

**Douglas County School District**  
**Annual Financial Report**  
**June 30, 2009**



SCHETTLER  
MACY & SILVALLC  
Certified Public Accountants

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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# DOUGLAS COUNTY SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the  
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 (District), as of and for the year ended June 30, 2009, 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 Douglas County School District as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof; and the respective budgetary comparison for the General Fund, Federal and State Grants Fund, and the Special Education 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 27, 2009 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.

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 60 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The other supplemental information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Schettler, Macy & Silva, LLC*

Reno, Nevada  
October 27, 2009

# DOUGLAS COUNTY SCHOOL DISTRICT

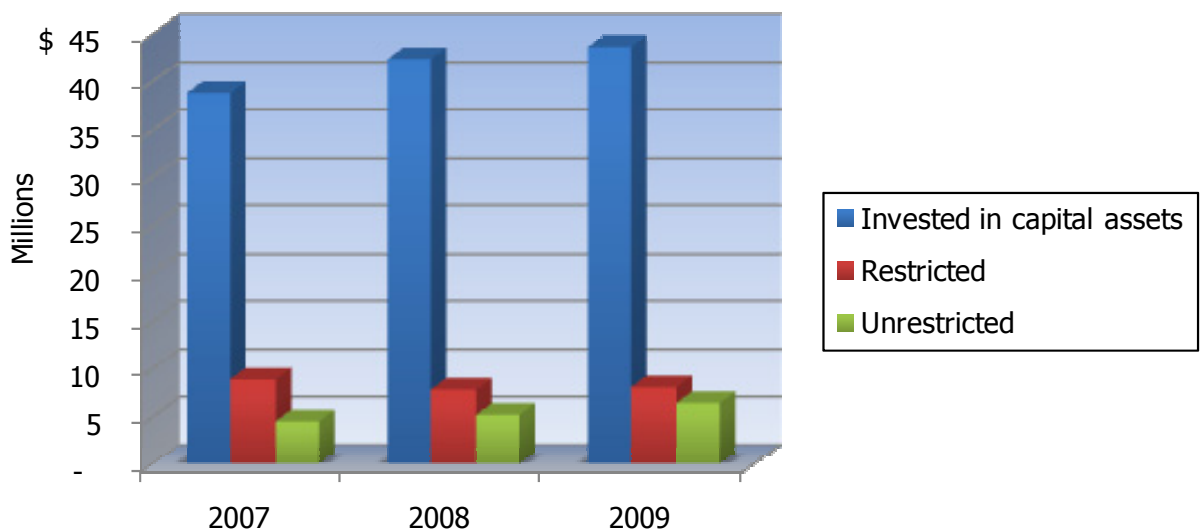
## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

As management of the Douglas County School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Douglas County School District for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

### Financial Highlights

- Government-wide net assets increased by \$2.8 million to \$58.2 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$11.2 million, an increase of \$1.2 million in comparison with the prior year. Approximately 13% of this total amount, or \$1.4 million, is unreserved and undesignated and is available for spending at the District's discretion.
- The General Fund reported a net increase in fund balance of \$384,175. At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5.0 million, or 10.0% of total General Fund expenditures and operating transfers out, an increase from 9.2% the prior year.

The following provides a graphical representation of net assets by category as of June 30, 2009, 2008, and 2007.



### 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

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009**

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 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 most recent fiscal 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.

### **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



# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

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.

**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 government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is 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
- 2009 Bond

These funds are disclosed separately in the governmental funds Balance Sheet and in the governmental funds 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 reported previously, the District has no business-type activities to be accounted for in enterprise funds.

*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.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009**

**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 38 – 59 of this report.

### **Government-Wide Financial Analysis**

#### **DOUGLAS COUNTY SCHOOL DISTRICT NET ASSETS**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current and other assets	\$ 27,643,032	\$ 23,023,099
Net capital assets	<u>54,966,852</u>	<u>49,327,180</u>
Total Assets	<u>82,609,884</u>	<u>72,350,279</u>
<b>Liabilities</b>		
Current liabilities	12,983,779	14,413,199
Long-term liabilities	<u>11,450,607</u>	<u>2,522,880</u>
Total Liabilities	<u>24,434,386</u>	<u>16,936,079</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	43,683,378	42,422,833
Restricted	8,055,230	7,777,779
Unrestricted	<u>6,436,890</u>	<u>5,213,588</u>
Total Net Assets	<u>\$ 58,175,498</u>	<u>\$ 55,414,200</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Douglas County School District exceeded liabilities by \$58,175,498 as of June 30, 2009. The District's net assets increased by \$2,761,298 for the fiscal year ended June 30, 2009. However, the largest portion (75%) 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.

Beginning in 2009, the annual cost of providing postemployment benefits is accrued and reported in the government-wide financial statements. This \$1,233,862 charge is applied to all functions containing labor costs, which is all but depreciation and interest on long-term debt.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

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

	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 805,569	\$ 1,471,680
Operating grants and contributions	8,079,836	5,993,561
Capital grants and contributions	100,000	190,000
General revenues:		
Property taxes	22,204,917	21,138,556
Local school support taxes	11,215,465	14,314,428
Government service taxes	3,863,564	4,104,955
Other taxes and fees	564,620	357,168
Unrestricted investment earnings	321,739	851,753
State aid not restricted to specific purposes	18,960,302	19,576,323
Other revenues	466,042	50,327
Total revenues	<u>66,582,054</u>	<u>68,048,751</u>
<b>Expenses</b>		
Instruction:		
Regular instruction	27,250,334	27,247,650
Special instruction	7,765,779	7,691,307
Vocational instruction	620,341	740,911
Adult instruction	6,080	22,998
Other instruction	1,809,925	1,789,378
Support services:		
Student support	1,883,536	1,942,137
Instructional support	3,044,665	3,043,119
General administration	1,025,071	990,516
School administration	3,690,890	3,678,466
Business administration	726,246	711,495
Operation and maintenance	7,067,875	8,095,836
Student transportation	2,750,020	3,623,985
Other support	2,281,609	1,253,758
Food service	1,967,617	1,678,405
Facilities and acquisitions	1,602,461	1,983,688
Interest on long-term debt	328,307	328,090
Total expenses	<u>63,820,756</u>	<u>64,821,739</u>
Net change in net assets	2,761,298	3,227,012
<b>Net Assets, July 1</b>	<u>55,414,200</u>	<u>52,187,188</u>
<b>Net Assets, June 30</b>	<u>\$ 58,175,498</u>	<u>\$ 55,414,200</u>

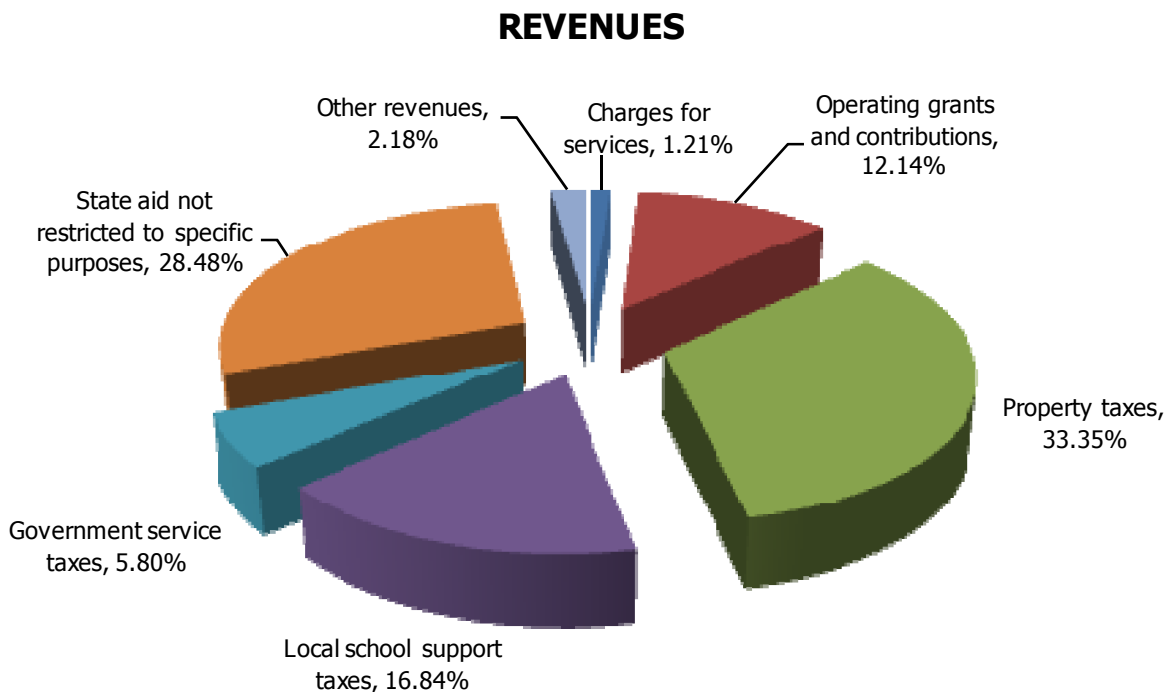
# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

### 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 increased 5% from the prior year due to an increase in tax collections and increase in assessed valuations.
- ◇ Local school support taxes (LSST) decreased 22% from the prior year due to decreased taxable sales.
- ◇ State aid not restricted to specific purposes decreased by approximately 3% over 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, 2009

### FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

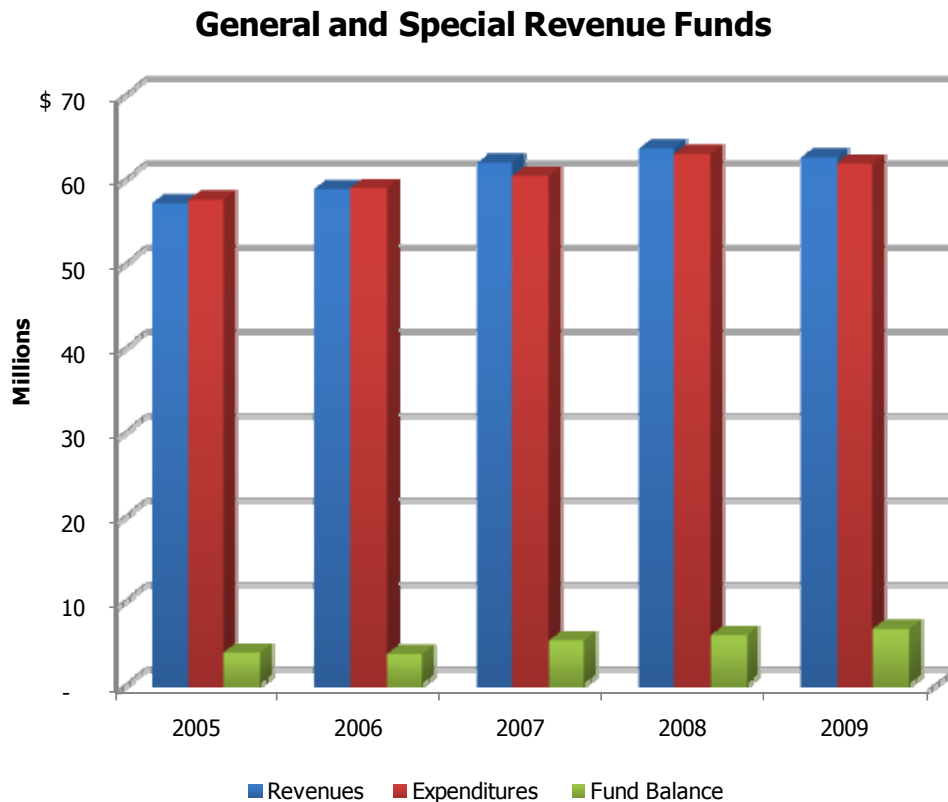
The Douglas County School District uses fund accounting and budgetary integration to ensure and demonstrate compliance with finance-related legal requirements.

**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, unreserved 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, 2009, the District's governmental funds reported a combined fund balance of \$11.2 million, a 12.5% increase over last year. Of this total, approximately \$9.8 million is either reserved or designated for 2009-10 expenditures. The remaining \$1.4 million, or 13%, constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion within the respective fund. Additional detail can be found on pages 20 – 24 of these statements.

#### ***General and Special Revenue Funds:***

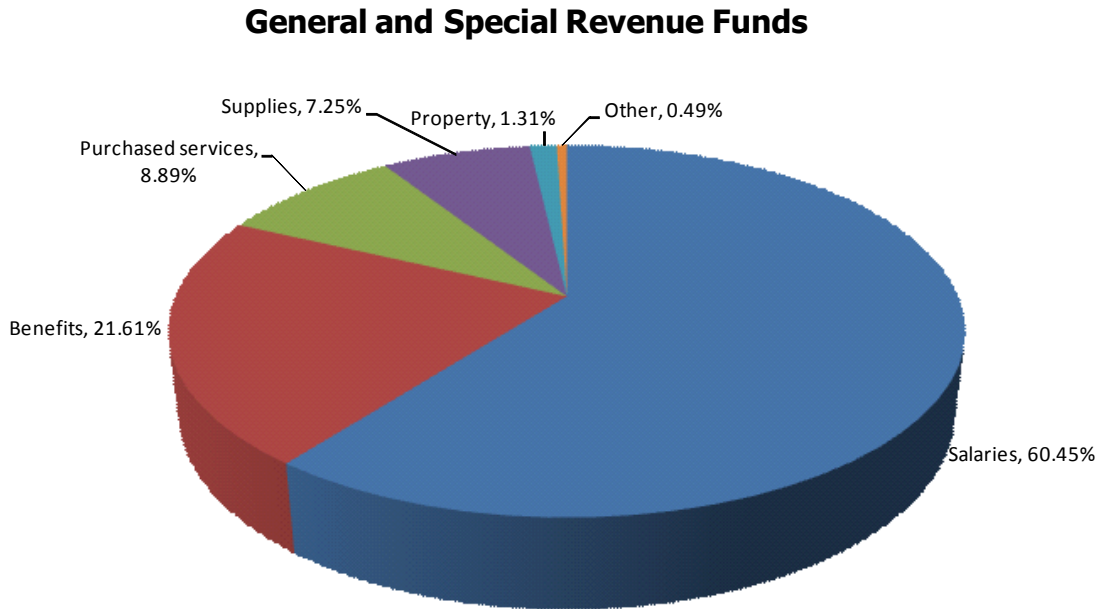
The General Fund and the special revenue funds are often referred to as the District's "operating funds." The following chart compares the revenues to expenditures and fund balance for these funds for the last ten years:



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

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 its various special revenue funds:



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

The amount required to service the 2009-10 debt exceeds the fund balance of Debt Service Fund by approximately \$1 million.

### ***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 are used to accumulate resources for major capital acquisitions and improvements. These funds had a combined ending fund balance at June 30, 2009 of \$4 million, of which \$4 million is reserved for those projects that were awarded prior to the end of the year, but were not yet completed.

### ***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, 2009, these funds had combined net assets of \$4.9 million, which represents approximately 71% of the funds' 2008-09 expenses.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

### **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, 2009 and 2008 are as follows:

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

	<u>2009</u>	<u>2008</u>
Land	\$ 1,413,439	\$ 1,413,439
Construction in progress	6,650,585	4,257,633
Buildings	34,036,701	34,451,351
Improvements	10,140,067	6,609,620
Equipment	2,726,060	2,595,137
	<u>\$ 54,966,852</u>	<u>\$ 49,327,180</u>

Additional detail can be found on pages 49 – 50 of these statements. Commitments with respect to unfinished capital projects are discussed on page 59 of these statements.

#### ***Debt Administration:***

As of June 30, 2009, the District's debt was comprised of the following:

General obligation bonds, net of premium	\$ 6,168,705
Compensated absences	341,763
Capital leases	70,182
Note payable	5,095,000
	<u>\$ 11,675,650</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

The District maintained an AA- rating with a stable outlook from Standard and Poor's (S&P). Additional detail can be found on pages 50 – 52 of the financial statements.

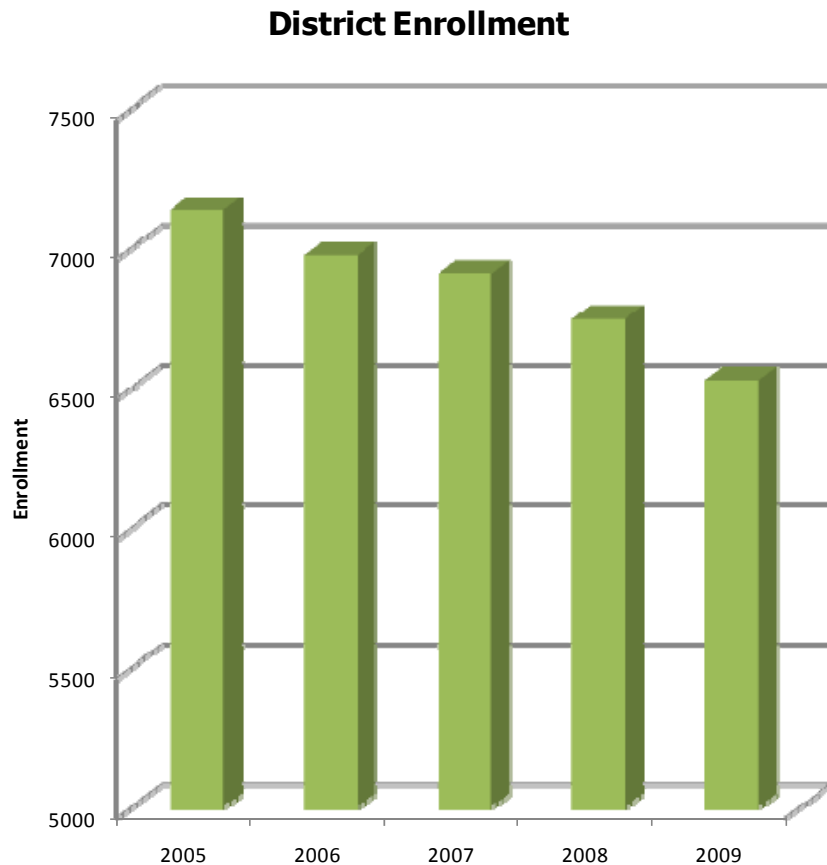
Principal and interest payments on the General Obligation Bonds, capital leases and note payable for the 2009-10 fiscal year are scheduled to total \$1,425,600. Additional detail on long-term obligations can be found in Note 6 in the Notes to Financial Statements.

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 2009 assessed value, the District's statutory general obligation debt limit is \$539,226,032. The District presently has authorization from the Debt Management Commission to issue \$26,500,000 of general obligation bonds. As of June 30, 2009, the District had \$5,245,000 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 relatively flat growth in student enrollment over the recent years. The most recent trend indicates a decline in student enrollment.





# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

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 2009-010 school year, the District (as 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 2007-08, enrollment declined by 1.4% from the previous year, and enrollment further declined in the 2008-09 school year by 3.0%. The current 2009-10 school year enrollment shows this to be a continuing trend, as enrollment dropped by 1.5%, from the previous year. In total, over the past three years, a trend in declining enrollment has resulted in an overall 5.8% decrease in enrollment, or a reduction of 393 students.

The second concern is the 2007 biennium AB 627 legislation, and the revision to the "Hold Harmless" provision governing the count of pupils for purposes of apportioning money from the State DSA. Prior to July 1, 2008, districts with declining enrollment are allowed to submit DSA funding requests based on the year of the highest weighted enrollment from among the current and immediately preceding *two school years*. Effective July 1, 2008, the "Hold Harmless" provision changes the funding requests based only on the year of the highest weighted enrollment from among the current and the *immediately preceding school year*. (NRS 387.1233)

The third and greatest concern is the stability of these DSA monies. The State has revised its revenue projections multiple times in the last biennium – each revision resulting in fewer revenues. 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 \$1.8 million over the past two fiscal years primarily through a diminution in the general fund ending fund balance of \$1.4 million. In the current biennium 2010 and 2011 fiscal years, the District anticipates further reductions in State funding and 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 \$18,650,707 from property tax and \$14,314,428 from sales tax for the year ended June 30, 2008. The District received \$19,590,836 from property tax and \$11,215,465 from sales tax for the year ended June 30, 2009. It has budgeted \$20,300,000 in property tax revenue and \$11,680,573 in sales tax revenue for fiscal year 2010. Other local operating sources to the General Fund include governmental services taxes, earnings on investments, and utility franchise fees.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009**

*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%).

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 year 2008 and 2009 were \$5,383 and \$5,324, respectively. Per-pupil guaranteed support for fiscal year 2010 is \$5,333.

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 62 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 \$51,891,356 in fiscal year 2008 and the total State basic support guarantee for the fiscal year 2009 was \$34,658,175. The total General Fund revenues for fiscal year 2009 were \$50,747,482 and the State basic support guarantee for fiscal year 2010 is \$33,694,961. Further, of the approximate 38 percent remaining District General Fund revenue, approximately two-thirds 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.

### ***Change in Operations:***

Additionally, another noticeable trend is the drastic decline in enrollment at the Lake Schools – George Whittell High School, Kingsbury Middle School and Zephyr Cove Elementary School. The Lake Schools reached peak enrollment in 1997-98. From that time of peak enrollment, there has been an overall 51% decrease in enrollment, or a reduction of 488 students. Due to the decline in enrollment, DCSD consolidated to two schools prior to the beginning of the 2008-09 school year by eliminating the Kingsbury Middle School. Zephyr Cove Elementary School now accommodates kindergarten through sixth grades; George Whittell High School now accommodates seventh through twelfth grades.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

### ***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 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.

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.

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. 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).

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 RCT 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 2011 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, 2009**

### **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.

# DOUGLAS COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)

	<b>GOVERNMENTAL ACTIVITIES</b>	
	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 22,352,449	\$ 19,611,395
Deposit held by fiscal agent	1,495,423	-
Receivables:		
Taxes	554,438	303,714
Interest	3,352	33,678
Other	265,629	168,563
Due from other governments	2,707,602	2,747,597
Inventories	178,828	158,152
Deferred bond issuance costs	85,311	-
Total Current Assets	<u>27,643,032</u>	<u>23,023,099</u>
<b>Capital Assets</b>		
Land and construction in progress	8,064,024	5,671,072
Other capital assets, net of depreciation	46,902,828	43,656,108
	<u>54,966,852</u>	<u>49,327,180</u>
Total Assets	<u>82,609,884</u>	<u>72,350,279</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	8,277,364	7,308,698
Pending claims	1,420,415	1,359,635
Deferred revenues	1,827,095	672,821
Current maturities of long-term obligations	1,458,905	5,072,045
Total Current Liabilities	<u>12,983,779</u>	<u>14,413,199</u>
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	341,763	707,698
Obligation for other postemployment benefits	1,233,862	-
Capital leases payable	31,964	70,182
General obligation bonds	4,851,018	1,745,000
Note payable	4,992,000	-
	<u>11,450,607</u>	<u>2,522,880</u>
Total Liabilities	<u>24,434,386</u>	<u>16,936,079</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	43,683,378	42,422,833
Restricted for:		
Debt service	456,188	1,656,999
Employee benefits	4,910,778	3,785,781
Capital projects	2,688,264	2,334,999
Unrestricted	6,436,890	5,213,588
Total Net Assets	<u>\$ 58,175,498</u>	<u>\$ 55,414,200</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	2009	2008
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction:						
Regular instruction	\$ 27,250,334	\$ -	\$ 5,557,855	\$ -	\$ (21,692,479)	\$ (25,534,126)
Special instruction	7,765,779	-	1,379,381	-	(6,386,398)	(6,153,846)
Vocational instruction	620,341	-	-	-	(620,341)	(580,473)
Adult instruction	6,080	-	-	-	(6,080)	1,768
Other instruction	1,809,925	-	-	-	(1,809,925)	(1,770,269)
Total Instruction	37,452,459	-	6,937,236	-	(30,515,223)	(34,036,946)
Support services:						
Student support	1,883,536	-	-	-	(1,883,536)	(1,939,408)
Instructional staff support	3,044,665	-	332,783	-	(2,711,882)	(1,224,512)
General administration	1,025,071	-	-	-	(1,025,071)	(976,721)
School administration	3,690,890	-	-	-	(3,690,890)	(3,627,227)
Business administration	726,246	-	-	-	(726,246)	(701,653)
Operation and maintenance of plant	7,067,875	-	-	-	(7,067,875)	(7,983,195)
Student transportation	2,750,020	-	-	-	(2,750,020)	(3,578,772)
Other support	2,281,609	-	-	-	(2,281,609)	(912,308)
Facilities acquisition and construction	1,967,617	-	-	100,000	(1,867,617)	(1,779,853)
Food service	1,602,461	805,569	809,817	-	12,925	(77,813)
Interest on long-term debt	328,307	-	-	-	(328,307)	(328,090)
Total Support services	26,368,297	805,569	1,142,600	100,000	(24,320,128)	(23,129,552)
Total School District	\$ 63,820,756	\$ 805,569	\$ 8,079,836	\$ 100,000	(54,835,351)	(57,166,498)

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	2009	2008
<b>General revenues:</b>						
	Property taxes, levied for general purposes				\$ 19,590,836	\$ 18,650,707
	Property taxes, levied for debt service				2,614,081	2,487,849
	Local school support taxes				11,215,465	14,314,428
	Government service taxes for general purposes				2,733,582	2,904,302
	Government service taxes for capital purposes				1,129,982	1,200,653
	Other taxes and fees				564,620	357,168
	Unrestricted investment earnings				321,739	851,753
	Other local sources				466,042	50,327
	State aid not restricted to specific purposes				18,960,302	19,576,323
	Total General revenues				<u>57,596,649</u>	<u>60,393,510</u>
	Change in Net assets				2,761,298	3,227,012
	<b>NET ASSETS, July 1</b>				<u>55,414,200</u>	<u>52,187,188</u>
	<b>NET ASSETS, June 30</b>				<u>\$ 58,175,498</u>	<u>\$ 55,414,200</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)

	GENERAL FUND	SPECIAL EDUCATION FUND	FEDERAL AND STATE GRANTS FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTALS GOVERNMENTAL FUNDS	
							2009	2008
<b>ASSETS</b>								
Cash and investments	\$ 7,282,420	\$ 1,771,941	\$ 1,328,028	\$ 1,377,326	\$ 3,430,020	\$ 891,228	\$ 16,080,963	\$ 14,814,020
Deposit held by fiscal agent	158,301	-	-	883,822	-	453,300	1,495,423	-
Receivables:								
Taxes, delinquent	493,431	-	-	-	-	61,007	554,438	303,714
Interest	-	736	-	-	1,101	1,515	3,352	25,939
Other	131,201	-	-	-	-	-	131,201	-
Due from other governments	2,214,776	-	469,060	8,338	-	15,428	2,707,602	2,747,597
Due from other funds	-	-	-	-	-	-	-	150,636
Inventories	135,769	-	-	-	-	43,059	178,828	158,152
Total Assets	<u>\$ 10,415,898</u>	<u>\$ 1,772,677</u>	<u>\$ 1,797,088</u>	<u>\$ 2,269,486</u>	<u>\$ 3,431,121</u>	<u>\$ 1,465,537</u>	<u>\$ 21,151,807</u>	<u>\$ 18,200,058</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 4,780,086	\$ 899,035	\$ 509,769	\$ 943,975	\$ 742,857	\$ 290,543	\$ 8,166,265	\$ 7,209,228
Due to other funds	1,480	-	-	-	-	-	1,480	404,725
Deferred revenues	480,558	-	1,287,319	-	-	59,218	1,827,095	672,821
Total Liabilities	<u>5,262,124</u>	<u>899,035</u>	<u>1,797,088</u>	<u>943,975</u>	<u>742,857</u>	<u>349,761</u>	<u>9,994,840</u>	<u>8,286,774</u>
<b>FUND BALANCES</b>								
Reserved for:								
Inventories	135,769	-	-	-	-	43,059	178,828	158,152
Debt service	-	-	-	-	-	456,188	456,188	1,656,999
Capital projects	-	-	-	1,325,511	2,688,264	31,080	4,044,855	2,334,999
Designated for:								
Subsequent year's expenditures	3,833,774	762,797	-	-	-	480,521	5,077,092	4,692,058
Unreserved and undesignated	1,184,231	110,845	-	-	-	104,928	1,400,004	1,071,076
Total Fund Balances	<u>5,153,774</u>	<u>873,642</u>	<u>-</u>	<u>1,325,511</u>	<u>2,688,264</u>	<u>1,115,776</u>	<u>11,156,967</u>	<u>9,913,284</u>
Total Liabilities and Fund Balance	<u>\$ 10,415,898</u>	<u>\$ 1,772,677</u>	<u>\$ 1,797,088</u>	<u>\$ 2,269,486</u>	<u>\$ 3,431,121</u>	<u>\$ 1,465,537</u>	<u>\$ 21,151,807</u>	<u>\$ 18,200,058</u>

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2009

**Fund Balance - Governmental Funds** \$ 11,156,967

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	101,129,901	
Less accumulated depreciation	<u>(46,163,049)</u>	54,966,852

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

Bond issuance costs	87,111	
Less accumulated amortization	<u>(1,800)</u>	85,311

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	(5,245,000)	
Bond premium	(1,381,119)	
Less accumulated amortization	457,414	
Capital leases payable	(70,182)	
Note payable	(5,095,000)	
Compensated absences	<u>(341,763)</u>	(11,675,650)

The liability for interest on general obligation and refunding bonds is reported in the fund statements when due and as accrued in the Statement of Activities.

(34,898)

The liability for estimated future payments for benefits provided to current and future retirees are not reported as fund liabilities since they will not be paid from current resources.

(1,233,862)

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.

4,910,778

**Net Assets - Governmental Activities** \$ 58,175,498

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	GENERAL FUND	SPECIAL EDUCATION FUND	FEDERAL AND STATE GRANTS FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2009	2008
<b>REVENUES</b>								
Local sources	\$ 34,546,425	\$ 11,575	\$ 158,579	\$ 1,392,030	\$ 8,767	\$ 3,489,387	\$ 39,606,763	\$ 42,340,827
State sources	13,944,649	2,814,194	2,508,213	-	-	2,206,892	21,473,948	22,237,469
Federal sources	2,256,408	-	2,346,525	-	-	809,817	5,412,750	3,301,123
Total Revenues	50,747,482	2,825,769	5,013,317	1,392,030	8,767	6,506,096	66,493,461	67,879,419
<b>EXPENDITURES</b>								
Instruction:								
Regular instruction	23,601,836	-	1,415,513	-	-	2,275,576	27,292,925	27,456,157
Special instruction	-	5,700,824	1,179,813	-	-	-	6,880,637	7,364,415
Vocational instruction	559,656	-	54,620	-	-	-	614,276	795,014
Adult instruction	13,350	-	18,977	-	-	-	32,327	23,022
Other instruction	1,481,783	339,135	-	-	-	-	1,820,918	1,812,906
Undistributed expenditures:								
Student support	1,896,966	-	-	-	-	-	1,896,966	1,980,978
Instructional staff support	1,168,176	-	1,850,447	-	-	-	3,018,623	3,021,072
General administration	1,028,685	-	-	-	-	-	1,028,685	1,005,797
School administration	3,702,939	-	-	-	-	-	3,702,939	3,735,964
Business administration	727,034	-	-	-	-	-	727,034	717,583
Operation and maintenance	7,288,946	-	-	-	-	-	7,288,946	8,212,972
Student transportation	2,911,956	525,646	-	-	-	-	3,437,602	3,737,956
Other support	1,466,241	307,391	448,347	390,946	-	-	2,612,925	1,713,064
Building improvements	-	-	45,600	-	-	-	45,600	-
Food service	-	-	-	-	-	1,596,317	1,596,317	1,699,659
Facilities construction/improvements	-	-	-	6,689,460	742,857	394,452	7,826,769	2,114,055
Debt service:								
Principal	-	-	-	-	-	3,665,000	3,665,000	3,530,000
Interest	104,957	-	-	-	-	205,448	310,405	344,827
Fiscal agent charges	-	-	-	-	-	125	125	625
Total Expenditures	45,952,525	6,872,996	5,013,317	7,080,406	742,857	8,136,918	73,799,019	69,266,066

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	GENERAL FUND	SPECIAL EDUCATION FUND	FEDERAL AND STATE GRANTS FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2009	2008
Excess (Deficiency) of Revenues over Expenditures	\$ 4,794,957	\$ (4,047,227)	\$ -	\$ (5,688,376)	\$ (734,090)	\$ (1,630,822)	\$ (7,305,558)	\$ (1,386,647)
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of fixed assets	11,210	-	-	-	-	-	11,210	325
Transfers (to) from other funds	(4,450,000)	4,350,000	-	-	-	100,000	-	-
Proceeds from issuance of bonds	-	-	-	-	3,422,354	-	3,422,354	-
Installment note proceeds	-	-	-	5,095,000	-	-	5,095,000	-
	<u>(4,438,790)</u>	<u>4,350,000</u>	<u>-</u>	<u>5,095,000</u>	<u>3,422,354</u>	<u>100,000</u>	<u>8,528,564</u>	<u>325</u>
Net Change in Fund Balances	356,167	302,773	-	(593,376)	2,688,264	(1,530,822)	1,223,006	(1,386,322)
<b>FUND BALANCES, July 1</b>	4,769,599	570,869	-	1,918,887	-	2,653,929	9,913,284	11,320,772
Increase (decrease) in reserve for inventories	28,008	-	-	-	-	(7,331)	20,677	(21,166)
<b>FUND BALANCES, June 30</b>	<u>\$ 5,153,774</u>	<u>\$ 873,642</u>	<u>\$ -</u>	<u>\$ 1,325,511</u>	<u>\$ 2,688,264</u>	<u>\$ 1,115,776</u>	<u>\$ 11,156,967</u>	<u>\$ 9,913,284</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, 2009

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 1,243,683
Amounts reported for governmental activities in the Statement of Net Assets 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.	5,639,672
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.	(17,778)
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.	3,700,391
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.	533,260
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.	365,935
Issuance of new debt is a resource in the governmental funds, but it increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.	(8,595,000)
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.	(1,233,862)
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.	<u>1,124,997</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$ 2,761,298</u></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, 2009

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Ad valorem taxes	\$ 19,764,447	\$ 19,249,685	\$ 19,590,836	\$ 341,151	\$ 18,650,707
Local school support tax	15,165,900	11,097,275	11,215,465	118,190	14,314,428
Motor vehicle privilege tax	3,041,572	2,979,911	2,733,582	(246,329)	2,904,302
Franchise tax	120,000	120,000	111,701	(8,299)	124,714
Out-of-state tuition	344,000	347,000	327,816	(19,184)	324,052
Earnings on investments	275,000	250,000	118,020	(131,980)	371,869
Other	255,000	255,000	449,005	194,005	291,211
Total local sources	38,965,919	34,298,871	34,546,425	247,554	36,981,283
State sources:					
Distributive school account	13,339,853	16,181,819	13,944,649	(2,237,170)	14,907,274
Federal sources:					
In lieu of tax	10,000	10,000	5,140	(4,860)	2,799
Fiscal Stabilization Fund	-	-	2,251,268	2,251,268	-
Total Federal sources	10,000	10,000	2,256,408	2,246,408	2,799
Total Revenues	52,315,772	50,490,690	50,747,482	256,792	51,891,356
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	17,023,846	16,564,436	16,448,528	115,908	16,392,962
Benefits	6,123,187	6,113,080	5,978,737	134,343	5,915,960
Purchased services	252,930	251,420	253,181	(1,761)	206,818
Supplies	1,326,931	927,916	887,868	40,048	1,283,740
Property	46,226	32,105	26,226	5,879	25,714
Other	3,530	6,248	7,296	(1,048)	5,949
	24,776,650	23,895,205	23,601,836	293,369	23,831,143
Vocational programs:					
Salaries	468,224	388,743	364,046	24,697	439,719
Benefits	162,071	150,283	145,582	4,701	156,785
Purchased services	6,700	5,669	4,592	1,077	2,300
Supplies	61,447	49,713	42,651	7,062	41,302
Property	3,500	3,038	1,175	1,863	3,195
Other	2,000	2,000	1,610	390	99
	703,942	599,446	559,656	39,790	643,400
Adult education:					
Salaries	27,600	-	-	-	-
Benefits	1,905	-	-	-	-
Purchased services	2,133	2,133	-	2,133	-
Supplies	12,700	11,217	13,350	(2,133)	-
	44,338	13,350	13,350	-	-

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, 2009  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other instructional programs:					
Co-curricular activities:					
Salaries	\$ 172,000	\$ 228,000	\$ 183,236	\$ 44,764	\$ 176,913
Benefits	4,635	11,865	4,322	7,543	3,727
Purchased services	7,200	10,600	18,838	(8,238)	13,470
Supplies	12,000	9,455	8,593	862	6,378
Property	2,400	600	-	600	-
Other	4,850	5,956	5,095	861	6,601
	<u>203,085</u>	<u>266,476</u>	<u>220,084</u>	<u>46,392</u>	<u>207,089</u>
Athletics:					
Salaries	211,150	260,000	258,142	1,858	245,621
Benefits	8,646	11,175	11,996	(821)	10,898
Purchased services	21,800	17,000	16,458	542	10,621
Supplies	51,354	34,752	40,052	(5,300)	41,695
Property	11,000	-	-	-	12,311
Other	43,148	56,258	47,673	8,585	42,968
	<u>347,098</u>	<u>379,185</u>	<u>374,321</u>	<u>4,864</u>	<u>364,114</u>
Alternative education:					
Salaries	267,947	225,910	85,148	140,762	101,480
Benefits	53,417	41,431	54,529	(13,098)	19,963
Purchased services	3,000	18,500	14,658	3,842	1,135
Supplies	25,907	9,816	6,448	3,368	4,013
Property	-	500	-	500	623
	<u>350,271</u>	<u>296,157</u>	<u>160,783</u>	<u>135,374</u>	<u>127,214</u>
JROTC:					
Salaries	110,000	125,000	120,305	4,695	86,852
Benefits	40,545	40,595	40,106	489	32,082
Purchased services	-	-	-	-	375
Supplies	6,000	6,800	5,891	909	3,895
	<u>156,545</u>	<u>172,395</u>	<u>166,302</u>	<u>6,093</u>	<u>123,204</u>
Summer school:					
Salaries	100,000	60,000	66,927	(6,927)	60,553
Benefits	4,000	2,820	3,698	(878)	3,226
Supplies	-	-	379	(379)	2,378
	<u>104,000</u>	<u>62,820</u>	<u>71,004</u>	<u>(8,184)</u>	<u>66,157</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, 2009

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)*

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
English as a second language (ESL):					
Salaries	625,155	329,004	341,414	(12,410)	450,933
Benefits	246,303	142,608	137,026	5,582	169,543
Supplies	13,000	11,700	10,849	851	12,252
	884,458	483,312	489,289	(5,977)	632,728
Total other instructional programs	2,045,457	1,660,345	1,481,783	178,562	1,520,506
Undistributed expenditures:					
Student support:					
Salaries	\$ 1,518,122	\$ 1,384,819	\$ 1,345,868	\$ 38,951	\$ 1,412,615
Benefits	571,740	530,968	502,240	28,728	523,044
Purchased services	39,490	18,679	18,228	451	10,676
Supplies	29,914	24,971	19,849	5,122	20,803
Property	600	12,300	10,486	1,814	13,182
Other	728	300	295	5	658
	2,160,594	1,972,037	1,896,966	75,071	1,980,978
Instructional staff support:					
Salaries	821,748	812,626	802,511	10,115	824,854
Benefits	286,035	289,101	277,455	11,646	285,131
Purchased services	26,463	27,156	21,932	5,224	29,266
Supplies	81,825	61,508	61,436	72	75,893
Property	10,200	9,200	3,105	6,095	3,280
Other	3,200	2,100	1,737	363	762
	1,229,471	1,201,691	1,168,176	33,515	1,219,186
General administration:					
Salaries	570,168	572,612	569,580	3,032	539,955
Benefits	241,872	241,518	238,633	2,885	236,700
Purchased services	219,662	197,176	186,294	10,882	175,279
Supplies	37,800	38,700	29,789	8,911	34,683
Property	8,250	3,431	1,200	2,231	2,857
Other	22,000	5,248	3,189	2,059	16,323
	1,099,752	1,058,685	1,028,685	30,000	1,005,797
School administration:					
Salaries	2,555,188	2,623,632	2,586,653	36,979	2,577,825
Benefits	932,234	943,352	915,712	27,640	931,108
Purchased services	166,580	154,244	143,285	10,959	161,686
Supplies	80,681	59,461	52,580	6,881	55,911
Property	500	699	694	5	5,561
Other	5,503	4,439	4,015	424	3,873
	3,740,686	3,785,827	3,702,939	82,888	3,735,964

*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, 2009  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>Business support:</b>					
Salaries	480,922	405,432	401,875	3,557	375,366
Benefits	160,744	146,621	134,737	11,884	126,828
Purchased services	185,014	179,012	175,998	3,014	193,242
Supplies	41,500	16,000	14,148	1,852	20,943
Property	3,000	-	-	-	576
Other	500	500	276	224	628
	<u>871,680</u>	<u>747,565</u>	<u>727,034</u>	<u>20,531</u>	<u>717,583</u>
<b>Operation and maintenance:</b>					
Salaries	\$ 3,047,154	\$ 2,866,968	\$ 2,832,823	\$ 34,145	\$ 2,975,933
Benefits	1,086,168	999,688	955,292	44,396	1,014,826
Purchased services	1,712,160	1,835,121	1,292,512	542,609	1,878,629
Supplies	2,387,114	2,362,334	1,900,480	461,854	2,193,156
Property	97,805	103,490	307,839	(204,349)	150,428
	<u>8,330,401</u>	<u>8,167,601</u>	<u>7,288,946</u>	<u>878,655</u>	<u>8,212,972</u>
<b>Student transportation:</b>					
Salaries	1,730,525	1,601,824	1,590,914	10,910	1,686,278
Benefits	744,751	673,574	632,261	41,313	670,699
Purchased services	124,442	125,623	62,084	63,539	110,593
Supplies	659,258	675,077	383,880	291,197	493,655
Property	297,203	296,203	242,817	53,386	335,395
	<u>3,556,179</u>	<u>3,372,301</u>	<u>2,911,956</u>	<u>460,345</u>	<u>3,296,620</u>
<b>Central support:</b>					
Purchased services	3,210	1,186	-	1,186	-
Supplies	600	152	-	152	-
Property	-	1,900	-	1,900	-
	<u>3,810</u>	<u>3,238</u>	<u>-</u>	<u>3,238</u>	<u>-</u>
<b>Other support:</b>					
Salaries	100,000	300,071	100,546	199,525	407,245
Benefits	83,750	105,000	82,928	22,072	70,465
Purchased services	-	1,150,000	1,262,907	(112,907)	777
Supplies	10,000	10,000	18,618	(8,618)	-
Property	-	-	1,242	(1,242)	-
	<u>193,750</u>	<u>1,565,071</u>	<u>1,466,241</u>	<u>98,830</u>	<u>478,487</u>
<b>Total undistributed expenditures</b>	<u>21,186,323</u>	<u>21,874,016</u>	<u>20,190,943</u>	<u>1,683,073</u>	<u>20,647,587</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, 2009  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)*

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Debt Service:					
Interest	-	-	104,957	(104,957)	-
Contingency	487,567	480,424	-	480,424	-
Total Expenditures	49,244,277	48,522,786	45,952,525	2,570,261	46,642,636
Excess of Revenues over Expenditures	3,071,495	1,967,904	4,794,957	2,827,053	5,248,720
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of fixed assets	\$ 10,000	\$ 10,000	\$ 11,210	\$ 1,210	\$ 325
Transfers to other funds	(4,850,000)	(4,450,000)	(4,450,000)	-	(4,350,000)
	(4,840,000)	(4,440,000)	(4,438,790)	1,210	(4,349,675)
Net Change in Fund Balance	(1,768,505)	(2,472,096)	356,167	2,828,263	899,045
<b>FUND BALANCE, July 1</b>	4,065,433	4,764,599	4,769,599	5,000	3,894,934
Increase (Decrease) in Reserve for Inventories	-	-	28,008	28,008	(24,380)
<b>FUND BALANCE, June 30</b>	\$ 2,296,928	\$ 2,292,503	\$ 5,153,774	\$ 2,861,271	\$ 4,769,599

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 30,000	\$ 30,000	\$ 11,575	\$ (18,425)	\$ 36,606
State sources:					
Distributive school account	2,829,699	2,829,699	2,814,194	(15,505)	2,594,411
Total revenues	2,859,699	2,859,699	2,825,769	(33,930)	2,631,017
<b>EXPENDITURES</b>					
Special programs:					
Instruction:					
Salaries	4,383,522	4,102,347	3,967,383	134,964	4,130,267
Benefits	1,756,327	1,688,421	1,551,518	136,903	1,560,848
Purchased services	58,145	208,739	171,324	37,415	115,590
Supplies	24,475	16,526	10,599	5,927	20,119
Property	-	-	-	-	30
Other	250	250	-	250	100
Total Instruction	6,222,719	6,016,283	5,700,824	315,459	5,826,954
Other direct support:					
Salaries	207,858	201,739	190,056	11,683	200,244
Benefits	78,567	75,459	66,339	9,120	66,079
Purchased services	173,262	155,716	68,986	86,730	173,571
Supplies	10,200	7,700	7,898	(198)	8,323
Property	5,000	6,200	5,856	344	6,931
Other	-	-	-	-	75
Total Other direct support	474,887	446,814	339,135	107,679	455,223
Student transportation:					
Salaries	328,570	328,570	290,719	37,851	220,397
Benefits	105,690	105,690	103,126	2,564	91,094
Purchased services	1,300	1,300	-	1,300	-
Supplies	48,354	48,354	27,897	20,457	39,327
Property	98,277	98,277	103,904	(5,627)	90,518
Total Student transportation	582,191	582,191	525,646	56,545	441,336
Total Special Programs	7,279,797	7,045,288	6,565,605	479,683	6,723,513
Other instructional programs:					
Academically talented:					
Salaries	220,587	276,375	223,242	53,133	210,962
Benefits	81,322	93,698	82,046	11,652	79,086
Purchased services	-	199	199	-	-
Supplies	2,625	2,052	1,745	307	2,263
Other	75	159	159	-	89
Total Academically talented	304,609	372,483	307,391	65,092	292,400

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Contingency	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	\$ -
Total expenditures	7,644,406	7,477,771	6,872,996	604,775	7,015,913
Excess (deficiency) of revenues over expenditures	(4,784,707)	(4,618,072)	(4,047,227)	570,845	(4,384,896)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	4,750,000	4,350,000	4,350,000	-	4,250,000
Net Change in Fund Balance	(34,707)	(268,072)	302,773	570,845	(134,896)
<b>FUND BALANCE, July 1</b>	332,788	570,869	570,869	-	705,765
<b>FUND BALANCE, June 30</b>	\$ 298,081	\$ 302,797	\$ 873,642	\$ 570,845	\$ 570,869

*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, 2009

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Grants from:					
Local Sources	\$ -	\$ 919,200	\$ 158,579	\$ (760,621)	\$ 20,256
State Sources	46,156	2,648,517	2,508,213	(140,304)	2,655,512
Federal Sources	5,178,365	2,556,626	2,346,525	(210,101)	2,559,782
Total Revenues	5,224,521	6,124,343	5,013,317	(1,111,026)	5,235,550
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	914,174	909,232	885,666	23,566	846,025
Benefits	240,815	241,591	219,936	21,655	222,896
Purchased services	196,153	178,923	152,405	26,518	101,620
Supplies	139,467	88,165	72,600	15,565	104,094
Property	70,147	59,732	58,030	1,702	80,938
Other	36,169	29,417	26,876	2,541	31,107
Total regular programs	1,596,925	1,507,060	1,415,513	91,547	1,386,680
Special programs:					
Salaries	612,696	626,661	644,156	(17,495)	720,976
Benefits	345,701	362,501	275,735	86,766	336,110
Purchased services	345,876	229,843	213,837	16,006	364,935
Supplies	53,697	11,100	7,583	3,517	56,275
Property	-	-	-	-	3,471
Other	45,145	41,713	38,502	3,211	55,694
Total special programs	1,403,115	1,271,818	1,179,813	92,005	1,537,461
Vocational programs:					
Salaries	2,940	1,861	1,757	104	988
Benefits	-	200	66	134	70
Purchased services	10,000	6,801	6,801	-	9,100
Supplies	36,129	22,418	21,832	586	39,267
Property	107,873	24,117	23,138	979	100,321
Other	1,752	1,182	1,026	156	1,868
Total vocational programs	158,694	56,579	54,620	1,959	151,614
Adult education:					
Salaries	25,000	18,000	13,207	4,793	15,900
Benefits	5,000	1,000	359	641	417
Purchased services	675	1,100	758	342	751
Supplies	13,800	24,375	4,034	20,341	5,115
Other	1,681	1,681	619	1,062	839
Total adult education	46,156	46,156	18,977	27,179	23,022

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, 2009

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Undistributed expenditures:					
Student support:					
Salaries	4,000	38,341	-	38,341	-
Benefits	-	15,659	-	15,659	-
	<u>4,000</u>	<u>54,000</u>	<u>-</u>	<u>54,000</u>	<u>-</u>
Instructional staff support:					
Salaries	225,680	343,882	346,311	(2,429)	217,452
Benefits	5,083	54,634	68,948	(14,314)	55,442
Purchased services	1,447,323	1,445,835	1,349,022	96,813	1,377,893
Supplies	70,611	26,727	26,464	263	68,984
Property	14,574	2,725	2,725	-	18,621
Other	51,482	61,039	56,977	4,062	63,494
	<u>1,814,753</u>	<u>1,934,842</u>	<u>1,850,447</u>	<u>84,395</u>	<u>1,801,886</u>
Other support:					
Salaries	200,878	378,888	359,596	19,292	334,887
Purchased services	-	461,500	475	461,025	-
Supplies	-	413,500	65,479	348,021	-
Property	-	-	22,797	(22,797)	-
	<u>200,878</u>	<u>1,253,888</u>	<u>448,347</u>	<u>805,541</u>	<u>334,887</u>
Building improvements:					
Purchased services	-	-	45,600	(45,600)	-
Total undistributed expenditures	<u>2,019,631</u>	<u>3,242,730</u>	<u>2,344,394</u>	<u>898,336</u>	<u>2,136,773</u>
Total Expenditures	<u>5,224,521</u>	<u>6,124,343</u>	<u>5,013,317</u>	<u>1,111,026</u>	<u>5,235,550</u>
Net Change in Fund Balance	-	-	-	-	-
<b>FUND BALANCE, July 1</b>	-	-	-	-	-
<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, 2009

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)

	<b>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</b>	
	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
Current:		
Cash and investments	\$ 6,271,486	\$ 4,797,375
Receivables:		
Interest	-	7,738
Other	134,428	168,563
Due from other funds	668,425	953,601
Total Assets	<u>7,074,339</u>	<u>5,927,277</u>
<b>LIABILITIES</b>		
Current:		
Accounts payable and accrued expenses	76,201	82,349
Deferred revenue	666,945	699,512
Pending claims	1,420,415	1,359,635
Total Liabilities	<u>2,163,561</u>	<u>2,141,496</u>
<b>NET ASSETS</b>		
Restricted	<u>\$ 4,910,778</u>	<u>\$ 3,785,781</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
YEAR ENDED JUNE 30, 2009

*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)*

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2009	2008
<b>OPERATING REVENUES</b>		
Insurance premiums	\$ 7,434,219	\$ 7,624,943
State assisted revenues	-	254,089
Insurance proceeds and other	513,028	467,250
Total Operating Revenues	7,947,247	8,346,282
<b>OPERATING EXPENSES</b>		
Claims expense	6,009,965	6,029,447
Purchased services	889,667	1,540,920
Total Operating Expenses	6,899,632	7,570,367
Operating Income	1,047,615	775,915
<b>NONOPERATING REVENUES</b>		
Earnings on investments	77,382	169,004
Change in Net Assets	1,124,997	944,919
<b>NET ASSETS, July 1</b>	3,785,781	2,840,862
<b>NET ASSETS, June 30</b>	\$ 4,910,778	\$ 3,785,781

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from insurance premiums	\$ 7,686,828	\$ 7,819,184
Cash received from insurance proceeds and other	554,901	465,939
Cash paid for claims expense	(5,949,185)	(6,077,161)
Cash paid for services and supplies	(895,815)	(1,488,795)
Net cash provided by operating activities	1,396,729	719,167
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	77,382	179,590
NET INCREASE IN CASH	1,474,111	898,757
<b>CASH AND INVESTMENTS, July 1</b>	4,797,375	3,898,618
<b>CASH AND INVESTMENTS, June 30</b>	\$ 6,271,486	\$ 4,797,375
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 1,047,615	\$ 775,915
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Accounts receivable	41,873	192,930
Due from other funds	285,176	(287,867)
Accounts payable	(6,148)	52,125
Deferred revenue	(32,567)	33,778
Pending claims	60,780	(47,714)
Total Adjustments	349,114	(56,748)
Net cash provided by operating activities	\$ 1,396,729	\$ 719,167

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

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STATEMENT OF AGENCY ASSETS AND LIABILITIES  
JUNE 30, 2009  
*(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)*

	<b>STUDENT ACTIVITY FUNDS</b>	
	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and investments	<u>\$ 723,997</u>	<u>\$ 690,742</u>
<b>LIABILITIES</b>		
Due to student groups	<u>\$ 723,997</u>	<u>\$ 690,742</u>

*See accompanying notes.*

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### **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 the 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 operating 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. Historically, the previous reporting model did not summarize or present net cost by function or activity.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### **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, 2009

### ***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.

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

The Special Education Fund is also 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.

### ***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 the School Improvement bonds issued in February 2009) 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, 2009

### **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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### ***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

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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.

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.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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.
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 2009-2010 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 has been adjusted for legally authorized revisions made during the 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.

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.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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.
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, machinery, and equipment, are reported in the government-wide financial statements. The District defines capital assets as having an initial, individual cost of more than \$3,000 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.



# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### **Accrued Liabilities**

Accrued liabilities consist principally of teacher, administrator, and other District employee salaries and benefits for the school program year ended June 30, 2009, but not yet paid.

### **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.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### **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.

### **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, 2008, 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 with the following potential exception:

#### *Expenditures/Expenses in Excess of Appropriations*

Workers' Compensation Self Insurance Fund - Actual expenses exceeded budgeted expenses by \$69,216 for the year ended June 30, 2009.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### **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, 2009, the District had the following amounts reported as cash and investments:

<u>Government-Wide Balances:</u>	
Pooled cash	\$ 2,572,449
Deposit held with fiscal agent	1,445,423
Investments	<u>19,780,000</u>
	23,797,872
 <u>Fiduciary Fund Balances:</u>	
Cash held by Student Activity Funds	<u>723,997</u>
 Total Cash and Investments	 <u>\$ 24,521,869</u>

The following is a list of cash and deposits indicating collateral or insurance on these deposits:

	<u>Bank</u>
	<u>Balance</u>
Insured (FDIC)	\$ 250,000
Insured (SIPC)	500,000
Uninsured but collateralized by securities held in the name of the Office of the State Treasurer/Nevada Collateral Pool	<u>2,258,973</u>
	<u>\$ 3,008,973</u>

As of June 30, 2009, 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>\$ 19,780,000</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 \$19,780,000 investment in the State Treasurer's Local Government Investment Pool is carried at market.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

*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 – RESTRICTIONS, RESERVATIONS, AND DESIGNATIONS**

#### **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.

#### **Fund Financial Statements**

The District records the portion of fund balance which is legally segregated for a specific future purpose as a reserve.

Following is a list of reserves used by the District and a description of each:

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

Reserved for Inventories – an account used to segregate the portion of fund balance which is composed of inventory and, as such, is not available for other discretionary expenditures.

Reserved for Debt Service – an account used to segregate the fund balance for Debt Service Fund resources, which is legally restricted to the payment of long-term debt principal and interest amount maturing in future years.

Reserved for Capital Projects – an account used to segregate the portion of fund balance for the amount of construction contracts for which the District is committed, but the capital project is not yet complete.

Designations of fund balances are not legally required but are segregated for a specific purpose. The District records the following designations of unreserved balances:

Designated for Subsequent Year's Expenditures – This amount is the budgeted opening fund balance for the forthcoming year. Amounts in excess of the budgeted opening fund balance are shown as undesignated.

### **NOTE 5 – CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2009 is shown below:

	Balance June 30, 2008	Additions / Transfers	Deletions / Transfers	Balance June 30, 2009
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,413,439	\$ -	\$ -	\$ 1,413,439
Construction in progress	4,257,633	5,243,226	(2,850,274)	6,650,585
Total capital assets, not being depreciated	<u>5,671,072</u>	<u>5,243,226</u>	<u>(2,850,274)</u>	<u>8,064,024</u>
Other capital assets:				
Buildings	68,251,522	1,025,725	(64,052)	69,213,195
Improvements other than buildings	12,546,976	4,060,729	(9,268)	16,598,437
Equipment	6,966,229	735,519	(447,503)	7,254,245
Total capital assets being depreciated	<u>87,764,727</u>	<u>5,821,973</u>	<u>(520,823)</u>	<u>93,065,877</u>
Total capital assets	<u>93,435,799</u>	<u>11,065,199</u>	<u>(3,371,097)</u>	<u>101,129,901</u>
Less accumulated depreciation for:				
Buildings	33,800,171	1,440,375	(64,052)	35,176,494
Improvements other than buildings	5,937,356	530,282	(9,268)	6,458,370
Equipment	4,371,092	604,596	(447,503)	4,528,185
Total accumulated depreciation	<u>44,108,619</u>	<u>2,575,253</u>	<u>(520,823)</u>	<u>46,163,049</u>
Governmental activities, capital assets, net	<u>\$ 49,327,180</u>	<u>\$ 8,489,946</u>	<u>\$ (2,850,274)</u>	<u>\$ 54,966,852</u>

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

Depreciation expense was allocated to the following functions/programs:

Instruction:		Support:	
Regular	\$ 157,086	Student	\$ 3,286
Special	47,267	Instructional staff	36,241
Vocational	31,094	General administration	740
Other	4,562	School administration	949
	<u>240,009</u>	Business administration	1,028
		Operations and maintenance	83,860
		Student transportation	175,531
		Facilities construction and improvement	2,031,530
		Food services	2,079
			<u>2,335,244</u>
		Summary:	
		Instruction	240,009
		Support	2,335,244
		Total depreciation expense	<u>\$ 2,575,253</u>

### **NOTE 6 – GENERAL LONG-TERM OBLIGATIONS, NOTES, AND CAPITAL LEASES**

#### **General Long-Term Obligations**

General long-term obligations consist of the following at June 30, 2009:

	Balance July 1, 2008	Issued	Retired	Balance June 30, 2009
General Obligation Refunding Bonds issued April 9, 1998, in the amount of \$8,710,000 due serially over 11 years, interest at 4.0% to 4.4%.	\$ 2,830,000	\$ -	\$ (2,830,000)	\$ -
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%.	2,580,000	-	(835,000)	1,745,000
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
	<u>\$ 5,410,000</u>	<u>\$ 3,500,000</u>	<u>\$ (3,665,000)</u>	<u>\$ 5,245,000</u>

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

The annual requirements to amortize all General Obligation Debt outstanding as of June 30, 2009 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
2010	\$ 860,000	\$ 209,911	\$ 1,069,911
2011	885,000	164,088	1,049,088
2012	140,000	134,883	274,883
2013	145,000	129,983	274,983
2014	145,000	124,908	269,908
2015 - 2019	810,000	544,740	1,354,740
2020 - 2024	995,000	385,382	1,380,382
2025 - 2029	1,265,000	164,410	1,429,410
	<u>\$ 5,245,000</u>	<u>\$ 1,858,305</u>	<u>\$ 7,103,305</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. The full principal amount was placed into an escrow account with Deutsche Bank. The District has the authority to place draw requests on the advanced principal for payment of project costs. After the project's completion date, any funds remaining in the escrow account will be applied to repayment of this note. The balance in the escrow account as of June 30, 2009 was \$883,822. 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, 2009 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
2010	\$ 103,000	\$ 208,863	\$ 311,863
2011	119,000	204,455	323,455
2012	129,000	199,449	328,449
2013	283,000	192,568	475,568
2014	247,000	181,280	428,280
2015 - 2019	1,798,000	708,949	2,506,949
2020 - 2024	2,416,000	261,167	2,677,167
	<u>\$ 5,095,000</u>	<u>\$ 1,956,731</u>	<u>\$ 7,051,731</u>

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### **Capital Lease**

In January of 2007, the District entered into an agreement to borrow \$149,399 from Leasing Innovations, Incorporated for the purchase of licenses to the PowerSchool software program. Annual payments of \$43,826, including 6.4% interest began in July 2007 and will continue until July 2010.

The debt service requirements to maturity as of June 30, 2009 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
2010	\$ 38,218	\$ 5,608	\$ 43,826
2011	31,964	11,862	43,826
	<u>\$ 70,182</u>	<u>\$ 17,470</u>	<u>\$ 87,652</u>

### **Changes in Long-Term Obligations**

	Balance July 1, 2008	Additions of New Debt	Retirements, Repayments and Reductions	Balance June 30, 2009	Due Within One Year
General Obligation Bonds	\$ 5,410,000	\$ 3,500,000	\$ 3,665,000	\$ 5,245,000	\$ 860,000
Bond Issuance Premiums	1,371,654	9,465	457,414	923,705	457,687
Compensated Absences	707,698	-	365,935	341,763	-
Capital Lease	105,573	-	35,391	70,182	38,218
Installment Note Payable	-	5,095,000	-	5,095,000	103,000
	<u>\$ 7,594,925</u>	<u>\$ 8,604,465</u>	<u>\$ 4,523,740</u>	<u>\$ 11,675,650</u>	<u>\$ 1,458,905</u>

Total interest paid on long-term obligations for the year ended June 30, 2009 was \$328,307.

The District was, in accordance with NRS 387.400, within the legal debt limit at June 30, 2009.

### **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



# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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.

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>	
2009	20.50%	10.5% / 10.5%	\$ 6,423,108
2008	20.50%	10.5% / 10.5%	\$ 6,414,365
2007	19.75%	10.5% / 10.5%	\$ 6,058,997

### **NOTE 8 – TRANSFERS**

Interfund transfers are shown as other financing sources (uses) in all funds other than the internal service funds, where, these 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, 2009 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><i>Governmental Funds:</i></b>		
General Fund	\$ -	\$ 4,450,000
Special Revenue Funds:		
Special Education Fund	4,350,000	
Food Services Fund	100,000	
	<u>\$ 4,450,000</u>	<u>\$ 4,450,000</u>

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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

Effective July 1, 2008, the District adopted the provisions of Governmental Accounting Standards Board (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 and related expenses of \$1,233,862 resulting from the adoption.

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 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 807 active plan members and 25 retirees as of March 1, 2008, the date of the latest actuarial valuation.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### ***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 \$1,004,398 during the year on behalf of 229 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 2.4% of payroll for 2008, 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 2009.

### ***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 cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. 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 Plan	PEBP	
Annual Required Contribution (ARC):			
Normal cost	\$ 809,882	\$ -	\$ 809,882
Amortization of unfunded annual liability	289,307	1,198,018	1,487,325
Interest	14,576	15,886	30,462
	1,113,765	1,213,904	2,327,669
Contributions made	(89,409)	(1,004,398)	(1,093,807)
<i>Increase in OPEB Obligation</i>	1,024,356	209,506	1,233,862
Net OPEB Obligation, July 1, 2008	-	-	-
Net OPEB Obligation, June 30, 2009	\$ 1,024,356	\$ 209,506	\$ 1,233,862

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Fiscal Year	<u>2009</u>
Annual OPEB Cost	\$ 2,327,669
% of Annual OPEB Cost Contributed	47%
Net OPEB Obligation	\$ 1,233,862

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

As of March 1, 2008, 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 \$38,922,551. The covered payroll was \$33,397,245 and the ratio of unfunded actuarial accrued liability to payroll was 116.54%. 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. Additionally, because 2009 was the year of transition for GASB Statement No. 45, its requirements have been implemented prospectively; therefore the RSI does not reflect similar information respective of the two preceding years.

### ***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:

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

	District	PEBP
Actuarial Valuation Date	March 1, 2008	July 1, 2008
Actuarial Cost Method	Entry age normal cost	Entry age normal cost
Amortization Period	30 years	30 years
Amortization Method	Level Percentage Amount	Level Percentage Amount
Asset Valuation Method	Market Value	Market Value
Investment Rate of Return	4%	4%
Projected Salary Increases	6.50%	Varies
Healthcare Inflation Rate		
Initial Rate	12%	3%-10.8%
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; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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

The District contributed approximately \$662 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.

The District is protected against unanticipated catastrophic individual or aggregate loss through its stop-loss coverage, which is in effect for individual claims exceeding \$125,000 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 4%.

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

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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, 2008 and 2009 are as follows:

	Self-Insurance Funds		
	Health Fund	Workers' Compensation	Total
Claims liability, July 1, 2007	\$ 924,349	\$ 483,000	\$ 1,407,349
Current year claims and changes in estimates	5,805,366	224,081	6,029,447
Claim payments	<u>(5,871,080)</u>	<u>(206,081)</u>	<u>(6,077,161)</u>
Claims liability, June 30, 2008	858,635	501,000	1,359,635
Current year claims and changes in estimates	5,550,266	520,479	6,070,745
Claim payments	<u>(5,622,486)</u>	<u>(387,479)</u>	<u>(6,009,965)</u>
Claims liability, June 30, 2009	<u>\$ 786,415</u>	<u>\$ 634,000</u>	<u>\$ 1,420,415</u>

### **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.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### ***Construction Commitments***

As of June 30, 2009, the District had commitments with respect to unfinished capital projects. Included in those commitments are the following:

George Whittell High School - Gym	\$ 1,422,476
District Wide - ESCO Projects	3,070,523
Douglas High School - Roof	318,299
	<u>\$ 4,811,298</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

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REQUIRED SUPPLEMENTAL INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2009

Plan	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	3/1/2008	\$ -	\$ 7,571,027	\$ 7,571,027	0.0%	\$ 33,397,245	22.67%
PEBP	3/1/2008	\$ -	\$ 31,351,524	\$ 31,351,524	0.0%	\$ 33,397,245	93.87%



# DOUGLAS COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2009  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)*

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Motor vehicle privilege tax	\$ 1,190,340	\$ 1,224,666	\$ 1,129,982	\$ (94,684)	\$ 1,200,653
Residential building permit tax	280,106	152,015	125,103	(26,912)	229,655
Earnings on investments	80,028	86,139	36,945	(49,194)	74,501
Donation	50,000	100,000	100,000	-	190,000
Other	-	-	-	-	50,000
Total Revenues	<u>1,600,474</u>	<u>1,562,820</u>	<u>1,392,030</u>	<u>(170,790)</u>	<u>1,744,809</u>
<b>EXPENDITURES</b>					
Other support:					
Purchased services	-	-	-	-	174
Supplies	53,826	54,774	58,551	(3,777)	91,996
Property	530,000	372,000	332,395	39,605	352,297
	<u>583,826</u>	<u>426,774</u>	<u>390,946</u>	<u>35,828</u>	<u>444,467</u>
Site improvements:					
Purchased services	863,850	256,000	187,551	68,449	454,753
Supplies	-	2,000	1,037	963	12,984
Property	-	4,000	2,033	1,967	142,577
	<u>863,850</u>	<u>262,000</u>	<u>190,621</u>	<u>71,379</u>	<u>610,314</u>
Building construction:					
Purchased services	<u>175,000</u>	<u>322,500</u>	<u>229,132</u>	<u>93,368</u>	<u>454,574</u>
Building improvements:					
Purchased services	5,090,000	5,946,000	6,256,828	(310,828)	948,069
Supplies	-	-	12,879	(12,879)	16,258
	<u>5,090,000</u>	<u>5,946,000</u>	<u>6,269,707</u>	<u>(323,707)</u>	<u>964,327</u>
Total Expenditures	<u>6,712,676</u>	<u>6,957,274</u>	<u>7,080,406</u>	<u>(123,132)</u>	<u>2,473,682</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(5,112,202)</u>	<u>(5,394,454)</u>	<u>(5,688,376)</u>	<u>(293,922)</u>	<u>(728,873)</u>
<b>OTHER FINANCING SOURCES</b>					
Installment note proceeds	<u>5,000,000</u>	<u>5,145,000</u>	<u>5,095,000</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balance	(112,202)	(249,454)	(593,376)	(343,922)	(728,873)
<b>FUND BALANCE, July 1</b>	<u>1,680,713</u>	<u>1,918,887</u>	<u>1,918,887</u>	<u>-</u>	<u>2,647,760</u>
<b>FUND BALANCE, June 30</b>	<u>\$ 1,568,511</u>	<u>\$ 1,669,433</u>	<u>\$ 1,325,511</u>	<u>\$ (343,922)</u>	<u>\$ 1,918,887</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

BOND FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2009  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ -	\$ 88,856	\$ 8,767	\$ (80,089)	\$ -
Total Revenues	-	88,856	8,767	(80,089)	-
<b>EXPENDITURES</b>					
Building construction:					
Purchased services	-	900,000	742,857	157,143	-
Total Expenditures	-	900,000	742,857	157,143	-
Excess (Deficiency) of Revenue over Expenditures	-	(811,144)	(734,090)	77,054	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of bonds	-	3,554,246	3,509,465	(44,781)	-
Bond issuance costs	-	-	(87,111)	(87,111)	-
Total Other Financing Sources (Uses)	-	3,554,246	3,422,354	(131,892)	-
Net Change in Fund Balance	-	2,743,102	2,688,264	(54,838)	-
<b>FUND BALANCE, July 1</b>	-	-	-	-	-
<b>FUND BALANCE, June 30</b>	\$ -	\$ 2,743,102	\$ 2,688,264	\$ (54,838)	\$ -

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009  
*(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)*

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	TOTALS	BUILDING AND SITES	DEBT SERVICE	2009	2008
<b>ASSETS</b>							
Cash and investments	\$ 566,144	\$ 294,197	\$ 860,341	\$ 29,788	\$ 1,099	\$ 891,228	\$ 2,922,787
Deposit held by fiscal agent					453,300	453,300	-
Receivables:							
Taxes, delinquent	-	-	-	-	61,007	61,007	36,109
Interest	-	153	153	1,362	-	1,515	2,150
Due from other governments	15,428	-	15,428	-	-	15,428	27
Inventories	43,059	-	43,059	-	-	43,059	50,390
<b>Total Assets</b>	<b>\$ 624,631</b>	<b>\$ 294,350</b>	<b>\$ 918,981</b>	<b>\$ 31,150</b>	<b>\$ 515,406</b>	<b>\$ 1,465,537</b>	<b>\$ 3,011,463</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 95,335	\$ 195,138	\$ 290,473	\$ 70	\$ -	\$ 290,543	\$ 325,477
Deferred revenues	-	-	-	-	59,218	59,218	32,057
<b>Total Liabilities</b>	<b>95,335</b>	<b>195,138</b>	<b>290,473</b>	<b>70</b>	<b>59,218</b>	<b>349,761</b>	<b>357,534</b>
<b>FUND BALANCES</b>							
Reserved for:							
Inventories	43,059	-	43,059	-	-	43,059	50,390
Debt service	-	-	-	-	456,188	456,188	1,656,999
Capital projects	-	-	-	31,080	-	31,080	416,112
Designated for:							
Subsequent year's expenditures	395,227	85,294	480,521	-	-	480,521	425,979
Unreserved and undesignated	91,010	13,918	104,928	-	-	104,928	104,449
<b>Total Fund Balances</b>	<b>529,296</b>	<b>99,212</b>	<b>628,508</b>	<b>31,080</b>	<b>456,188</b>	<b>1,115,776</b>	<b>2,653,929</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 624,631</b>	<b>\$ 294,350</b>	<b>\$ 918,981</b>	<b>\$ 31,150</b>	<b>\$ 515,406</b>	<b>\$ 1,465,537</b>	<b>\$ 3,011,463</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, 2009  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND BUILDING AND SITES	DEBT SERVICE FUND DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	TOTALS			2009	2008
<b>REVENUES</b>							
Local sources	\$ 802,445	\$ 7,760	\$ 810,205	\$ 9,420	\$ 2,669,762	\$ 3,489,387	\$ 3,557,873
State sources	5,434	2,201,458	2,206,892	-	-	2,206,892	2,080,272
Federal sources	809,817	-	809,817	-	-	809,817	738,542
Total Revenues	<u>1,617,696</u>	<u>2,209,218</u>	<u>3,826,914</u>	<u>9,420</u>	<u>2,669,762</u>	<u>6,506,096</u>	<u>6,376,687</u>
<b>EXPENDITURES</b>							
Instruction - regular programs	-	2,275,576	2,275,576	-	-	2,275,576	2,238,334
Food service	1,596,317	-	1,596,317	-	-	1,596,317	1,699,659
Facilities acquisition/construction	-	-	-	394,452	-	394,452	84,840
Debt service:							
Principal	-	-	-	-	3,665,000	3,665,000	3,530,000
Interest	-	-	-	-	205,448	205,448	344,827
Fiscal agent charges	-	-	-	-	125	125	625
Total Expenditures	<u>1,596,317</u>	<u>2,275,576</u>	<u>3,871,893</u>	<u>394,452</u>	<u>3,870,573</u>	<u>8,136,918</u>	<u>7,898,285</u>
Excess (Deficiency) of Revenues Over Expenditures	21,379	(66,358)	(44,979)	(385,032)	(1,200,811)	(1,630,822)	(1,521,598)
<b>OTHER FINANCING SOURCES</b>							
Transfers from other funds	100,000	-	100,000	-	-	100,000	100,000
Net Change in Fund Balances	121,379	(66,358)	55,021	(385,032)	(1,200,811)	(1,530,822)	(1,421,598)
<b>FUND BALANCES, July 1</b>	415,248	165,570	580,818	416,112	1,656,999	2,653,929	4,072,313
Increase (decrease) in reserve for inventories	(7,331)	-	(7,331)	-	-	(7,331)	3,214
<b>FUND BALANCES, June 30</b>	<u>\$ 529,296</u>	<u>\$ 99,212</u>	<u>\$ 628,508</u>	<u>\$ 31,080</u>	<u>\$ 456,188</u>	<u>\$ 1,115,776</u>	<u>\$ 2,653,929</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, 2009

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)*

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 10,000	\$ 10,000	\$ 4,295	\$ (5,705)	\$ 9,534
Daily sales	980,000	980,000	798,150	(181,850)	856,416
Total Local Sources	990,000	990,000	802,445	(187,555)	865,950
State sources - Grants	5,000	5,000	5,434	434	5,634
Federal sources - Grants	763,650	763,650	809,817	46,167	738,542
Total Revenues	1,758,650	1,758,650	1,617,696	(140,954)	1,610,126
<b>EXPENDITURES</b>					
Salaries	678,355	673,301	613,889	59,412	613,236
Benefits	260,767	254,070	242,393	11,677	252,853
Purchased services	9,300	9,300	8,481	819	10,758
Supplies	932,000	932,000	731,554	200,446	815,082
Property	10,000	10,000	-	10,000	7,730
Total Food Service	1,890,422	1,878,671	1,596,317	282,354	1,699,659
Contingency	25,000	25,000	-	25,000	-
Total Expenditures	1,915,422	1,903,671	1,596,317	307,354	1,699,659
Excess (Deficiency) of Revenues Over Expenditures	(156,772)	(145,021)	21,379	166,400	(89,533)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	100,000	100,000	100,000	-	100,000
Net Change in Fund Balance	(56,772)	(45,021)	121,379	166,400	10,467
<b>FUND BALANCE, July 1</b>	307,260	415,248	415,248	-	401,567
Increase (decrease) in reserve for inventories	-	-	(7,331)	(7,331)	3,214
<b>FUND BALANCE, June 30</b>	\$ 250,488	\$ 370,227	\$ 529,296	\$ 159,069	\$ 415,248

# DOUGLAS COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2009  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)*

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 22,000	\$ 22,000	\$ 7,760	\$ (14,240)	\$ 25,402
State sources:					
Special appropriations	2,174,931	2,201,267	2,201,458	191	2,074,638
Total Revenues	<u>2,196,931</u>	<u>2,223,267</u>	<u>2,209,218</u>	<u>(14,049)</u>	<u>2,100,040</u>
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	1,722,797	1,686,439	1,666,667	19,772	1,640,791
Benefits	625,268	617,105	608,909	8,196	597,543
Total Expenditures	<u>2,348,065</u>	<u>2,303,544</u>	<u>2,275,576</u>	<u>27,968</u>	<u>2,238,334</u>
Net Change in Fund Balance	(151,134)	(80,277)	(66,358)	13,919	(138,294)
<b>FUND BALANCE, July 1</b>	<u>165,895</u>	<u>165,571</u>	<u>165,570</u>	<u>(1)</u>	<u>303,864</u>
<b>FUND BALANCE, June 30</b>	<u>\$ 14,761</u>	<u>\$ 85,294</u>	<u>\$ 99,212</u>	<u>\$ 13,918</u>	<u>\$ 165,570</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2009  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 2,000	\$ 2,000	\$ 2,001	\$ 1	\$ 18,886
Other	4,000	4,000	7,419	3,419	13,835
Total Revenues	6,000	6,000	9,420	3,420	32,721
<b>EXPENDITURES</b>					
Building construction:					
Purchased services	-	-	-	-	2,133
Building improvement:					
Purchased services	400,000	400,000	370,152	29,848	-
Property	-	-	24,300	(24,300)	82,707
Total Expenditures	400,000	400,000	394,452	5,548	84,840
Net Change in Fund Balance	(394,000)	(394,000)	(385,032)	8,968	(52,119)
<b>FUND BALANCE, July 1</b>	396,904	416,112	416,112	-	468,231
<b>FUND BALANCE, June 30</b>	\$ 2,904	\$ 22,112	\$ 31,080	\$ 8,968	\$ 416,112

# DOUGLAS COUNTY SCHOOL DISTRICT

## DEBT SERVICE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2009

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)*

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 2,650,700	\$ 2,650,700	\$ 2,614,081	\$ (36,619)	\$ 2,487,849
Earnings on investments	140,000	140,000	54,994	(85,006)	145,578
Other	2,000	2,000	687	(1,313)	373
Total Revenues	<u>2,792,700</u>	<u>2,792,700</u>	<u>2,669,762</u>	<u>(122,938)</u>	<u>2,633,800</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	3,665,000	3,665,000	3,665,000	-	3,530,000
Interest	205,448	205,448	205,448	-	344,827
Coupon redemption	5,000	5,000	-	5,000	-
Fiscal agent charges	-	-	125	(125)	625
Total Expenditures	<u>3,875,448</u>	<u>3,875,448</u>	<u>3,870,573</u>	<u>4,875</u>	<u>3,875,452</u>
Net Change in Fund Balance	(1,082,748)	(1,082,748)	(1,200,811)	(118,063)	(1,241,652)
<b>FUND BALANCE, July 1</b>	<u>1,692,044</u>	<u>1,692,044</u>	<u>1,656,999</u>	<u>(35,045)</u>	<u>2,898,651</u>
<b>FUND BALANCE, June 30</b>	<u>\$ 609,296</u>	<u>\$ 609,296</u>	<u>\$ 456,188</u>	<u>\$ (153,108)</u>	<u>\$ 1,656,999</u>



# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
 COMBINING STATEMENT OF NET ASSETS  
 JUNE 30, 2009  
*(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)*

	<u>SELF- INSURANCE HEALTH FUND</u>	<u>WORKERS' COMP SELF INSURANCE FUND</u>	<u>TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>	
			<u>2009</u>	<u>2008</u>
<b>ASSETS</b>				
Current:				
Cash and investments	\$ 4,678,549	\$ 1,592,937	\$ 6,271,486	\$ 4,797,375
Receivables:				
Interest	-	-	-	7,738
Other	116,307	18,121	134,428	168,563
Due from other funds	<u>668,425</u>	<u>-</u>	<u>668,425</u>	<u>953,601</u>
Total Assets	<u>5,463,281</u>	<u>1,611,058</u>	<u>7,074,339</u>	<u>5,927,277</u>
 <b>LIABILITIES</b>				
Current:				
Accounts payable and accrued expenses	-	76,201	76,201	82,349
Deferred revenue	666,945	-	666,945	699,512
Pending claims	<u>786,415</u>	<u>634,000</u>	<u>1,420,415</u>	<u>1,359,635</u>
Total Liabilities	<u>1,453,360</u>	<u>710,201</u>	<u>2,163,561</u>	<u>2,141,496</u>
 <b>NET ASSETS</b>				
Restricted	<u>\$ 4,009,921</u>	<u>\$ 900,857</u>	<u>\$ 4,910,778</u>	<u>\$ 3,785,781</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
COMBINING STATEMENT OF  
REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009  
*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)*

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS	
			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS 2009	2008
<b>OPERATING REVENUES</b>				
Insurance premiums	\$ 7,247,512	\$ 186,707	\$ 7,434,219	\$ 7,624,943
State assisted revenue	-	-	-	254,089
Insurance proceeds and other	470,767	42,261	513,028	467,250
Total Operating Revenues	<u>7,718,279</u>	<u>228,968</u>	<u>7,947,247</u>	<u>8,346,282</u>
<b>OPERATING EXPENSES</b>				
Claims expense	5,622,486	387,479	6,009,965	6,029,447
Purchased services	852,930	36,737	889,667	1,540,920
Total Operating Expenses	<u>6,475,416</u>	<u>424,216</u>	<u>6,899,632</u>	<u>7,570,367</u>
Operating Income (Loss)	1,242,863	(195,248)	1,047,615	775,915
<b>NONOPERATING REVENUES</b>				
Earnings on investments	54,864	22,518	77,382	169,004
Change in Net Assets	1,297,727	(172,730)	1,124,997	944,919
<b>NET ASSETS, July 1</b>	<u>2,712,194</u>	<u>1,073,587</u>	<u>3,785,781</u>	<u>2,840,862</u>
<b>NET ASSETS, June 30</b>	<u>\$ 4,009,921</u>	<u>\$ 900,857</u>	<u>\$ 4,910,778</u>	<u>\$ 3,785,781</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)*

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2009	2008
<b>CASH FROM OPERATING ACTIVITIES</b>				
Cash received from insurance premiums	\$ 7,500,121	\$ 186,707	\$ 7,686,828	\$ 7,819,184
Cash received from insurance and other	508,067	46,834	554,901	465,939
Cash paid for claims	(5,694,706)	(254,479)	(5,949,185)	(6,077,161)
Cash paid for services and supplies	(853,293)	(42,522)	(895,815)	(1,488,795)
Net cash provided (used) by operating activities	1,460,189	(63,460)	1,396,729	719,167
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	54,864	22,518	77,382	179,590
NET INCREASE (DECREASE) IN CASH	1,515,053	(40,942)	1,474,111	898,757
<b>CASH AND INVESTMENTS, July 1</b>	<u>3,163,496</u>	<u>1,633,879</u>	<u>4,797,375</u>	<u>3,898,618</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 4,678,549</u>	<u>\$ 1,592,937</u>	<u>\$ 6,271,486</u>	<u>\$ 4,797,375</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>				
Operating income (loss)	\$ 1,242,863	\$ (195,248)	\$ 1,047,615	\$ 775,915
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Change in assets and liabilities:				
Accounts receivable	37,300	4,573	41,873	192,930
Due from other funds	285,176	-	285,176	(287,867)
Accounts payable	(363)	(5,785)	(6,148)	52,125
Deferred revenue	(32,567)	-	(32,567)	33,778
Pending claims	(72,220)	133,000	60,780	(47,714)
Total Adjustments	217,326	131,788	349,114	(56,748)
Net cash provided (used) by operating activities	<u>\$ 1,460,189</u>	<u>\$ (63,460)</u>	<u>\$ 1,396,729</u>	<u>\$ 719,167</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, 2009  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)*

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 7,848,750	\$ 7,848,750	\$ 7,247,512	\$ (601,238)	\$ 7,436,902
State assisted revenue	852,000	-	-	-	254,089
Insurance proceeds	350,000	350,000	461,169	111,169	444,748
Other	-	-	9,598	9,598	-
Total Operating Revenues	<u>9,050,750</u>	<u>8,198,750</u>	<u>7,718,279</u>	<u>(480,471)</u>	<u>8,135,739</u>
<b>OPERATING EXPENSES</b>					
Claims expense	7,411,548	7,411,548	5,622,486	1,789,062	5,805,366
Purchased services	1,744,202	892,202	852,930	39,272	1,486,944
Supplies	10,000	10,000	-	10,000	-
Total Operating Expenses	<u>9,165,750</u>	<u>8,313,750</u>	<u>6,475,416</u>	<u>1,838,334</u>	<u>7,292,310</u>
Operating Income (Loss)	(115,000)	(115,000)	1,242,863	1,357,863	843,429
<b>NONOPERATING REVENUES</b>					
Earnings on investments	90,000	90,000	54,864	(35,136)	112,185
Change in Net Assets	(25,000)	(25,000)	1,297,727	1,322,727	955,614
<b>NET ASSETS, July 1</b>	<u>1,731,580</u>	<u>2,712,194</u>	<u>2,712,194</u>	<u>-</u>	<u>1,756,580</u>
<b>NET ASSETS, June 30</b>	<u>\$ 1,706,580</u>	<u>\$ 2,687,194</u>	<u>\$ 4,009,921</u>	<u>\$ 1,322,727</u>	<u>\$ 2,712,194</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## SELF-INSURANCE HEALTH FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2009

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 7,848,750	\$ 7,848,750	\$ 7,500,121	\$ (348,629)	\$ 7,631,143
Cash received from insurance and other	350,000	350,000	508,067	158,067	443,500
Cash received from state assisted revenues	852,000	-	-	-	-
Cash paid for claims	(7,411,548)	(7,411,548)	(5,694,706)	1,716,842	(5,871,080)
Cash paid for services and supplies	(1,754,202)	(902,202)	(853,293)	48,909	(1,486,581)
Net cash provided (used) by operating activities	(115,000)	(115,000)	1,460,189	1,575,189	716,982
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	90,000	90,000	54,864	(35,136)	118,027
NET INCREASE (DECREASE) IN CASH	(25,000)	(25,000)	1,515,053	1,540,053	835,009
<b>CASH AND INVESTMENTS, July 1</b>	<u>2,303,487</u>	<u>4,129,783</u>	<u>3,163,496</u>	<u>(966,287)</u>	<u>2,328,487</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 2,278,487</u>	<u>\$ 4,104,783</u>	<u>\$ 4,678,549</u>	<u>\$ 573,766</u>	<u>\$ 3,163,496</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (115,000)	\$ (115,000)	\$ 1,242,863	\$ 1,357,863	\$ 843,429
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Accounts receivable	-	-	37,300	37,300	192,993
Due from insurance	-	-	285,176	285,176	(287,867)
Accounts payable	-	-	(363)	(363)	363
Pending claims	-	-	(72,220)	(72,220)	(65,714)
Deferred revenues	-	-	(32,567)	(32,567)	33,778
Total Adjustments	-	-	217,326	217,326	(126,447)
Net cash provided (used) by operations	<u>\$ (115,000)</u>	<u>\$ (115,000)</u>	<u>\$ 1,460,189</u>	<u>\$ 1,575,189</u>	<u>\$ 716,982</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, 2009  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)*

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 175,000	\$ 175,000	\$ 186,707	\$ 11,707	\$ 188,041
Other	20,000	20,000	42,261	22,261	22,502
Total Operating Revenues	195,000	195,000	228,968	33,968	210,543
<b>OPERATING EXPENSES</b>					
Claims expense	200,000	280,000	387,479	(107,479)	224,081
Purchased services	75,000	75,000	36,737	38,263	53,976
Total Operating Expenses	275,000	355,000	424,216	(69,216)	278,057
Operating Income (Loss)	(80,000)	(160,000)	(195,248)	(35,248)	(67,514)
<b>NONOPERATING REVENUES</b>					
Earnings on investments	50,000	50,000	22,518	(27,482)	56,819
Change in Net Assets	(30,000)	(110,000)	(172,730)	(62,730)	(10,695)
<b>NET ASSETS, July 1</b>	1,054,282	1,073,588	1,073,587	(1)	1,084,282
<b>NET ASSETS, June 30</b>	\$ 1,024,282	\$ 963,588	\$ 900,857	\$ (62,731)	\$ 1,073,587

# DOUGLAS COUNTY SCHOOL DISTRICT

## WORKERS' COMPENSATION SELF-INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2009

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009 BUDGET		2009		2008
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 175,000	\$ 175,000	\$ 186,707	\$ 11,707	\$ 188,041
Cash received from other operating sources	20,000	20,000	46,834	26,834	22,439
Cash paid for claims	(200,000)	(280,000)	(254,479)	25,521	(206,081)
Cash paid for services and supplies	(75,000)	(75,000)	(42,522)	32,478	(2,214)
Net cash provided (used) by operating activities	(80,000)	(160,000)	(63,460)	96,540	2,185
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	50,000	50,000	22,518	(27,482)	61,563
NET INCREASE (DECREASE) IN CASH	(30,000)	(110,000)	(40,942)	69,058	63,748
<b>CASH AND INVESTMENTS, July 1</b>	1,540,131	1,645,490	1,633,879	(11,611)	1,570,131
<b>CASH AND INVESTMENTS, June 30</b>	\$ 1,510,131	\$ 1,535,490	\$ 1,592,937	\$ 57,447	\$ 1,633,879
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (80,000)	\$ (160,000)	\$ (195,248)	\$ (35,248)	\$ (67,514)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Accounts receivable	-	-	4,573	4,573	(63)
Accounts payable	-	-	(5,785)	(5,785)	51,762
Pending claims	-	-	133,000	133,000	18,000
Total Adjustments	-	-	131,788	131,788	69,699
Net cash provided (used) by operations	\$ (80,000)	\$ (160,000)	\$ (63,460)	\$ 96,540	\$ 2,185

# DOUGLAS COUNTY SCHOOL DISTRICT

## STUDENT ACTIVITY AGENCY FUNDS SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - BY SCHOOL YEAR ENDED JUNE 30, 2009

	<u>BALANCE</u> <u>JULY 1, 2008</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>
<b>Student Activity Funds</b>				
Douglas High School	\$ 251,901	\$ 893,931	\$ 851,562	\$ 294,270
George Whittell High School	62,646	210,999	187,564	86,081
Carson Valley Middle School	88,811	101,783	116,167	74,427
Pau-Wa-Lu Middle School	31,306	113,569	116,966	27,909
Scarcelli Elementary School	52,186	73,223	66,454	58,955
Gardnerville Elementary School	36,702	61,308	74,373	23,637
C.C. Meneley Elementary School	31,342	22,998	31,092	23,248
Jacks Valley Elementary School	26,124	85,479	86,872	24,731
Minden Elementary School	46,506	98,353	99,474	45,385
Pinion Hills Elementary School	59,554	180,473	177,701	62,326
Zephyr Cove Elementary School	3,664	7,370	8,006	3,028
	<u>\$ 690,742</u>	<u>\$ 1,849,486</u>	<u>\$ 1,816,231</u>	<u>\$ 723,997</u>





**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 of the  
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 (District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 27, 2009. 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 *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 27, 2009.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the 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 27, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

***Compliance***

We have audited the compliance of the Douglas County School District (District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditors' 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

## ***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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Schettler, Macy & Silva, LLC*

Reno, Nevada  
October 27, 2009

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

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>			
P.L. 105-17, Individuals with Disabilities Education Act (IDEA):			
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	09-2715-04	\$ 1,322,159
Special Education - Preschool Grants (IDEA, Preschool)	84.173	09-2715-44	<u>57,222</u>
			<u>1,379,381</u>
Title I - Grants to Local Educational Agencies	84.010	09-2712-09	589,242
Career and Technical Education - Basic Grants to States	84.048	09-2676-04	54,620
Title IV, Part A - Safe and Drug-Free Schools and Communities	84.186	09-2605-09	6,834
Fund for the Improvement of Education	84.215	09-2713-111	56,145
Title V, Part A - State Grants for Innovative Programs	84.298	09-2713-04	57,505
Title II, Part D - Education Technology State Grants	84.318	09-2713-64	4,919
English Language Acquisition Grants	84.365	09-2709-27	25,797
Title II, Part A - Improving Teacher Quality State Grants	84.367	09-2713-28	164,513
Grants for State Assessments and Related Activities	84.369	09-2713-85	7,568
Education Stabilization Fund - Recovery Act	84.394	S394A090029	<u>2,251,269</u>
			<u>3,218,412</u>
<b>Total U.S. Department of Education</b>			<u>4,597,793</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through the State of Nevada Department of Administration</i>			
National School Lunch Program/Commodities	10.555	N/A	<u>99,405</u>
<i>Passed through the State of Nevada Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	126,944
National School Lunch Program	10.555	N/A	<u>583,468</u>
			<u>710,412</u>
<i>Passed through Douglas County</i>			
Schools and Roads - Grants to Counties	10.666	N/A	<u>15,686</u>
<b>Total U.S. Department of Agriculture</b>			<u>825,503</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 5,423,296</u></u>

See accompanying notes.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2009

### **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 (District) for the year ended June 30, 2009. 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, 2009.

### **NOTE 3 – TRANSFERS**

The District transferred \$55,637 from Title II, Part A – Improving Teacher Quality State Grants (84.367) to Title V, Part A – State Grants for Innovative Programs (84.298). The amount transferred is included in the total expenditures of the receiving program (Title V, Part A).

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2009

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

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Douglas County School District.
2. No significant deficiencies relating to the audit of the financial statements are disclosed in the "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*."
3. No instances of noncompliance material to the financial statements of Douglas County School District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133."
5. The auditors' report on compliance for the major federal award programs of Douglas County School District expresses an unqualified opinion on all major federal award programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this schedule.
7. The major programs tested for Douglas County School District for the year ended June 30, 2009 are as follows:

Special Education Cluster

Special Education – State Grants 84.027

Special Education – Preschool Grants 84.173

Title I – Grants to Local Educational Agencies 84.010

Title II, Part A – Improving Teacher Quality 84.367

Education Stabilization Fund – Recovery Act 84.394

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Douglas County School District was determined to be a low-risk auditee.

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

None.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2009

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

#### **Finding 2009-1**

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

*Title I, Part A CFDA 84.010; Title II, Part A 84.367; and IDEA 84.027 and 84.173*

##### 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

During fiscal year 2009, Douglas County School District did not have a district-wide policy to ensure compliance with these requirements. District management is currently designing a district-wide policy for documenting employee time and effort and is expected to be implementing this process during fiscal year 2010.

##### Effect

The District did not have proper support for salary expenditures of employees either fully or partially funded by federal awards for fiscal year 2009.

##### Questioned Costs

None.

##### Recommendation

The District should design and implement a district-wide policy to ensure compliance with OMB Circular A-87 time and effort documentation requirements for employees fully or partially funded by federal awards.



# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS JUNE 30, 2009

There were no audit findings reported for the year ended June 30, 2008.



SCHETTLER  
MACY & SILVALLC  
Certified Public Accountants

## INDEPENDENT ACCOUNTANTS' REPORT

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

We have reviewed management's assertion that the reserve fund balances/net assets in funds of Douglas County School District as of June 30, 2009 were reasonable and necessary to carry out the purposes of the funds in accordance with criteria established by the State of Nevada Legislative Counsel Bureau. Douglas County School District's management is responsible for the assertion.

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, in conformity with the interpretation of reasonable and necessary provided by the State of Nevada Legislative Counsel Bureau in reference to the requirements of Nevada Revised Statute 354.6241.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, 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 27, 2009

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **INDEPENDENT AUDITORS' COMMENTS JUNE 30, 2009**

### **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.

### **PROGRESS ON PRIOR YEAR STATUTE VIOLATIONS**

Overexpenditures, which were apparent statute violations, were reported for the year ended June 30, 2008. As noted above, an overexpenditure is also reported for the year ended June 30, 2009.

### **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.