Capital Lease	31,964	-	(31,964)	-	-
Installment Note Payable	<u>4,992,000</u>	-	<u>(119,000)</u>	<u>4,873,000</u>	<u>129,000</u>
	<u>\$ 27,577,800</u>	<u>\$ 99,450</u>	<u>\$ (1,502,030)</u>	<u>\$ 26,175,220</u>	<u>\$ 277,848</u>

Total interest expense for the year ended June 30, 2011 was \$575,761.

The District was, in accordance with NRS 387.400, within the legal debt limit at June 30, 2011.

### **NOTE 7 – PENSION PLAN**

#### **Plan Description**

The District contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

#### **Funding Policy**

Benefits for plan members are funded under one of two methods. Under the employer paid contribution plan, the District is required to contribute all amounts due under the Plan. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the Plan, while the District is required to match that contribution. The contribution requirements of plan members and the District are established by Chapter 286 of the Nevada Revised Statutes and may only be amended through legislation.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

The District's contribution rates and amounts paid on all covered payroll which are equal to the required contributions for the last three years are as follows:

<u>Fiscal Year</u>	<u>Contribution Rate</u>		<u>Total Contribution</u>
	<u>Employer plan</u>	<u>Employer/ Employee plan</u>	
2011	21.50%	11.25% / 11.25%	\$ 6,771,530
2010	21.50%	11.25% / 11.25%	\$ 6,636,065
2009	20.50%	10.5% / 10.5%	\$ 6,423,108

### NOTE 8 – INTERFUND BALANCES AND TRANSACTIONS

The cost of health insurance benefits are accounted for in an internal service fund which assesses each fund based on total enrolled members in the District's plan. The amount due to the Health Insurance Health Fund at year end represents the portion attributable to year end accrued salaries. Interfund receivable and payable balances at June 30, 2011 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General Fund	\$ -	\$ 430,066
Special Education Fund	-	77,885
Federal and State Grants Fund	-	27,668
Nonmajor Governmental Funds:		
Food Service Fund	-	10,076
Class Size Reduction Fund	-	26,290
Internal Service Funds:		
Self Insurance Health Fund	571,986	-
	<u>\$ 571,986</u>	<u>\$ 571,985</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

Interfund transfers are shown as other financing sources (uses) in all funds other than the internal service funds, where they are shown as operating transfers. Transfers are used to reimburse funds for indirect costs, and to supplement programs that are not fully funded by general revenues through the distributive school account. Transfers made during the year ended June 30, 2011 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><i>Governmental Funds:</i></b>		
General Fund	\$ -	\$ 3,833,392
Debt Service Fund	-	2,082,501
Capital Projects Fund	2,082,501	-
Special Revenue Funds:		
Special Education Fund	3,593,392	-
Class Size Reduction Fund	240,000	-
	<u>\$ 5,915,893</u>	<u>\$ 5,915,893</u>

### **NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Effective July 1, 2008, the District adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*. In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability of \$3,856,705.

Retirees of the District may receive these other postemployment benefits (OPEB) through the Nevada Public Employees' Benefits Program (PEBP) or through the District's healthcare plan offered to its active employees.

#### ***Plan Descriptions***

##### *Nevada Public Employees' Benefits Program*

The District contributes to the Nevada Public Employees' Benefits Program (PEBP), an agent, multiple-employer defined benefit plan, which provides medical benefits to eligible retired District employees and their beneficiaries. PEBP is administered by the Board of the Public Employees' Benefits Program, consisting of nine appointed members. Before November 30, 2008, NRS 287.023 allowed retirees of local governments meeting established criteria to enroll in the PEBP and required the local governments to subsidize the cost of their retirees' premiums. Although retirees may no longer enroll in the PEBP, retirees enrolled as of November 30, 2008 may remain in the plan with continued premium subsidies paid by the District. The PEBP issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the Nevada Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701. The information is also located on their website at [www.pebp.state.nv.us](http://www.pebp.state.nv.us), or by calling (800) 326-5496.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### *Douglas County School District Healthcare Plan*

The District administers a single-employer defined benefit healthcare plan. This plan provides postemployment healthcare benefits to retirees of the District. Any retiree who participates in the Nevada Public Employees' Retirement System (PERS) may purchase coverage for themselves and dependents at the same premium rate which is charged to the District's active employees. Because retirees pay the same premium as active employees rather than a higher rate that would result from rating retirees as a separate insured group, the District incurs the cost of an implicit premium subsidy. A separate report has not been issued for this plan.

Plan membership consisted of 671 active plan members and 23 retirees as of March 1, 2010, the date of the latest actuarial valuation.

### ***Funding Policy***

#### *Nevada Public Employees' Benefits Program*

The contribution requirements of plan members and the District are established and may be amended by the Board of the Public Employees' Benefits Program. The amount of subsidy an individual retiree is entitled is predicated on the years of service and a legislatively determined base amount. The District contributed \$1,184,481 during the year on behalf of 287 participating retirees.

#### *Douglas County School District Healthcare Plan*

Retirees electing to continue coverage under the District's plan must pay the full cost of premiums as if an active employee. The District pays the full cost of the premiums for active employees and, therefore, pays the implicit cost of retirees' coverage. The District has elected to pay the implicit cost of postemployment benefits on the *pay-as-you-go* basis.

The annual required contribution rate was 3.1% of payroll for 2011, based on the last actuarial valuation. The District is self-insured for healthcare coverage. NRS 288.150 specifies that insurance benefits are subject to mandatory bargaining. The amount employees contribute towards their insurance premium is negotiated with each association and was the full cost of the employees' coverage for 2011.

### ***Annual OPEB Cost and Net OPEB Obligation***

The District's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined, as set forth by GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

The following table shows the components of the District's annual OPEB cost for the year, the amount contributed by the District, and changes in the District's net OPEB obligation for the healthcare benefits:

	Plan		Total
	District	PEBP	
Annual Required Contribution (ARC)	\$1,248,332	\$1,762,239	\$3,010,571
Interest on net OPEB obligation	81,524	3,169	84,693
Adjustment to ARC	(80,994)	(4,755)	(85,749)
Annual OPEB cost	1,248,862	1,760,653	3,009,515
Contributions made	(85,659)	(1,184,481)	(1,270,140)
Increase in net OPEB obligation	1,163,203	576,172	1,739,375
Net OPEB obligation - beginning of year	2,038,099	79,231	2,117,330
Net OPEB obligation - end of year	<u>\$3,201,302</u>	<u>\$ 655,403</u>	<u>\$3,856,705</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

	2011	2010	2009
Annual OPEB Cost	\$3,009,515	\$2,447,297	\$2,327,667
% of Annual OPEB Cost Contributed	42%	64%	47%
Net OPEB Obligation	\$3,856,705	\$2,117,330	\$1,233,862

### ***Funded Status and Funding Progress***

As of March 1, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability (AAL) for benefits and, thus, the unfunded actuarial accrued liability was \$40,739,667. The covered payroll was \$33,977,812 and the ratio of unfunded actuarial accrued liability to payroll was 120%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplemental information (RSI) following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, because the District maintains no plan assets, information relative to Plan asset required disclosures is not applicable.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### ***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions were as follows:

	<u>District</u>	<u>PEBP</u>
Actuarial Valuation Date	March 1, 2010	July 1, 2010
Actuarial Cost Method	Entry age normal cost	Entry age normal cost
Amortization Period	30 years	30 years
Amortization Method	Level Percentage Amount	Level Dollar Amount
Asset Valuation Method	Market Value	Market Value
Investment Rate of Return	4%	4%
Projected Salary Increases	4.00%	Varies
Healthcare Inflation Rate		
Initial Rate	8.5%	8.5%
Ultimate Rate	5%	5%

### **NOTE 10 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. These risks are provided for through participation in the Nevada Public Agency Insurance Pool (the Pool), a public entity risk pool. The District pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool covers its members up to \$10,000,000 per event and a \$13,000,000 general aggregate per member. Property crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown, and money and securities.

#### ***Self-Insurance Health Fund***

The District contributed approximately \$575 per month per employee to this fund for health and accident coverage. In addition, employees have the option to authorize payroll deductions for premiums for dependent coverage. The premiums are adjusted annually as necessary to properly allow for health and accident claims. The District's third party administrator monitors and negotiates payment of all health and accident claims.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

The District is protected against unanticipated catastrophic individual or aggregate loss through its stop-loss coverage, which is in effect for individual claims exceeding \$150,000 and for aggregate loss, which is based on a factor determined monthly by the carrier.

### *Workers' Compensation Self-Insurance Fund*

Claims are paid by a third party administrator acting on behalf of the District. The District is protected against unanticipated catastrophic claims and annual aggregate loss by a commercial insurance carrier. Coverage is in effect for specific occurrences exceeding \$350,000. Liabilities for incurred losses to be settled by fixed or reasonably determined payments over an extended period of time are computed by an actuary and are reported at their present value using an expected future investment yield of 3%.

The self-insurance funds are reported as internal service funds in the accompanying financial statements. Liabilities are recorded in the financial statements if it is probable that a liability has been incurred at the date of the financial statements and a reasonable estimate of the liability can be made. These liabilities include an estimate for claims that have been incurred but not yet reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated annually to take into consideration recently settled claims, claim frequency, and other economic and social factors.

The changes in the claims liability for the years ended June 30, 2010 and 2011 are as follows:

	<b>Self-Insurance Funds</b>		
	<b>Health Fund</b>	<b>Workers' Compensation</b>	<b>Total</b>
Claims liability, July 1, 2009	\$ 786,415	\$ 634,000	\$ 1,420,415
Current year claims and changes in estimates	5,425,315	86,206	5,511,521
Claim payments	(5,363,120)	(124,206)	(5,487,326)
Claims liability, June 30, 2010	848,610	596,000	1,444,610
Current year claims and changes in estimates	6,344,849	176,663	6,521,512
Claim payments	(6,197,164)	(192,663)	(6,389,827)
Claims liability, June 30, 2011	<u>\$ 996,295</u>	<u>\$ 580,000</u>	<u>\$ 1,576,295</u>



# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

### **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

#### ***Litigation***

The District is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable. In the opinion of management, any resulting uninsured liability will not have a material effect, if any, on the financial position or results of the operations of the District.

#### ***Construction Commitments***

As of June 30, 2011, the District had commitments with respect to unfinished capital projects. Included in those commitments are the following:

C.C. Meneley Elementary School - Intercoms	\$ 52,000
District Wide - Promethean Boards	518,828
George Whittell High School - Water System	179,043
District Wide - Rekey	26,226
Piñon Hills Elementary School - Modernization	<u>2,706,884</u>
	<u>\$ 3,482,981</u>

### **NOTE 12 – SUBSEQUENT EVENTS**

Subsequent to June 30, 2011, the District entered into agreements to complete the following capital projects:

C.C. Meneley Elementary School - Patching	\$ 12,785
District Wide - Rekey	2,521
Gardnerville Elementary School - Modernization	6,188,465
George Whittell High School - Water System	51,815
Piñon Hills Elementary School - Modernization	<u>83,920</u>
	<u>\$ 6,339,506</u>

**REQUIRED SUPPLEMENTAL  
INFORMATION**

# DOUGLAS COUNTY SCHOOL DISTRICT

## REQUIRED SUPPLEMENTAL INFORMATION OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS JUNE 30, 2011

Plan	Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as % of Covered Payroll [(B-A)/C]
District	6/30/11	3/1/10	\$ -	\$ 10,595,286	\$ 10,595,286	0.0%	\$ 33,977,812	31.18%
	6/30/10	3/1/08	-	8,626,736	8,626,736	0.0%	36,122,460	23.88%
	6/30/09	3/1/08	-	7,571,027	7,571,027	0.0%	33,397,245	22.67%
PEBP	6/30/11	3/1/10	\$ -	\$ 30,144,381	\$ 30,144,381	0.0%	\$ 33,977,812	88.72%
	6/30/10	3/1/08	-	31,601,187	31,601,187	0.0%	36,122,460	87.48%
	6/30/09	3/1/08	-	31,351,524	31,351,524	0.0%	33,397,245	93.87%

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULES**

# DOUGLAS COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Motor vehicle privilege tax	\$ 972,900	\$ 950,000	\$ 961,336	\$ 11,336	\$ 1,039,431
Residential building permit tax	39,600	39,600	47,171	7,571	86,742
Earnings on investments	6,576	950	1,355	405	1,157
Donation	-	-	-	-	875,000
Other	-	-	909	909	-
<b>Total Revenues</b>	<b>1,019,076</b>	<b>990,550</b>	<b>1,010,771</b>	<b>20,221</b>	<b>2,002,330</b>
<b>EXPENDITURES</b>					
Other support:					
Supplies	580,552	467,552	401,757	65,795	825,611
Property	35,000	-	-	-	-
	<b>615,552</b>	<b>467,552</b>	<b>401,757</b>	<b>65,795</b>	<b>825,611</b>
Site improvements:					
Purchased services	-	-	136,457	(136,457)	5,000
Supplies	-	1,198,000	-	1,198,000	631
	<b>-</b>	<b>1,198,000</b>	<b>136,457</b>	<b>1,061,543</b>	<b>5,631</b>
Building construction:					
Purchased services	-	35,000	30,455	4,545	1,580,531
Student transportation:					
Purchased services	-	130,000	114,585	15,415	-
Land improvements:					
Purchased services	-	80,000	136,508	(56,508)	606,941
Supplies	-	-	-	-	14,558
Property	-	-	-	-	22,250
	<b>-</b>	<b>245,000</b>	<b>281,548</b>	<b>(36,548)</b>	<b>2,224,280</b>
<b>Total Expenditures</b>	<b>615,552</b>	<b>1,910,552</b>	<b>819,762</b>	<b>1,090,790</b>	<b>3,055,522</b>
Revenues Over (Under) Expenditures	403,524	(920,002)	191,009	1,111,011	(1,053,192)
<b>OTHER FINANCING SOURCES</b>					
Transfer from other funds	-	2,082,502	2,082,501	(1)	200,000
Net Change in Fund Balance	403,524	1,162,500	2,273,510	1,111,010	(853,192)
<b>FUND BALANCE, July 1</b>	<b>302,632</b>	<b>472,319</b>	<b>472,319</b>	<b>-</b>	<b>1,325,511</b>
<b>FUND BALANCE, June 30</b>	<b>\$ 706,156</b>	<b>\$ 1,634,819</b>	<b>\$ 2,745,829</b>	<b>\$ 1,111,010</b>	<b>\$ 472,319</b>

# DOUGLAS COUNTY SCHOOL DISTRICT

BOND FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2011  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 80,487	\$ 87,760	\$ 32,901	\$ (54,859)	\$ 12,845
Total Revenues	80,487	87,760	32,901	(54,859)	12,845
<b>EXPENDITURES</b>					
Other support:					
Purchased services	2,150,000	100,000	54,812	45,188	131,954
Property	-	700,000	-	700,000	-
	2,150,000	800,000	54,812	745,188	131,954
Land improvement:					
Purchased services	-	1,400,000	-	1,400,000	-
Building Construction:					
Purchased services	-	6,300,000	698,387	5,601,613	-
Site improvement:					
Purchased services	3,207,792	2,900,000	3,149,726	(249,726)	2,363,298
Property	-	725,000	-	725,000	-
	3,207,792	3,625,000	3,149,726	475,274	2,363,298
Total Expenditures	5,357,792	12,125,000	3,902,925	8,242,263	2,495,252
Revenues Over (Under) Expenditures	(5,277,305)	(12,037,240)	(3,870,024)	8,167,216	(2,482,407)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of bonds	-	-	-	-	17,305,000
Bond premiums	-	-	-	-	151,276
Bond discounts	-	-	-	-	(110,205)
Total Other Financing Sources (Uses)	-	-	-	-	17,346,071
Net Change in Fund Balance	(5,277,305)	(12,037,240)	(3,870,024)	8,167,216	14,863,664
<b>FUND BALANCE, July 1</b>	16,097,323	17,551,928	17,551,928	-	2,688,264
<b>FUND BALANCE, June 30</b>	<u>\$ 10,820,018</u>	<u>\$ 5,514,688</u>	<u>\$ 13,681,904</u>	<u>\$ 8,167,216</u>	<u>\$ 17,551,928</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2011  
*(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)*

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	TOTALS	BUILDING AND SITES	DEBT SERVICE	2011	2010
<b>ASSETS</b>							
Cash and investments	\$ 729,086	\$ 218,554	\$ 947,640	\$ 62,006	\$ 784,483	\$ 1,794,129	\$ 2,989,926
Deposits held by fiscal agent	-	-	-	-	44,477	44,477	42,222
Receivables:							
Taxes, delinquent	-	-	-	-	65,860	65,860	72,894
Interest	-	20	20	7	-	27	778
Due from other governments	20,085	-	20,085	-	-	20,085	13,900
Inventories	37,529	-	37,529	-	-	37,529	37,109
<b>Total Assets</b>	<b>\$ 786,700</b>	<b>\$ 218,574</b>	<b>\$ 1,005,274</b>	<b>\$ 62,013</b>	<b>\$ 894,820</b>	<b>\$ 1,962,107</b>	<b>\$ 3,156,829</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 98,230	\$ 174,111	\$ 272,341	\$ -	\$ -	\$ 272,341	\$ 247,283
Due to other funds	10,076	26,290	36,366	-	-	36,366	237,388
Deferred revenues	-	-	-	-	65,089	65,089	68,731
<b>Total Liabilities</b>	<b>108,306</b>	<b>200,401</b>	<b>308,707</b>	<b>-</b>	<b>65,089</b>	<b>373,796</b>	<b>553,402</b>
<b>FUND BALANCES</b>							
Nonspendable	37,529	-	37,529	-	-	37,529	37,109
Restricted	-	-	-	62,013	829,731	891,744	1,961,225
Assigned	640,865	18,173	659,038	-	-	659,038	390,097
Unassigned	-	-	-	-	-	-	214,996
<b>Total Fund Balances</b>	<b>678,394</b>	<b>18,173</b>	<b>696,567</b>	<b>62,013</b>	<b>829,731</b>	<b>1,588,311</b>	<b>2,603,427</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 786,700</b>	<b>\$ 218,574</b>	<b>\$ 1,005,274</b>	<b>\$ 62,013</b>	<b>\$ 894,820</b>	<b>\$ 1,962,107</b>	<b>\$ 3,156,829</b>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2011  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND BUILDING AND SITES	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	TOTALS			2011	2010
<b>REVENUES</b>							
Local sources	\$ 664,550	\$ 857	\$ 665,407	\$ 7,403	\$ 2,639,059	\$ 3,311,869	\$ 3,465,256
State sources	7,396	2,028,575	2,035,971	-	-	2,035,971	2,029,665
Federal sources	1,042,177	-	1,042,177	-	370,884	1,413,061	953,262
Total Revenues	<u>1,714,123</u>	<u>2,029,432</u>	<u>3,743,555</u>	<u>7,403</u>	<u>3,009,943</u>	<u>6,760,901</u>	<u>6,448,183</u>
<b>EXPENDITURES</b>							
Instruction - regular programs	-	2,289,545	2,289,545	-	-	2,289,545	2,245,830
Food service	1,640,063	-	1,640,063	-	-	1,640,063	1,597,591
Facilities acquisition/construction	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	885,000	885,000	860,000
Interest	-	-	-	-	1,115,276	1,115,276	209,911
Fiscal agent charges	-	-	-	-	4,050	4,050	1,250
Total Expenditures	<u>1,640,063</u>	<u>2,289,545</u>	<u>3,929,608</u>	<u>-</u>	<u>2,004,326</u>	<u>5,933,934</u>	<u>4,914,582</u>
Revenues Over (Under) Expenditures	74,060	(260,113)	(186,053)	7,403	1,005,617	826,967	1,533,601
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers to (from) other funds	-	240,000	240,000	-	(2,082,501)	(1,842,501)	(40,000)
Net Change in Fund Balances	74,060	(20,113)	53,947	7,403	(1,076,884)	(1,015,534)	1,493,601
<b>FUND BALANCES, July 1</b>	603,914	38,286	642,200	54,610	1,906,615	2,603,425	1,115,776
Increase (decrease) in reserve for inventories	420	-	420	-	-	420	(5,950)
<b>FUND BALANCES, June 30</b>	<u>\$ 678,394</u>	<u>\$ 18,173</u>	<u>\$ 696,567</u>	<u>\$ 62,013</u>	<u>\$ 829,731</u>	<u>\$ 1,588,311</u>	<u>\$ 2,603,427</u>

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 5,000	\$ 5,000	\$ 1,310	\$ (3,690)	\$ 1,096
Daily sales	980,000	720,000	663,240	(56,760)	717,971
Total Local sources	985,000	725,000	664,550	(60,450)	719,067
State sources - Grants	5,831	5,831	7,396	1,565	5,831
Federal sources - Grants	780,000	955,000	1,042,177	87,177	953,262
Total Revenues	1,770,831	1,685,831	1,714,123	28,292	1,678,160
<b>EXPENDITURES</b>					
Salaries	701,529	702,008	638,981	63,027	624,055
Benefits	297,985	299,919	238,006	61,913	219,472
Purchased services	9,300	9,300	6,084	3,216	5,949
Supplies	950,000	950,000	751,285	198,715	747,552
Property	10,000	100,000	5,707	94,293	564
Total Food Service	1,968,814	2,061,227	1,640,063	421,164	1,597,592
Contingency	25,000	25,000	-	25,000	-
Total Expenditures	1,993,814	2,086,227	1,640,063	446,164	1,597,592
Net Change in Fund Balance	(222,983)	(400,396)	74,060	474,456	80,568
<b>FUND BALANCE, July 1</b>	351,810	603,914	603,914	-	529,296
Increase (decrease) in reserve for inventories	-	-	420	420	(5,950)
<b>FUND BALANCE, June 30</b>	<u>\$ 128,827</u>	<u>\$ 203,518</u>	<u>\$ 678,394</u>	<u>\$ 474,876</u>	<u>\$ 603,914</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 5,000	\$ 5,000	\$ 857	\$ (4,143)	\$ 1,071
State sources:					
Special appropriations	2,016,176	2,028,396	2,028,575	179	2,023,834
Total Revenues	2,021,176	2,033,396	2,029,432	(3,964)	2,024,905
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	1,674,344	1,671,999	1,668,513	3,486	1,656,637
Benefits	637,395	638,120	621,032	17,088	589,194
Total Expenditures	2,311,739	2,310,119	2,289,545	20,574	2,245,831
Revenues Over (Under) Expenditures	(290,563)	(276,723)	(260,113)	16,610	(220,926)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	240,000	240,000	240,000	-	160,000
Net Change in Fund Balance	(50,563)	(36,723)	(20,113)	16,610	(60,926)
<b>FUND BALANCE, July 1</b>	56,057	38,286	38,286	-	99,212
<b>FUND BALANCE, June 30</b>	\$ 5,494	\$ 1,563	\$ 18,173	\$ 16,610	\$ 38,286

# DOUGLAS COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2011  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 226	\$ 226	\$ 142	\$ (84)	\$ 88
Other	7,000	20,000	7,261	(12,739)	23,442
Total Revenues	7,226	20,226	7,403	(12,823)	23,530
<b>EXPENDITURES</b>					
Building improvement:					
Purchased services	-	70,000	-	70,000	-
Net Change in Fund Balance	7,226	(49,774)	7,403	57,177	23,530
<b>FUND BALANCE, July 1</b>	38,270	54,610	54,610	-	31,080
<b>FUND BALANCE, June 30</b>	\$ 45,496	\$ 4,836	\$ 62,013	\$ 57,177	\$ 54,610

# DOUGLAS COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 2,651,143	\$ 2,651,143	\$ 2,638,168	\$ (12,975)	\$ 2,715,951
Earnings on investments	50,000	5,000	435	(4,565)	5,586
Other	2,000	2,000	456	(1,544)	51
	2,703,143	2,658,143	2,639,059	(19,084)	2,721,588
Federal sources:					
Bond interest subsidy	258,575	370,787	370,884	97	-
Total Revenues	2,961,718	3,028,930	3,009,943	(18,987)	2,721,588
<b>EXPENDITURES</b>					
Debt service:					
Principal	885,000	885,000	885,000	-	860,000
Interest	989,621	1,115,277	1,115,276	1	209,911
Fiscal agent charges	5,000	5,000	4,050	950	1,250
Total Expenditures	1,879,621	2,005,277	2,004,326	951	1,071,161
Revenues Over (Under) Expenditures	1,082,097	1,023,653	1,005,617	(18,036)	1,650,427
<b>OTHER FINANCING (USES)</b>					
Transfer to other funds	-	(2,082,501)	(2,082,501)	-	(200,000)
Net Change in Fund Balance	1,082,097	(1,058,848)	(1,076,884)	(18,036)	1,450,427
<b>FUND BALANCE, July 1</b>	1,953,069	1,906,615	1,906,615	-	456,188
<b>FUND BALANCE, June 30</b>	\$ 3,035,166	\$ 847,767	\$ 829,731	\$ (18,036)	\$ 1,906,615

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
 COMBINING STATEMENT OF NET ASSETS  
 JUNE 30, 2011  
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<b>SELF- INSURANCE HEALTH FUND</b>	<b>WORKERS' COMP SELF INSURANCE FUND</b>	<b>TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</b>	
			2011	2010
<b>ASSETS</b>				
Current:				
Cash and investments	\$ 4,483,021	\$ 1,502,854	\$ 5,985,875	\$ 7,155,819
Receivables:				
Interest	605	-	605	1,065
Other	-	16,787	16,787	16,856
Premiums	571,986	-	571,986	588,570
Total Assets	5,055,612	1,519,641	6,575,253	7,762,310
 <b>LIABILITIES</b>				
Current:				
Accounts payable and accrued expenses	-	60,621	60,621	80,095
Deferred revenue	571,986	-	571,986	588,570
Pending claims	996,295	580,000	1,576,295	1,444,610
Total Liabilities	1,568,281	640,621	2,208,902	2,113,275
 <b>NET ASSETS</b>				
Restricted	\$ 3,487,332	\$ 879,021	\$ 4,366,353	\$ 5,649,035

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
 COMBINING STATEMENT OF  
 REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 YEAR ENDED JUNE 30, 2011  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2011	2010
<b>OPERATING REVENUES</b>				
Insurance premiums	\$ 5,736,029	\$ 185,902	\$ 5,921,931	\$ 6,537,732
Insurance proceeds and other	107,890	5,628	113,518	538,192
Total Operating Revenues	<u>5,843,919</u>	<u>191,530</u>	<u>6,035,449</u>	<u>7,075,924</u>
<b>OPERATING EXPENSES</b>				
Claims expense	6,344,849	176,663	6,521,512	5,549,521
Purchased services	758,727	54,039	812,766	803,402
Total Operating Expenses	<u>7,103,576</u>	<u>230,702</u>	<u>7,334,278</u>	<u>6,352,923</u>
Operating Income	(1,259,657)	(39,172)	(1,298,829)	723,001
<b>NONOPERATING REVENUES</b>				
Earnings on investments	12,577	3,570	16,147	15,256
Change in Net Assets	(1,247,080)	(35,602)	(1,282,682)	738,257
<b>NET ASSETS, July 1</b>	<u>4,734,412</u>	<u>914,623</u>	<u>5,649,035</u>	<u>4,910,778</u>
<b>NET ASSETS, June 30</b>	<u>\$ 3,487,332</u>	<u>\$ 879,021</u>	<u>\$ 4,366,353</u>	<u>\$ 5,649,035</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2011**  
*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)*

	<u>SELF - INSURANCE HEALTH FUND</u>	<u>WORKERS' COMP SELF INSURANCE FUND</u>	<u>TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>	
			<u>2011</u>	<u>2010</u>
<b>CASH FROM OPERATING ACTIVITIES</b>				
Cash received from insurance premiums	\$ 5,736,029	\$ 185,902	\$ 5,921,931	\$ 6,539,212
Cash received from insurance and other	108,348	5,697	114,045	654,700
Cash paid for claims	(6,197,164)	(192,663)	(6,389,827)	(5,525,326)
Cash paid for services and supplies	<u>(817,739)</u>	<u>(14,500)</u>	<u>(832,239)</u>	<u>(799,509)</u>
Net cash provided (used) by operating activities	(1,170,526)	(15,564)	(1,186,090)	869,077
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	<u>12,577</u>	<u>3,570</u>	<u>16,147</u>	<u>15,256</u>
NET INCREASE (DECREASE) IN CASH	(1,157,949)	(11,994)	(1,169,943)	884,333
<b>CASH AND INVESTMENTS, July 1</b>	<u>5,640,970</u>	<u>1,514,848</u>	<u>7,155,818</u>	<u>6,271,486</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 4,483,021</u>	<u>\$ 1,502,854</u>	<u>\$ 5,985,875</u>	<u>\$ 7,155,819</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>				
Operating income (loss)	<u>\$ (1,259,657)</u>	<u>\$ (39,172)</u>	<u>\$ (1,298,829)</u>	<u>\$ 723,001</u>
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Change in assets and liabilities:				
Receivables	458	69	527	116,508
Premiums due from other funds	16,584	-	16,584	79,855
Accounts payable and accrued expenses	(59,012)	39,539	(19,473)	3,893
Deferred revenue	(16,584)	-	(16,584)	(78,375)
Pending claims	<u>147,685</u>	<u>(16,000)</u>	<u>131,685</u>	<u>24,195</u>
Total Adjustments	<u>89,131</u>	<u>23,608</u>	<u>112,739</u>	<u>146,076</u>
Net cash provided (used) by operating activities	<u>\$ (1,170,526)</u>	<u>\$ (15,564)</u>	<u>\$ (1,186,090)</u>	<u>\$ 869,077</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

SELF-INSURANCE HEALTH FUND  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 6,000,000	\$ 5,840,000	\$ 5,736,029	\$ (103,971)	\$ 6,353,244
Insurance proceeds	350,000	350,000	107,726	(242,274)	521,992
Other	-	-	164	164	-
Total Operating Revenues	6,350,000	6,190,000	5,843,919	(346,081)	6,875,236
<b>OPERATING EXPENSES</b>					
Claims expense	6,500,000	6,200,000	6,344,849	(144,849)	5,425,315
Purchased services	892,202	850,000	758,727	91,273	737,115
Supplies	10,000	10,000	-	10,000	-
Total Operating Expenses	7,402,202	7,060,000	7,103,576	(43,576)	6,162,430
Operating Income (Loss)	(1,052,202)	(870,000)	(1,259,657)	(389,657)	712,806
<b>NONOPERATING REVENUES</b>					
Earnings on investments	50,000	10,000	12,577	2,577	11,685
Change in Net Assets	(1,002,202)	(860,000)	(1,247,080)	(387,080)	724,491
<b>NET ASSETS, July 1</b>	3,842,719	4,734,412	4,734,412	-	4,009,921
<b>NET ASSETS, June 30</b>	\$ 2,840,517	\$ 3,874,412	\$ 3,487,332	\$ (387,080)	\$ 4,734,412



# DOUGLAS COUNTY SCHOOL DISTRICT

## SELF-INSURANCE HEALTH FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2011

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 6,000,000	\$ 5,840,000	\$ 5,736,028	\$ (103,972)	\$ 6,494,229
Cash received from insurance and other	350,000	350,000	108,349	(241,651)	638,299
Cash paid for claims	(6,500,000)	(6,200,000)	(6,197,164)	2,836	(5,503,690)
Cash paid for services and supplies	(902,202)	(860,000)	(817,739)	42,261	(678,103)
Net cash provided (used) by operating activities	(1,052,202)	(870,000)	(1,170,526)	(300,526)	950,735
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	50,000	10,000	12,577	2,577	11,686
NET INCREASE (DECREASE) IN CASH	(1,002,202)	(860,000)	(1,157,949)	(297,949)	962,421
<b>CASH AND INVESTMENTS, July 1</b>	<u>4,511,347</u>	<u>5,640,970</u>	<u>5,640,970</u>	<u>-</u>	<u>4,678,549</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 3,509,145</u>	<u>\$ 4,780,970</u>	<u>\$ 4,483,021</u>	<u>\$ (297,949)</u>	<u>\$ 5,640,970</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (1,052,202)	\$ (870,000)	\$ (1,259,657)	\$ (389,657)	\$ 712,806
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	459	459	116,307
Due from insurance	-	-	16,584	16,584	78,790
Accounts payable and accrued expense:	-	-	(59,012)	(59,012)	59,012
Pending claims	-	-	147,685	147,685	62,195
Deferred revenues	-	-	(16,584)	(16,584)	(78,375)
Total Adjustments	<u>-</u>	<u>-</u>	<u>89,132</u>	<u>89,132</u>	<u>237,929</u>
Net cash provided (used) by operations	<u>\$ (1,052,202)</u>	<u>\$ (870,000)</u>	<u>\$ (1,170,525)</u>	<u>\$ (300,525)</u>	<u>\$ 950,735</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

WORKERS' COMPENSATION SELF-INSURANCE FUND  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)*

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 175,000	\$ 175,000	\$ 185,902	\$ 10,902	\$ 184,488
Other	20,000	20,000	5,628	(14,372)	16,200
Total Operating Revenues	195,000	195,000	191,530	(3,470)	200,688
<b>OPERATING EXPENSES</b>					
Claims expense	-	-	176,663	(176,663)	124,206
Purchased services	355,000	355,000	54,039	300,961	66,286
Total Operating Expenses	355,000	355,000	230,702	124,298	190,492
Operating Income (Loss)	(160,000)	(160,000)	(39,172)	120,828	10,196
<b>NONOPERATING REVENUES</b>					
Earnings on investments	20,000	5,000	3,570	(1,430)	3,570
Change in Net Assets	(140,000)	(155,000)	(35,602)	119,398	13,766
<b>NET ASSETS, July 1</b>	760,857	914,623	914,623	-	900,857
<b>NET ASSETS, June 30</b>	\$ 620,857	\$ 759,623	\$ 879,021	\$ 119,398	\$ 914,623

# DOUGLAS COUNTY SCHOOL DISTRICT

## WORKERS' COMPENSATION SELF-INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2011

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011 BUDGET		2011		2010
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 175,000	\$ 175,000	\$ 185,902	\$ 10,902	\$ 184,488
Cash received from other sources	20,000	20,000	5,697	(14,303)	17,466
Cash paid for claims	(280,000)	(280,000)	(192,663)	87,337	(162,206)
Cash paid for services and supplies	(75,000)	(75,000)	(14,500)	60,500	(121,407)
Net cash provided (used) by operating activities	(160,000)	(160,000)	(15,564)	144,436	(81,659)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	20,000	5,000	3,570	(1,430)	3,570
NET INCREASE (DECREASE) IN CASH	(140,000)	(155,000)	(11,994)	143,006	(78,089)
<b>CASH AND INVESTMENTS, July 1</b>	<u>1,452,937</u>	<u>1,488,099</u>	<u>1,514,848</u>	<u>26,749</u>	<u>1,592,937</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 1,312,937</u>	<u>\$ 1,333,099</u>	<u>\$ 1,502,854</u>	<u>\$ 169,755</u>	<u>\$ 1,514,848</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (160,000)	\$ (160,000)	\$ (39,172)	\$ 120,828	\$ (195,248)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Accounts receivable	-	-	69	69	4,573
Accounts payable	-	-	39,539	39,539	(5,785)
Pending claims	-	-	(16,000)	(16,000)	133,000
Total Adjustments	-	-	23,608	23,608	131,788
Net cash provided (used) by operations	<u>\$ (160,000)</u>	<u>\$ (160,000)</u>	<u>\$ (15,564)</u>	<u>\$ 144,436</u>	<u>\$ (63,460)</u>

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## STUDENT ACTIVITY AGENCY FUNDS SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - BY SCHOOL YEAR ENDED JUNE 30, 2011

	<u>BALANCE</u> <u>JULY 1, 2010</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2011</u>
<b>Student Activity Funds</b>				
Douglas High School	\$ 256,852	\$ 904,102	\$ 808,156	\$ 352,798
George Whittell High School	59,228	200,862	198,534	61,556
Carson Valley Middle School	78,646	108,906	105,638	81,914
Pau-Wa-Lu Middle School	34,545	115,403	125,140	24,808
Scarcelli Elementary School	55,804	61,447	65,714	51,537
Gardnerville Elementary School	25,696	54,890	53,967	26,619
C.C. Meneley Elementary School	25,023	72,156	66,832	30,347
Jacks Valley Elementary School	25,031	89,224	89,207	25,048
Minden Elementary School	52,988	102,597	104,875	50,710
Piñon Hills Elementary School	54,138	189,352	187,300	56,190
Zephyr Cove Elementary School	2,256	19,960	19,766	2,450
	<u>\$ 670,207</u>	<u>\$ 1,918,899</u>	<u>\$ 1,825,129</u>	<u>\$ 763,977</u>

# **COMPLIANCE SECTION**



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

To the Board of Trustees  
Douglas County School District  
Minden, Nevada

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District, Minden, Nevada (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 24, 2011. 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***

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

*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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the District'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*.

We noted certain matters that we reported to management of the District in a separate letter dated October 24, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, 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.

*Schettler, Macy & Silva, LLC*

Reno, Nevada  
October 24, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees  
Douglas County School District  
Minden, Nevada

*Compliance*

We have audited Douglas County School District's, Minden, Nevada (the District) compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.



### *Internal Control Over Compliance*

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, 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.

*Schettler, Macy & Silva, LLC*

Reno, Nevada  
October 24, 2011

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2011

(Page 1 of 2)

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed through the State of Nevada Department of Education</i>			
Individuals with Disabilities Education Act - Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	11-639-03	\$ 1,062,610
Special Education - District Improvement Grant	84.027	11-641-03	261,846
Special Education - District Assistance Center	84.027	11-667-03	99,707
Special Education - Preschool Grants (IDEA, Preschool)	84.173	11-665-03	57,222
Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391	10-620-03	486,300
Special Education - Preschool Grants (IDEA, Preschool), Recovery Act	84.392	10-621-03	<u>23,144</u>
Total Special Education Cluster			1,990,829
Title I, Part A Cluster:			
Title I, Part A - Grants to Local Educational Agencies	84.010	11-633-03	508,829
Title I, Part A - Grants to Local Educational Agencies, Recovery Act	84.389	10-622-03	<u>121,642</u>
Total Title I, Part A Cluster			630,471
Title I, Part D - Improving America's Youth	84.013A	11-630-03	61,093
Education Jobs, Recovery Act	84.410	11-753-03	289,795
Carl D. Perkins Basic Grant	84.048	11-631-03	54,061
Title IV, Part A - Safe and Drug-Free Schools and Communities	84.186A	11-720-03	3,815
Title III, English Language Acquisition	84.365A	11-658-03	32,155
Title II, Part A - Improving Teacher Quality State Grants	84.367	11-709-03	215,045
Education for Homeless Children and Youth	84.196A	11-688-03	25,928
Education for Homeless Children and Youth, Recovery Act	84.387A	10-689-03	14,486
Title II, Part D - Enhancing Education through Technology	84.318	11-766-03	<u>1,704</u>
<b>Total U.S. Department of Education</b>			<u>3,319,382</u>
<b>DEPARTMENT OF ENERGY</b>			
<i>Passed through the Nevada State Office of Energy</i>			
State Energy Program, Recovery Act	81.041	N/A	<u>440,689</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2011

(Page 2 of 2)

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTOR'S NUMBER</u>	<u>AMOUNT</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
<i>Passed through the State of Nevada Department of Administration</i>			
National School Lunch Program - Commodities	10.555	N/A	\$ 99,357
<i>Passed through the State of Nevada Department of Education</i>			
School Breakfast Program	10.553	N/A	179,899
National School Lunch Program	10.555	N/A	<u>762,921</u>
Total Child Nutrition Cluster			1,042,177
<i>Passed through Douglas County</i>			
Schools and Roads - Grants to Counties	10.666	N/A	<u>13,560</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,055,737</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 4,815,808</b></u>

See accompanying notes.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2011

### **NOTE 1 – REPORTING ENTITY**

The accompanying *Schedule of Expenditures of Federal Awards* presents the expenditure activity of all federal award programs of the Douglas County School District (the District) for the year ended June 30, 2011. The District's reporting entity is defined in Note 1 to its basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the *Schedule of Expenditures of Federal Awards*.

### **NOTE 2 – BASIS OF ACCOUNTING**

The accompanying *Schedule of Expenditures of Federal Awards* is prepared on the modified accrual basis of accounting. The amounts shown as expenditures of CFDA #10.555 – National School Lunch Program Commodities represents the fair value of commodity food received by the District for the year ended June 30, 2011.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2011

### **A. SUMMARY OF AUDIT RESULTS**

#### ***Financial Statements***

Type of auditor's report issued:	Unqualified
Internal Control over Financial Reporting	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to financial statements noted:	No

#### ***Federal Awards***

Internal Control over Major Programs	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133:	No

#### ***Major Programs***

The major programs for the year ended June 30, 2011 are as follows:

Special Education Cluster (84.027, 84.173, 84.391, and 84.392)  
Title I, Part A Cluster (84.010 and 84.389)  
Child Nutrition Cluster (10.553 and 10.555)  
State Energy Program (81.041)

The threshold for distinguishing Types A and B programs was \$300,000.

Douglas County School District was determined to be a low-risk auditee.

### **B. FINDINGS – FINANCIAL STATEMENTS**

None.

### **C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS JUNE 30, 2011

### Finding 2010-1

#### US Department of Education

*Special Education Cluster – IDEA Part B (84.027, 84.173, 84.391 and 84.392)*

#### **Criteria**

Office of Management and Budget Circular A-87 – *Cost Principles for State, Local and Indian Tribal Governments* establishes guidelines for record keeping of employee time and effort charged to Federal programs. Circular A-87 requires employees who are entirely funded by federal awards to prepare semi-annual time and effort certifications, signed by the employee or a supervisor having first-hand knowledge of the work performed. Additionally, salary expenditures for employees who are partially funded by federal awards should be supported by monthly personnel activity reports or equivalent documentation, signed and dated by the employee.

#### **Condition**

Effective July 1, 2009, Douglas County School District implemented a district-wide policy to ensure compliance with these requirements. However, personnel responsible for preparing and collecting the time and effort reports for the employees whose salaries are funded by IDEA Part B funds did not do so for the second half of fiscal year 2010.

#### **Effect**

The District did not have proper support for salary expenditures of employees either fully or partially funded by IDEA Part B funds for the second half of fiscal year 2010.

#### **Questioned Costs**

None.

#### **Recommendation**

Monitoring is an essential component of effective internal control over compliance. The District should review its monitoring system to ensure that it includes procedures for monitoring all internal controls over compliance regularly throughout the year.

#### **Current Status**

Management has designed and implemented an internal control policy to comply with time and effort reporting requirements. This policy is currently functioning properly and the District is in compliance with guidelines established by OMB Circular A-87.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS JUNE 30, 2011

### **Finding 2010-2**

#### **US Department of Education**

*Special Education Cluster – IDEA Part B (84.027, 84.173, 84.391 and 84.392)  
Title I, Part A Cluster – (84.010 and 84.389)  
and potentially applies to other federal programs*

#### ***Criteria***

When federal awards are funded on the advance basis by the Nevada Department of Education, the District is required to minimize the time between the transfer of funds and the disbursement for program costs. The federal funds on hand should be maintained at a balance that meets their immediate cash needs only. Interest earnings by the District on cash balances of federal funds are required to be repaid. The requirements for cash management are contained in the A-102 Common Rule as codified in 34 CFR §80.21, and the terms and conditions of the federal awards.

#### ***Condition***

The District received federal awards funded on the advance basis. The District maintained a sizeable cash balance in its Federal and State Grants Fund throughout the year, and reported deferred revenue, which included deferred federal revenue, in that fund at June 30, 2010. The District did not calculate or repay interest earned on advanced federal funds.

#### ***Effect***

The conditions stated above indicate that the District was funded beyond its immediate cash needs.

#### ***Questioned Costs***

There are no questioned costs in regard to expenditures of federal awards. In regard to the repayment of interest earned on federal funds received in advance, the amount of interest earned is currently undetermined, but is presumed to be minimal.

#### ***Recommendation***

Reimbursement is the preferred method of drawing down federal funds. However, whether on the reimbursement or advance basis, the District should review its process for submitting draw requests from the Nevada Department of Education and make appropriate modifications to ensure that federal funds on hand are not in excess of their immediate cash needs.

#### ***Current Status***

Management has taken the appropriate steps to assure that Federal funds held by the District do not exceed their immediate cash needs.

## INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Trustees  
Douglas County School District  
Minden, Nevada

We have reviewed management's assertion made in accordance with Nevada Revised Statute 354.624(5)(a) with respect to the funds of the Douglas County School District as of and for the year ended June 30, 2011 that:

- The identified funds are being using expressly for the purposes for which they were created.
- The funds are administered in accordance with accounting principles generally accepted in the United States of America.
- The reserved fund balances/net assets in the funds were reasonable and necessary (in accordance with criteria established by the State of Nevada Legislative Counsel Bureau) to carry out the purposes of the funds.
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements.
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year.
- The fund balances/net assets of the funds are as noted in the financial statements.

This assertion is the responsibility of the management of the Douglas County School District.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that management's assertion referred to above is not fairly stated, in all material respects.

*Schettler, Macy & Silva, LLC*

Reno, Nevada  
October 24, 2011



# **AUDITORS' COMMENTS**

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **INDEPENDENT AUDITORS' COMMENTS JUNE 30, 2011**

### **CURRENT YEAR STATUTE COMPLIANCE**

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

### **PRIOR YEAR STATUTE VIOLATIONS**

We did not note any overexpenditures for the year ended June 30, 2010.

### **CURRENT YEAR AUDIT RECOMMENDATIONS**

We did not find any financial weaknesses of magnitude to justify inclusion within our audit report.

### **STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS**

There were no prior year recommendations related to financial weaknesses of a magnitude to justify inclusion within the audit report.