

**DOUGLAS COUNTY SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**

**June 30, 2013**

# DOUGLAS COUNTY SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District, Minden, Nevada (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District as of June 30, 2013, and the respective changes in its financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 18 and the Schedule of Funding Progress related to the District's other postemployment benefits on page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*The Bullard Macy Group*

Reno, Nevada  
October 31, 2013

# DOUGLAS COUNTY SCHOOL DISTRICT

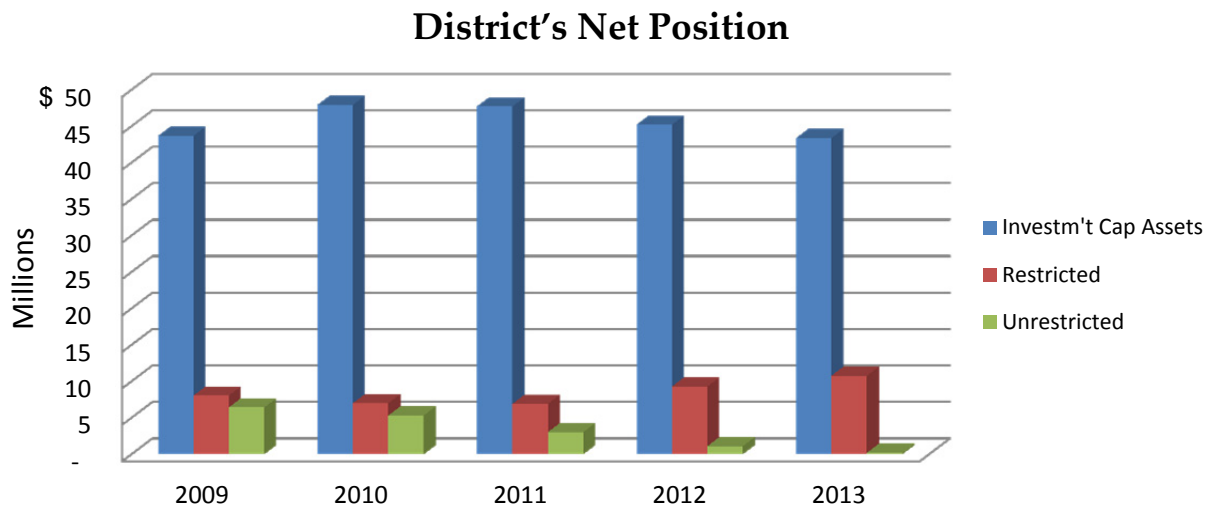
## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

Management's Discussion and Analysis of Douglas County School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with the District's financial statements, which follow this narrative.

### Financial Highlights

- The District's net position decreased slightly as a result of this year's operations. On a district-wide basis including all governmental activities, the assets of Douglas County School District exceeded its liabilities resulting in total net position at the close of the fiscal year of \$54.4 million. This represents a decrease of 2.3% from the prior fiscal year.
- As of June 30, 2013, the District's governmental funds reported combined ending fund balances of \$23.8 million, an increase of \$8.0 million from the prior year. This decrease is largely the result of bond proceeds which had not been spent as of the end of the year. These unspent proceeds are restricted from being spent for regular District operations.
- The General Fund reported a net decrease in fund balance of \$168 thousand. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$5.3 million of which \$1.3 million has been assigned to eliminate a projected budgetary deficit for the 2014 fiscal year.

The following provides a graphical representation of the District's net position by category as of June 30, 2013 and the preceding four years.





# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

### 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) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. The basic financial statements present two different views of the District through the use of district-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 **District-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 district-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

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

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

### District-wide Financial Statements

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

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

In many government entities, the district-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 district-wide financial statements are on pages 20 through 22 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 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 district-wide financial statements. These funds focus on how assets can readily be converted into cash, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the District's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

The focus of the governmental fund statements is on major funds. The determination of a major fund is dependent on criteria established by the GASB. Each fund is assessed on an annual basis and its classification as major or nonmajor can change. The District has nine individual governmental funds. For the year ended June 30, 2013, the following are considered major funds:

- General Fund
- Special Education Fund
- Debt Service Fund
- Capital Projects Fund
- Bond Fund

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

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

*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 district-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 district-wide statements. The District's only fiduciary fund is its agency fund, which is used to report the aggregate balances of student activity funds.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements are on pages 39 – 67 of this report.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

### District-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The largest component of the District's net position (80%) 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.

The table below presents a comparison of the District's net position as of June 30, 2013 and 2012:

| DISTRICT'S NET POSITION          |               |               |                |        |
|----------------------------------|---------------|---------------|----------------|--------|
|                                  | 2013          | 2012          | Change         |        |
| <b>Assets</b>                    |               |               |                |        |
| Current and other assets         | \$ 38,404,315 | \$ 31,265,329 | \$ 7,138,986   | 22.8%  |
| Net capital assets               | 67,171,809    | 67,008,101    | 163,708        | 0.2%   |
| Total Assets                     | 105,576,124   | 98,273,430    | 7,302,694      | 7.4%   |
| <b>Liabilities</b>               |               |               |                |        |
| Current liabilities              | 10,450,788    | 11,291,741    | (840,953)      | -7.4%  |
| Long-term liabilities            | 40,739,309    | 31,320,281    | 9,419,028      | 30.1%  |
| Total Liabilities                | 51,190,097    | 42,612,022    | 8,578,075      | 20.1%  |
| <b>Net Position</b>              |               |               |                |        |
| Net Investment in Capital Assets | 43,390,833    | 45,231,817    | (1,840,984)    | -4.1%  |
| Restricted                       | 10,785,262    | 9,310,240     | 1,475,022      | 15.8%  |
| Unrestricted                     | 209,932       | 1,119,351     | (909,419)      | -81.2% |
| Total Net Position               | \$ 54,386,027 | \$ 55,661,408 | \$ (1,275,381) | -2.3%  |

In order to further understand what makes up the changes in net position for the current year, the following table provides details of the District's activities for the current year and the immediately preceding year:

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

### DISTRICT'S CHANGES IN NET POSITION

|   | Governmental Activities |                       |
|---|-------------------------|-----------------------|
|   | 2013                    | 2012                  |
| <b>Revenues</b>                               |                         |                       |
| Program revenues:                             |                         |                       |
| Charges for services                          | \$ 901,433              | \$ 947,219            |
| Operating grants and contributions            | 8,275,055               | 8,511,661             |
| Capital grants and contributions              | 381,368                 | 381,368               |
| General revenues:                             |                         |                       |
| Property taxes                                | 20,967,181              | 21,467,315            |
| Local school support taxes                    | 13,450,302              | 12,449,738            |
| Government service taxes                      | 3,082,446               | 3,062,568             |
| State aid not restricted to specific purposes | 14,908,091              | 15,317,657            |
| Other revenues                                | 472,190                 | 468,497               |
| Total Revenues                                | <u>62,438,066</u>       | <u>62,606,023</u>     |
| <b>Expenses</b>                               |                         |                       |
| Instruction:                                  |                         |                       |
| Regular instruction                           | 27,018,682              | 26,581,175            |
| Special instruction                           | 6,652,508               | 8,439,399             |
| Vocational instruction                        | 687,305                 | 768,269               |
| Adult instruction                             | 75,049                  | 31,851                |
| Other instruction                             | 2,332,558               | 2,173,974             |
| Support services:                             |                         |                       |
| Student support                               | 2,999,686               | 2,225,707             |
| Instructional support                         | 1,336,442               | 1,295,135             |
| General administration                        | 453,148                 | 471,125               |
| School administration                         | 3,875,688               | 3,820,839             |
| Central services                              | 1,256,569               | 1,778,057             |
| Operation and maintenance                     | 6,201,229               | 6,443,186             |
| Student transportation                        | 3,571,880               | 2,991,742             |
| Other support                                 | 605,830                 | 1,308,174             |
| Facilities                                    | 3,864,460               | 3,397,127             |
| Food service                                  | 1,487,013               | 1,701,301             |
| Interest on long-term debt                    | 1,295,400               | 1,227,119             |
| Total Expenses                                | <u>63,713,447</u>       | <u>64,654,180</u>     |
| <b>Change in Net Position</b>                 | <u>\$ (1,275,381)</u>   | <u>\$ (2,048,157)</u> |

# DOUGLAS COUNTY SCHOOL DISTRICT

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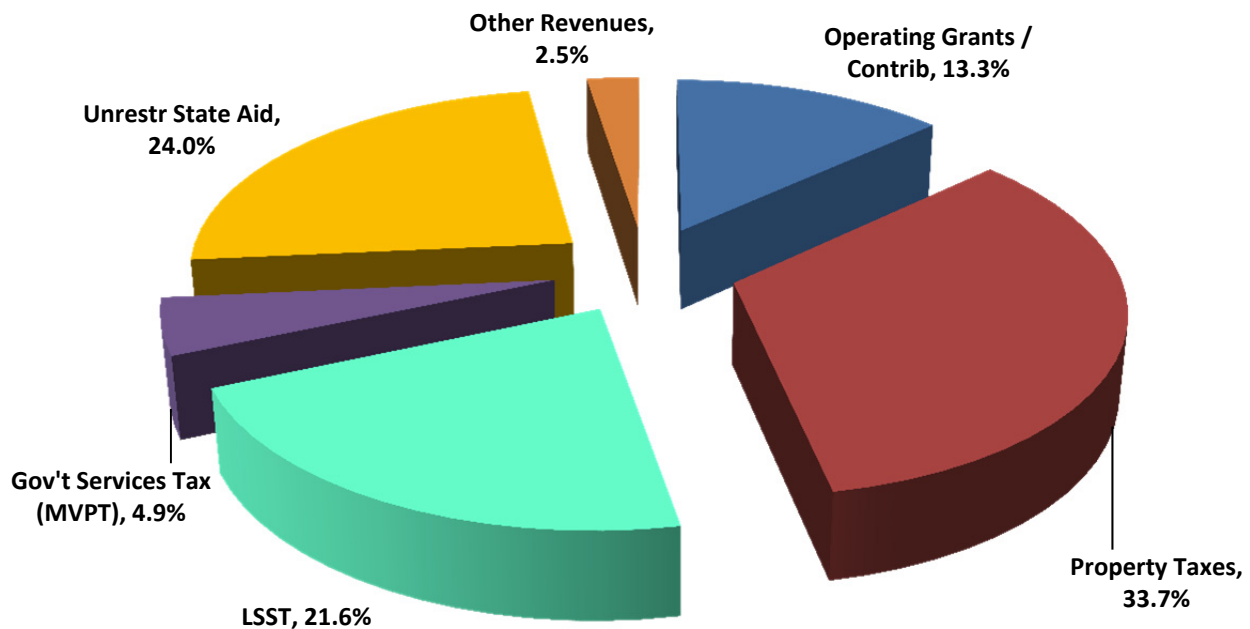
## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

### Governmental Activities:

- ◇ The largest and main revenue sources for the District are Local School Support Taxes (LSST), property taxes (ad valorem), and state aid. Together, these revenue sources comprise 78% of total revenues.
- ◇ Ad valorem taxes decreased 2% from the prior year due to the continued decrease in tax collections and assessed valuations.
- ◇ LSST increased 8% from the prior year due to an increase in taxable sales.
- ◇ State aid not restricted to specific purposes decreased 3% from the prior year primarily due to declining enrollment.

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

### Primary Governmental Revenues



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

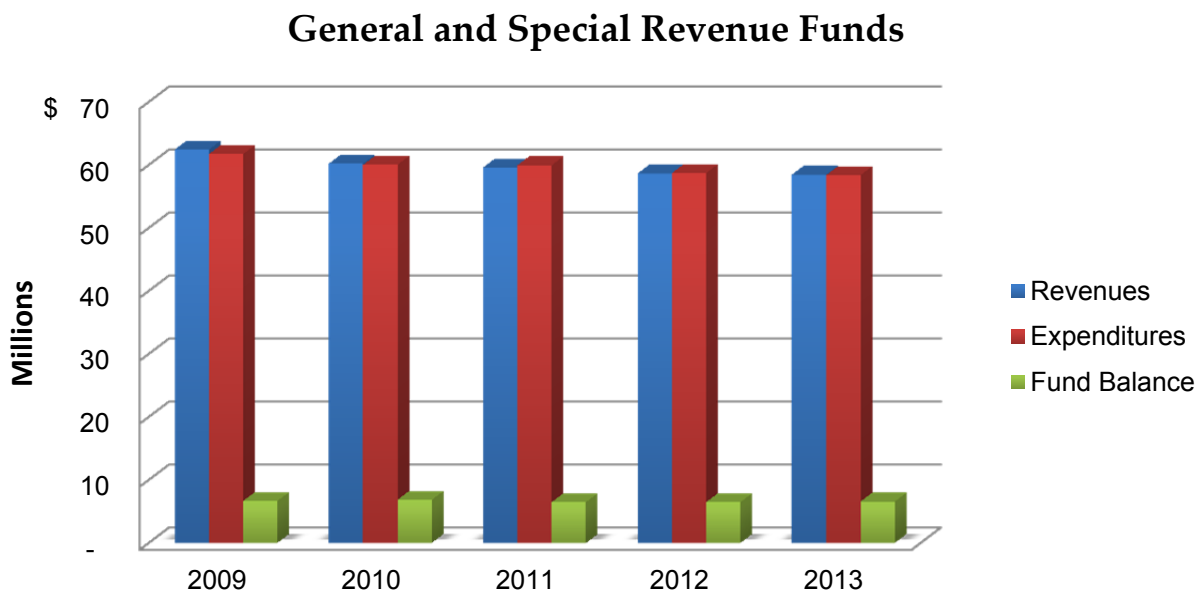
Douglas County School District uses fund accounting and budgetary integration to ensure and demonstrate compliance with finance-related legal requirements.

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

At June 30, 2013, the District's governmental funds reported a combined fund balance of \$23.9 million, an increase of over 50% from last year. Of this total, approximately \$21 million is nonspendable, restricted or assigned fund balance. The remaining \$2.7 million, or 11%, constitutes unassigned fund balance, which is available for spending at the District's discretion within the parameters of the respective fund. Additional detail can be found on pages 23 and 58-59 of these statements.

#### *General and Special Revenue Funds*

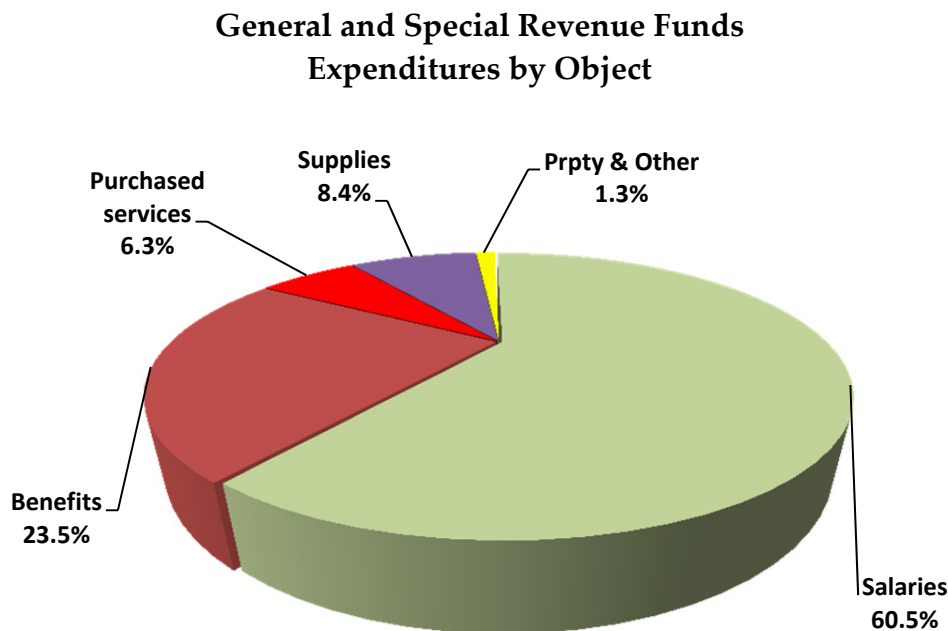
The General Fund and the special revenue funds are often referred to as the District's "operating funds." The following chart compares the revenues to expenditures and fund balance for these funds for the last five years:



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

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



### *Debt Service Fund*

The June 30, 2013 fund balance of the Debt Service Fund is \$3.8 million, which together with the 2013-14 budgeted revenues of \$2.9 million exceeds the 2013-2014 anticipated debt service requirements of \$2.2 million on the District’s general obligation debt.

### *Capital Projects Funds*

The District has three capital projects funds – the Building and Sites Fund, the Bond Fund and the Capital Projects Fund. These funds had a combined ending fund balance at June 30, 2013 of \$13.5 million, which is restricted by NRS 387.328 to be used to accumulate resources for major capital acquisitions and improvements.

### *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, 2013, these funds had a combined net position of \$4.7 million, which represents approximately 65% of the funds’ 2013-14 budgeted expenses.



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

### 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, 2013 and 2012 are as follows:

|                          | Capital Assets (Net of Depreciation) |                      |
|--------------------------|--------------------------------------|----------------------|
|                          | 2013                                 | 2012                 |
| Land                     | \$ 1,413,439                         | \$ 1,413,439         |
| Construction in progress | 1,730,862                            | 10,950,118           |
| Buildings                | 62,177,465                           | 52,565,091           |
| Equipment                | 1,850,043                            | 2,079,453            |
|                          | <u>\$ 67,171,809</u>                 | <u>\$ 67,008,101</u> |

Additional detail can be found on page 52 of these statements. Commitments with respect to unfinished capital projects are discussed on page 67.

#### *Debt Administration*

The District's debt was comprised of the following as of June 30, 2013 and 2012:

|   | Outstanding General Obligation Debt |                      |
|---|-------------------------------------|----------------------|
|   | 2013                                | 2012                 |
| General obligation bonds, net of premium and discount | \$ 29,230,736                       | \$ 20,690,668        |
| Note payable  | 4,670,000                           | 4,980,000            |
|   | <u>33,900,736</u>                   | <u>25,670,668</u>    |
| Compensated absences                                  | 470,823                             | 455,922              |
| Obligation for postemployment benefits                | 7,063,693                           | 5,827,539            |
|   | <u>\$ 41,435,252</u>                | <u>\$ 31,954,129</u> |

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

The District maintained an AA- rating with a stable outlook from Standard and Poor's (S&P). Additional detail on the District's debt can be found on pages 54 – 56 of the financial statements.

Principal and interest payments on the General Obligation Bonds and the note payable for the 2013-14 fiscal year are scheduled to total \$2.2 million, less the expected interest subsidy of \$381 thousand on the Build America bonds for a net cash outlay requirement of \$1.8 million.

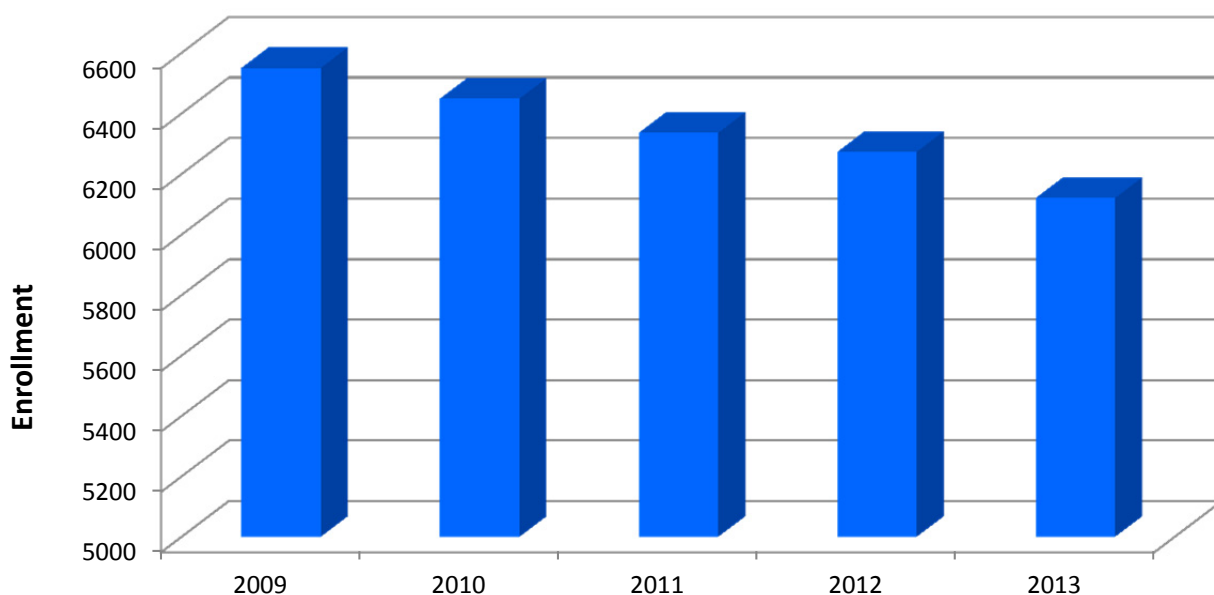
The District is limited by state statutes as to the amount of general obligation debt it can have outstanding. The limit is equal to 15% of the District's total assessed property valuation. Based on the District's most current assessed value, the District's statutory general obligation debt limit is \$360 million. As of June 30, 2013, the District had \$29.1 million of general obligation debt and \$4.7 million of installment purchase agreements outstanding.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

#### *Enrollment and Funding*

Provided below is a chart which depicts the District's recent trend of declining student enrollment, which has declined by 6.5%, or 424 students, in the five year period since school year 2008-2009.

**District Enrollment  
2008-09 through 2012-13**



# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

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 ad valorem or LSST collections. For the 2012-13 school year, the District (as did all Nevada's school districts) received funding in accordance with the 2012 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 through school year 1999. However, since 1999, enrollment has fluctuated – some years increasing, some years decreasing. In 2011-12, enrollment declined by 1.1%, or 69 students, from the previous year, and enrollment further declined in the 2012-13 school year by 2.4% or 150 students. Preliminary estimates show a diminishing trend for the current 2013-14 with enrollment dropping by only 1 student from the previous year.

The second concern is the stability of these DSA monies. The State has revised its revenue projections multiple times in the last several bienniums – each revision resulting in fewer revenues to offset inflationary and / or increased operating expenditures. In turn, these reductions have filtered to the K-12 arena through revisions and reductions in the State Guaranteed Funds or DSA. The District has covered State imposed reductions of more than \$5.3 million in the past five years through reductions in personnel, efficiency measures, and a cumulative diminution in the general fund ending fund. The 2013 Legislative Session did not produce further reductions in State funding, but rather increased the DSA on a statewide basis by 3.3% with each school district varying based on local revenues and attributes. The District will continue to monitor and evaluate further reductions in personnel and expenditures if needed. However, the School Finance Plan (see "State Sources of Funding" below) was designed with intended stability in mind.

Local Sources - The General Fund's local operating revenue sources are comprised largely of a county-wide seventy-five cent ad valorem (property tax) and the LSST (sales and use tax) equal to 2.60 percent of taxable sales. The LSST tax rate was increased from 2.25% to 2.60% starting in fiscal year 2010, and is currently scheduled to return to 2.25% after June 30, 2015. The General Fund received \$18.4 million from property tax and \$13.5 million from sales tax for the year ended

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

June 30, 2013. The General Fund has budgeted \$18.0 million in property tax revenue and \$13.3 million in sales tax revenue for fiscal year 2014. Other local operating sources to the General Fund include governmental services taxes, tuition receipts, earnings on investments, and utility franchise fees.

*State Sources of Funding* - State revenue sources consist of payments from the State distributive school account (the "DSA") received pursuant to the Nevada Plan for School Finance (the "School Finance Plan"). The revenue for the DSA is received from the following five sources: (a) State General Fund Appropriation; (b) a portion of the annual excise tax of \$250 for each slot machine operated in the State; (c) a State sales tax for local school support, which is \$.0260 for every \$1.00 of gross retail sales; (d) revenue from mineral leases on federal land; and (e) interest earned on the Permanent School Fund established by the State Constitution.

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 Legislature may amend the provisions of the School Finance Plan at any time, including the various funding formulas embedded within it along with 'hold harmless' provisions, and has done so on numerous occasions in the past. It is likely that the School Finance Plan will be amended in the future; there is no assurance that such amendments will not result in reduced funding to the District. To protect districts during times of declining enrollment, State law contains a 'hold-harmless' provision which provides that the guaranteed level of funding is based on the higher of the current or the previous year's enrollment (unless the decline in enrollment is more than 5%, in which case the funding is based on the higher of the current or the previous two year's enrollment).

Additionally, 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 2.60 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 66 percent of the District's budgeted General

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

Fund revenue is fixed as a State obligation and is, therefore, not subject to revenue fluctuations during the course of the school year.

### *Capital and Bond Funding:*

Capital Projects Funding - The Capital Projects 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 71% of total GST revenues), and which portion flows to the Capital Projects Fund (approx 29% 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.

The RCT revenue that helps to sustain the District’s Capital Projects Fund comes from a privilege tax on Residential Building Permits. 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 2014 at which time the District will need to resubmit a request for continuation of the levy.

Bond Funding - 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 \$35 million + in capital funding to improve, equip, acquire and construct school facilities without increasing the District’s existing tax levy. Many of the proposed projects will provide operational and energy efficiencies which will in turn benefit the District’s General Fund in reduced operations and maintenance expenses.

The bond expenditures will be guided by the Facilities’ Master Plan which was approved by the Board of Trustees in April 2010. The first Phase consists of major improvements and additional capacity to four of the District’s elementary schools. This first Phase is further split into Phase 1A and Phase 1B. Phase 1A at the Gardnerville and Piñon Hills sites has been completed. Phase 1B, consisting of CC Meneley and Jacks Valley sites, is estimated to begin 2015 depending on ability to raise capital funding. Additionally, the District has begun the planning of Phase 2B for the modernization and capacity additions to Douglas High School to programmatically return the 9<sup>th</sup> grade to the valley high school. Current estimated completion of construction is the fall of 2015.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

*Installment Purchase Agreement Funding* - Additionally, the District engaged in a \$5 Million, 15 year 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. Savings of \$33,273 and \$30,142 beyond the original projections for the first and second years of the contract were realized as of March 2011 and March 2012 respectively. A third party consultant review of the savings calculations for one of the energy conservation measures noted duplication errors causing an over statement of the savings. Revised reports were submitted to the District

The issuance of the IPA in 2008 was for a period of 15 years with principal and interest repayment to be paid from the General Fund with savings initiated by the Energy Services Contract (ESCO). Interest rates fell to the point where it was in the District's best interest to refinance the remaining principal and interest over the next 12 years. On June 15, 2012 the District refinanced this note with a new installment purchase agreement in the amount of \$4,980,000. This will create savings in excess of \$400,000 over the life of the loan. Payments on the new note including 2.25% began January 2013 and will continue until January 2023.

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).

As a result of the ESCO projects, the District was named as the School District Finalist for the 2011 Cashman Good Government award by the Nevada Taxpayers Association for staff's efforts and the project's resulting operational savings. Similarly, the District has been recognized by both the Nevada Department of Energy and the US Department of Energy as a success story with "Best Practices" noted in a white paper published by the US Department of Energy, and further used by Lawrence Berkley Labs for a K-12 case study for financing energy upgrades.

[http://www1.eere.energy.gov/wip/solutioncenter/pdfs/financing\\_energy\\_upgrades\\_k-12.pdf](http://www1.eere.energy.gov/wip/solutioncenter/pdfs/financing_energy_upgrades_k-12.pdf)

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

Additionally, the District was named one of the first public schools to participate in the Better Buildings Challenge (BBC), partnering with the US Department of Energy in reducing the energy used across the District's building portfolio (in excess of 900,000 square feet) by 20 percent or more by 2020. Construction of the District's showcase model is underway, and the forum on the US Department of Energy's website will present the solutions used and the results achieved.

(<http://www4.eere.energy.gov/challenge/partners/better-buildings/douglas-county-school-district>)

*Buildings and Sites Funding* – This fund is designated to receive all moneys from rental or sale of District's real property per NRS 393.320 and is restricted to capital related expenditures only. The District is currently pursuing leasing and/or sale options for the Kingsbury Middle School Site. Additionally, the District is engaged in parceling the Heritage Building at Gardnerville Elementary School with interest to lease and/or sell the separated parcel. All proceeds would be allocated to projects in support of the District's Facilities' Master Plan.

### 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 Services Office, 1638 Mono Avenue, Minden, Nevada 89423.

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

|  | GOVERNMENTAL ACTIVITIES |                      |
|--|-------------------------|----------------------|
|  | 2013                    | 2012                 |
| <b>ASSETS</b>                                |                         |                      |
| <b>Current Assets</b>                        |                         |                      |
| Cash and investments                         | \$ 19,270,748           | \$ 17,756,688        |
| Receivables                                  |                         |                      |
| Taxes  | 437,139                 | 540,533              |
| Other  | 663,406                 | 142,797              |
| Due from other governments                   | 3,421,215               | 3,151,878            |
| Prepaid expenses                             | -                       | 613,940              |
| Inventories                                  | 191,334                 | 195,838              |
| Deferred bond issuance costs                 | 365,930                 | 268,208              |
| Total Current Assets                         | <u>24,349,772</u>       | <u>22,669,882</u>    |
| <b>Noncurrent Assets</b>                     |                         |                      |
| Restricted cash                              | 14,054,543              | 8,595,447            |
| Capital assets                               |                         |                      |
| Land and construction in progress            | 3,144,301               | 12,363,557           |
| Other capital assets, net of depreciation    | 64,027,508              | 54,644,544           |
|  | <u>81,226,352</u>       | <u>75,603,548</u>    |
| Total Assets                                 | <u>105,576,124</u>      | <u>98,273,430</u>    |
| <b>LIABILITIES</b>                           |                         |                      |
| <b>Current Liabilities</b>                   |                         |                      |
| Accounts payable and accrued expenses        | 7,447,652               | 8,138,789            |
| Pending claims                               | 1,021,091               | 1,059,764            |
| Deferred revenues                            | 1,119,102               | 1,249,340            |
| Current maturities of long-term obligations  | 862,943                 | 843,848              |
| Total Current Liabilities                    | <u>10,450,788</u>       | <u>11,291,741</u>    |
| <b>Noncurrent Liabilities</b>                |                         |                      |
| Pending claims                               | 167,000                 | 210,000              |
| Accrued compensated absences                 | 470,823                 | 455,922              |
| Obligation for other postemployment benefits | 7,063,693               | 5,827,539            |
| General obligation bonds, net                | 28,691,793              | 20,156,820           |
| Note payable, net                            | 4,346,000               | 4,670,000            |
|  | <u>40,739,309</u>       | <u>31,320,281</u>    |
| Total Liabilities                            | <u>51,190,097</u>       | <u>42,612,022</u>    |
| <b>NET POSITION</b>                          |                         |                      |
| Net investment in capital assets             | 43,390,833              | 45,231,817           |
| Restricted for:                              |                         |                      |
| Debt service                                 | 3,802,693               | 2,573,555            |
| Employee benefits                            | 3,645,823               | 3,838,282            |
| Capital projects                             | 3,336,746               | 2,898,403            |
| Unrestricted                                 | 209,932                 | 1,119,351            |
| Total Net Position                           | <u>\$ 54,386,027</u>    | <u>\$ 55,661,408</u> |

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

| FUNCTIONS/PROGRAMS                      | EXPENSES      | PROGRAM REVENUES           |  |  | NET (EXPENSES)<br>REVENUES AND CHANGES<br>IN NET POSITION |                 |
|---|---------------|----------------------------|--|--|---|-----------------|
|   |               | CHARGES<br>FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS | 2013  | 2012            |
| <b>GOVERNMENTAL ACTIVITIES</b>          |               |                            |  |  |   |                 |
| Instruction:                            |               |                            |  |  |   |                 |
| Regular instruction                     | \$ 27,018,682 | \$ 343,065                 | \$ 4,884,465                             | \$ -                                   | \$ (21,791,152)   | \$ (23,061,111) |
| Special instruction                     | 6,652,508     | -                          | 1,330,264                                | -                                      | (5,322,244)   | (6,988,378)     |
| Vocational instruction                  | 687,305       | -                          | 167,075                                  | -                                      | (520,230)   | (591,719)       |
| Adult instruction                       | 75,049        | -                          | 75,049                                   | -                                      | -   | -               |
| Other instruction                       | 2,332,558     | -                          | 47,242                                   | -                                      | (2,285,316)   | (2,132,364)     |
| Total instruction                       | 36,766,102    | 343,065                    | 6,504,095                                | -                                      | (29,918,942)  | (32,773,572)    |
| Support services:                       |               |                            |  |  |   |                 |
| Student support                         | 2,999,686     | -                          | 120,468                                  | -                                      | (2,879,218)   | (2,081,052)     |
| Instructional staff support             | 1,336,442     | -                          | 155,221                                  | -                                      | (1,181,221)   | (1,139,048)     |
| General administration                  | 453,148       | -                          | 54                                       | -                                      | (453,094)   | (471,125)       |
| School administration                   | 3,875,688     | -                          | 61,782                                   | -                                      | (3,813,906)   | (2,924,526)     |
| Central services                        | 1,256,569     | -                          | -  | -                                      | (1,256,569)   | (1,778,057)     |
| Operation and maintenance of plant      | 6,201,229     | -                          | -  | -                                      | (6,201,229)   | (6,443,186)     |
| Student transportation                  | 3,571,880     | -                          | 18,800                                   | -                                      | (3,553,080)   | (2,991,742)     |
| Other support                           | 605,830       | -                          | 242,433                                  | -                                      | (363,397)   | (764,347)       |
| Facilities acquisition and construction | 3,864,460     | 4,815                      | 56,475                                   | 381,368                                | (3,421,802)   | (2,217,204)     |
| Food service                            | 1,487,013     | 553,553                    | 1,115,727                                | -                                      | 182,267   | (2,954)         |
| Interest on long-term debt              | 1,295,400     | -                          | -  | -                                      | (1,295,400)   | (1,227,119)     |
| Total support services                  | 26,947,345    | 558,368                    | 1,770,960                                | 381,368                                | (24,236,649)  | (22,040,360)    |
| Total School District                   | \$ 63,713,447 | \$ 901,433                 | \$ 8,275,055                             | \$ 381,368                             | (54,155,591)  | (54,813,932)    |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

| FUNCTIONS/PROGRAMS       | EXPENSES                                      | PROGRAM REVENUES           |  |  | NET (EXPENSES)<br>REVENUES AND CHANGES<br>IN NET POSITION |               |
|--------------------------|---|----------------------------|--|--|---|---------------|
|                          |   | CHARGES<br>FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS | 2013  | 2012          |
| <b>General Revenues:</b> |   |                            |  |  |   |               |
|                          | Property taxes, levied for general purposes   |                            |  |  | \$ 18,435,312   | \$ 18,873,441 |
|                          | Property taxes, levied for debt service       |                            |  |  | 2,531,869   | 2,593,874     |
|                          | Local school support taxes                    |                            |  |  | 13,450,302  | 12,449,738    |
|                          | Government service taxes for general purposes |                            |  |  | 2,180,799   | 2,166,968     |
|                          | Government service taxes for capital purposes |                            |  |  | 901,647   | 895,600       |
|                          | Other taxes and fees                          |                            |  |  | 354,166   | 334,583       |
|                          | Unrestricted investment earnings              |                            |  |  | 40,528  | 47,743        |
|                          | Other local sources                           |                            |  |  | 77,496  | 86,171        |
|                          | State aid not restricted to specific purposes |                            |  |  | 14,908,091  | 15,317,657    |
|                          | Total General Revenues                        |                            |  |  | 52,880,210  | 52,765,775    |
|                          | Change in Net Position                        |                            |  |  | (1,275,381)   | (2,048,157)   |
|                          | <b>NET POSITION, July 1</b>                   |                            |  |  | 55,661,408  | 57,709,565    |
|                          | <b>NET POSITION, June 30</b>                  |                            |  |  | \$ 54,386,027   | \$ 55,661,408 |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

|   | GENERAL              | SPECIAL             | DEBT                | CAPITAL             | BOND                 | NON-MAJOR           | TOTALS               |                      |
|---|----------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
|   | FUND                 | EDUCATION           | SERVICE             | PROJECTS            |                      | GOVERNMENTAL        | GOVERNMENTAL FUNDS   |                      |
|   |                      | FUND                | FUND                | FUND                | FUND                 | FUNDS               | 2013                 | 2012                 |
| <b>ASSETS</b>                                 |                      |                     |                     |                     |                      |                     |                      |                      |
| Cash and investments                          | \$ 7,935,903         | \$ 851,552          | \$ 3,775,782        | \$ 3,183,037        | \$ 10,588,298        | \$ 830,897          | \$ 27,165,469        | \$ 20,060,547        |
| Deposits held by fiscal agent                 | 257,207              | -                   | 23,427              | 2,574               | -                    | -                   | 283,208              | 258,322              |
| Receivables:                                  |                      |                     |                     |                     |                      |                     |                      |                      |
| Taxes, delinquent                             | 382,856              | -                   | 54,283              | -                   | -                    | -                   | 437,139              | 540,535              |
| Interest                                      | -                    | -                   | -                   | -                   | -                    | -                   | -                    | 1,551                |
| Other   | 57,840               | 379,406             | -                   | 82,282              | 1,325                | 124,115             | 644,968              | 139,446              |
| Due from other governments                    | 2,231,431            | -                   | -                   | -                   | -                    | 1,189,784           | 3,421,215            | 3,151,878            |
| Due from other funds                          | 461,596              | -                   | -                   | -                   | -                    | -                   | 461,596              | 119,262              |
| Prepaid expenses                              | -                    | -                   | -                   | -                   | -                    | -                   | -                    | 610,460              |
| Inventories                                   | 98,983               | -                   | -                   | -                   | -                    | 92,351              | 191,334              | 195,839              |
| <b>Total Assets</b>                           | <b>\$ 11,425,816</b> | <b>\$ 1,230,958</b> | <b>\$ 3,853,492</b> | <b>\$ 3,267,893</b> | <b>\$ 10,589,623</b> | <b>\$ 2,237,147</b> | <b>\$ 32,604,929</b> | <b>\$ 25,077,840</b> |
| <b>LIABILITIES</b>                            |                      |                     |                     |                     |                      |                     |                      |                      |
| Accounts payable and<br>accrued liabilities   | \$ 5,332,493         | \$ 552,162          | \$ -                | \$ -                | \$ 469,863           | \$ 747,402          | \$ 7,101,920         | \$ 7,848,863         |
| Due to other funds                            | 414,522              | 82,715              | -                   | -                   | -                    | 528,425             | 1,025,662            | 704,931              |
| Deferred revenues                             | 360,306              | -                   | 50,799              | -                   | -                    | 176,390             | 587,495              | 679,695              |
| <b>Total Liabilities</b>                      | <b>6,107,321</b>     | <b>634,877</b>      | <b>50,799</b>       | <b>-</b>            | <b>469,863</b>       | <b>1,452,217</b>    | <b>8,715,077</b>     | <b>9,233,489</b>     |
| <b>FUND BALANCES</b>                          |                      |                     |                     |                     |                      |                     |                      |                      |
| Nonspendable                                  | 98,983               | -                   | -                   | -                   | -                    | 92,351              | 191,334              | 806,299              |
| Restricted                                    | -                    | -                   | 3,802,693           | 3,267,893           | 10,119,760           | 68,853              | 17,259,199           | 9,366,342            |
| Assigned                                      | 1,269,852            | 596,081             | -                   | -                   | -                    | 623,726             | 2,489,659            | 2,861,653            |
| Unassigned                                    | 3,949,660            | -                   | -                   | -                   | -                    | -                   | 3,949,660            | 2,810,057            |
| <b>Total Fund Balance</b>                     | <b>5,318,495</b>     | <b>596,081</b>      | <b>3,802,693</b>    | <b>3,267,893</b>    | <b>10,119,760</b>    | <b>784,930</b>      | <b>23,889,852</b>    | <b>15,844,351</b>    |
| <b>Total Liabilities and<br/>Fund Balance</b> | <b>\$ 11,425,816</b> | <b>\$ 1,230,958</b> | <b>\$ 3,853,492</b> | <b>\$ 3,267,893</b> | <b>\$ 10,589,623</b> | <b>\$ 2,237,147</b> | <b>\$ 32,604,929</b> | <b>\$ 25,077,840</b> |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2013

**Fund Balance - Governmental Funds** \$ 23,889,852

Amounts reported for governmental activities in the Statement of Net Position 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   | 125,228,760         |            |
| Less accumulated depreciation | <u>(58,056,951)</u> |            |
|                               |                     | 67,171,809 |

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

|                               |                 |         |
|-------------------------------|-----------------|---------|
| Bond issuance costs           | 451,491         |         |
| Less accumulated amortization | <u>(85,561)</u> |         |
|                               |                 | 365,930 |

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 | (29,140,000)     |              |
| Bond premium                     | (235,989)        |              |
| Bond discount                    | 110,205          |              |
| Less accumulated amortization    | 35,048           |              |
| Accrued interest payable         | (328,996)        |              |
| Note payable                     | (4,670,000)      |              |
| Compensated absences             | <u>(470,823)</u> |              |
|                                  |                  | (34,700,555) |

The liability for estimated future payments for benefits provided to current and future retirees is not reported in fund liabilities since it will not be paid from current resources. (7,063,693)

Internal service funds are used by management to charge the costs of certain activities to individual funds. Net position of the internal service funds are reported with governmental activities. 4,722,684

**Net Position - Governmental Activities** \$ 54,386,027

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

|  | GENERAL<br>FUND | SPECIAL<br>EDUCATION<br>FUND | DEBT<br>SERVICE<br>FUND | CAPITAL<br>PROJECTS<br>FUND | BOND<br>FUND | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL FUNDS |               |
|--|-----------------|------------------------------|-------------------------|-----------------------------|--------------|------------------------------------|-----------------------------|---------------|
|  |                 |                              |                         |                             |              |                                    | 2013                        | 2012          |
| <b>REVENUES</b>                          |                 |                              |                         |                             |              |                                    |                             |               |
| Local sources                            | \$ 34,716,005   | \$ 812                       | \$ 2,531,880            | \$ 1,048,900                | \$ 13,437    | \$ 646,511                         | \$ 38,957,545               | \$ 39,236,929 |
| State sources                            | 12,128,705      | 2,779,386                    | -                       | -                           | -            | 2,652,996                          | 17,561,087                  | 18,139,439    |
| Federal sources                          | 50,831          | -                            | 381,621                 | -                           | -            | 5,486,981                          | 5,919,433                   | 5,221,178     |
| Total Revenues                           | 46,895,541      | 2,780,198                    | 2,913,501               | 1,048,900                   | 13,437       | 8,786,488                          | 62,438,065                  | 62,597,546    |
| <b>EXPENDITURES</b>                      |                 |                              |                         |                             |              |                                    |                             |               |
| Instruction:                             |                 |                              |                         |                             |              |                                    |                             |               |
| Regular instruction                      | 21,240,036      | -                            | -                       | -                           | -            | 5,061,168                          | 26,301,204                  | 25,669,529    |
| Special instruction                      | -               | 5,128,651                    | -                       | -                           | -            | 1,330,264                          | 6,458,915                   | 7,020,537     |
| Vocational instruction                   | 572,080         | -                            | -                       | -                           | -            | 167,075                            | 739,155                     | 734,456       |
| Adult instruction                        | -               | -                            | -                       | -                           | -            | 75,049                             | 75,049                      | 31,851        |
| Other instruction                        | 1,914,258       | 322,593                      | -                       | -                           | -            | 47,242                             | 2,284,093                   | 2,382,605     |
| Undistributed expenditures:              |                 |                              |                         |                             |              |                                    |                             |               |
| Student support                          | 2,094,568       | 764,095                      | -                       | -                           | -            | 71,538                             | 2,930,201                   | 2,630,550     |
| Instructional staff support              | 1,133,287       | -                            | -                       | -                           | -            | 155,221                            | 1,288,508                   | 1,234,958     |
| General administration                   | 442,790         | -                            | -                       | -                           | -            | -                                  | 442,790                     | 458,746       |
| School administration                    | 3,720,474       | -                            | -                       | -                           | -            | 61,836                             | 3,782,310                   | 3,710,974     |
| Central services                         | 1,843,244       | -                            | -                       | -                           | -            | -                                  | 1,843,244                   | 1,739,408     |
| Operation and maintenance                | 6,102,875       | -                            | -                       | -                           | -            | -                                  | 6,102,875                   | 6,310,756     |
| Student transportation                   | 2,833,964       | 516,032                      | -                       | -                           | -            | 18,800                             | 3,368,796                   | 3,150,722     |
| Other support                            | 280,282         | -                            | -                       | 310,005                     | 353,447      | 242,430                            | 1,186,164                   | 1,446,862     |
| Food service                             | -               | -                            | -                       | -                           | -            | 1,736,635                          | 1,736,635                   | 1,716,737     |
| Facilities construction/<br>improvements |                 |                              |                         |                             |              |                                    |                             |               |
|  | 66,281          | -                            | -                       | 245,559                     | 2,509,862    | 56,475                             | 2,878,177                   | 10,862,129    |
| Debt service:                            |                 |                              |                         |                             |              |                                    |                             |               |
| Principal                                | 310,000         | -                            | 525,000                 | -                           | -            | -                                  | 835,000                     | 269,000       |
| Interest                                 | 61,005          | -                            | 1,154,563               | -                           | -            | -                                  | 1,215,568                   | 1,288,583     |
| Fiscal agent charges                     | -               | -                            | 4,800                   | -                           | -            | -                                  | 4,800                       | 3,550         |
| Total Expenditures                       | 42,615,144      | 6,731,371                    | 1,684,363               | 555,564                     | 2,863,309    | 9,023,733                          | 63,473,484                  | 70,661,953    |

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

|   | GENERAL<br>FUND     | SPECIAL<br>EDUCATION<br>FUND | DEBT<br>SERVICE<br>FUND | CAPITAL<br>PROJECTS<br>FUND | BOND<br>FUND         | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL FUNDS |                      |
|---|---------------------|------------------------------|-------------------------|-----------------------------|----------------------|------------------------------------|-----------------------------|----------------------|
|   |                     |                              |                         |                             |                      |                                    | 2013                        | 2012                 |
| Revenues Over (Under) Expenditures                | \$ 4,280,397        | \$ (3,951,173)               | \$ 1,229,138            | \$ 493,336                  | \$ (2,849,872)       | \$ (237,245)                       | \$ (1,035,419)              | \$ (8,064,407)       |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                              |                         |                             |                      |                                    |                             |                      |
| Sale of fixed assets                              | 10,175              | -                            | -                       | -                           | -                    | -                                  | 10,175                      | 2,874                |
| Transfers (to) from other funds                   | (4,450,000)         | 4,300,000                    | -                       | (59,938)                    | -                    | 209,938                            | -                           | -                    |
| Proceeds from issuance of bonds                   | -                   | -                            | -                       | -                           | 9,000,000            | -                                  | 9,000,000                   | -                    |
| Bond premiums                                     | -                   | -                            | -                       | -                           | 75,248               | -                                  | 75,248                      | -                    |
| Installment note proceeds                         | -                   | -                            | -                       | -                           | -                    | -                                  | -                           | 4,980,000            |
| Payments to escrow agents                         | -                   | -                            | -                       | -                           | -                    | -                                  | -                           | (4,927,920)          |
| Total Other Financing Sources<br>(Uses)           | (4,439,825)         | 4,300,000                    | -                       | (59,938)                    | 9,075,248            | 209,938                            | 9,085,423                   | 54,954               |
| Net Change in Fund Balances                       | (159,428)           | 348,827                      | 1,229,138               | 433,398                     | 6,225,376            | (27,307)                           | 8,050,004                   | (8,009,453)          |
| <b>FUND BALANCES, July 1</b>                      | 5,486,456           | 247,254                      | 2,573,555               | 2,834,495                   | 3,894,384            | 808,207                            | 15,844,351                  | 23,809,373           |
| Increase (decrease) in reserve for<br>inventories | (8,533)             | -                            | -                       | -                           | -                    | 4,030                              | (4,503)                     | 44,431               |
| <b>FUND BALANCES, June 30</b>                     | <u>\$ 5,318,495</u> | <u>\$ 596,081</u>            | <u>\$ 3,802,693</u>     | <u>\$ 3,267,893</u>         | <u>\$ 10,119,760</u> | <u>\$ 784,930</u>                  | <u>\$ 23,889,852</u>        | <u>\$ 15,844,351</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, 2013

|   |           |                    |
|---|-----------|--------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>   | \$        | 8,045,501          |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>   |           |                    |
| 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.  |           | 163,708            |
| 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. |           | (57,936)           |
| Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.   |           | 835,000            |
| 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.                         |           | 107,904            |
| 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.   |           | (14,902)           |
| Issuance of new debt is a resource in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.  |           | (9,075,248)        |
| 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.   |           | (1,236,154)        |
| 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.   |           | (43,254)           |
| <b>Change in Net Position of Governmental Activities</b>  | <b>\$</b> | <b>(1,275,381)</b> |

*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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                             | 2013 BUDGET   |               | 2013          |                             | 2012          |
|-----------------------------|---------------|---------------|---------------|-----------------------------|---------------|
|                             | ORIGINAL      | FINAL         | ACTUAL        | VARIANCE TO<br>FINAL BUDGET | ACTUAL        |
| <b>REVENUES</b>             |               |               |               |                             |               |
| Local sources:              |               |               |               |                             |               |
| Ad valorem taxes            | \$ 18,461,286 | \$ 18,461,286 | \$ 18,435,312 | \$ (25,974)                 | \$ 18,873,441 |
| Local school support tax    | 11,894,850    | 12,449,738    | 13,450,302    | 1,000,564                   | 12,449,738    |
| Motor vehicle privilege tax | 2,182,230     | 2,160,000     | 2,180,799     | 20,799                      | 2,166,968     |
| Franchise tax               | 120,000       | 80,000        | 87,671        | 7,671                       | 81,001        |
| Out-of-state tuition        | 325,000       | 325,000       | 343,065       | 18,065                      | 325,469       |
| Earnings on investments     | 23,634        | 17,000        | 18,981        | 1,981                       | 17,856        |
| Other                       | 155,000       | 155,000       | 199,875       | 44,875                      | 222,418       |
| Total Local sources         | 33,162,000    | 33,648,024    | 34,716,005    | 1,067,981                   | 34,136,891    |
| State sources:              |               |               |               |                             |               |
| Distributive school account | 13,731,185    | 13,124,029    | 12,128,705    | (995,324)                   | 12,856,018    |
| Federal sources:            |               |               |               |                             |               |
| In lieu of tax              | 500           | 4,200         | 1,898         | (2,302)                     | 4,869         |
| E-rate funds                | -             | -             | 48,933        | 48,933                      | 51,483        |
| Schools and roads           | -             | -             | -             | -                           | 14,775        |
| Total Federal sources       | 500           | 4,200         | 50,831        | 46,631                      | 71,127        |
| Total Revenues              | 46,893,685    | 46,776,253    | 46,895,541    | 119,288                     | 47,064,036    |
| <b>EXPENDITURES</b>         |               |               |               |                             |               |
| Regular programs:           |               |               |               |                             |               |
| Salaries                    | 14,200,150    | 14,747,893    | 14,491,229    | 256,664                     | 15,198,045    |
| Benefits                    | 5,842,059     | 5,816,564     | 5,743,584     | 72,980                      | 6,115,068     |
| Purchased services          | 265,270       | 276,394       | 252,047       | 24,347                      | 244,729       |
| Supplies                    | 820,099       | 784,448       | 738,833       | 45,615                      | 718,475       |
| Property                    | 14,256        | 6,908         | 6,862         | 46                          | 5,850         |
| Other                       | 8,291         | 7,769         | 7,481         | 288                         | 6,718         |
|                             | 21,150,125    | 21,639,976    | 21,240,036    | 399,940                     | 22,288,885    |
| Vocational programs:        |               |               |               |                             |               |
| Salaries                    | 363,978       | 361,778       | 360,676       | 1,102                       | 356,501       |
| Benefits                    | 152,931       | 151,946       | 152,279       | (333)                       | 150,599       |
| Purchased services          | 5,210         | 4,579         | 11,207        | (6,628)                     | 7,499         |
| Supplies                    | 60,455        | 63,434        | 46,718        | 16,716                      | 35,557        |
| Property                    | -             | -             | -             | -                           | 7,600         |
| Other                       | 2,000         | 1,500         | 1,200         | 300                         | 150           |
|                             | 584,574       | 583,237       | 572,080       | 11,157                      | 557,906       |

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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|   | 2013 BUDGET    |                | 2013           |                             | 2012           |
|---|----------------|----------------|----------------|-----------------------------|----------------|
|   | ORIGINAL       | FINAL          | ACTUAL         | VARIANCE TO<br>FINAL BUDGET | ACTUAL         |
| Extra- and co-curricular activities:      |                |                |                |                             |                |
| Co-curricular activities:                 |                |                |                |                             |                |
| Salaries                                  | \$ 150,000     | \$ 150,000     | \$ 122,112     | \$ 27,888                   | \$ 130,534     |
| Benefits                                  | 3,425          | 3,425          | 3,120          | 305                         | 2,925          |
| Purchased services                        | 9,300          | 6,940          | 8,529          | (1,589)                     | 7,307          |
| Supplies                                  | 21,600         | 13,070         | 4,401          | 8,669                       | 6,436          |
| Other                                     | 6,250          | 5,630          | 5,260          | 370                         | 4,450          |
|   | <u>190,575</u> | <u>179,065</u> | <u>143,422</u> | <u>35,643</u>               | <u>151,652</u> |
| Athletics:                                |                |                |                |                             |                |
| Salaries                                  | 259,315        | 259,315        | 246,206        | 13,109                      | 239,412        |
| Benefits                                  | 8,745          | 8,745          | 13,049         | (4,304)                     | 12,221         |
| Purchased services                        | 8,752          | 14,855         | 20,163         | (5,308)                     | 11,712         |
| Supplies                                  | 36,987         | 27,900         | 24,216         | 3,684                       | 30,658         |
| Other                                     | 42,610         | 55,944         | 57,502         | (1,558)                     | 51,838         |
|   | <u>356,409</u> | <u>366,759</u> | <u>361,136</u> | <u>5,623</u>                | <u>345,841</u> |
| Total extra- and co-curricular activities | <u>546,984</u> | <u>545,824</u> | <u>504,558</u> | <u>41,266</u>               | <u>497,493</u> |
| Other instructional programs:             |                |                |                |                             |                |
| Alternative education:                    |                |                |                |                             |                |
| Salaries                                  | 325,431        | 304,437        | 278,919        | 25,518                      | 358,403        |
| Benefits                                  | 122,186        | 112,024        | 99,602         | 12,422                      | 136,812        |
| Purchased services                        | 107,450        | 110,500        | 112,234        | (1,734)                     | 89,994         |
| Supplies                                  | 27,507         | 24,457         | 20,749         | 3,708                       | 20,744         |
|   | <u>582,574</u> | <u>551,418</u> | <u>511,504</u> | <u>39,914</u>               | <u>605,953</u> |
| JROTC:                                    |                |                |                |                             |                |
| Salaries                                  | 150,897        | 146,726        | 114,035        | 32,691                      | 152,144        |
| Benefits                                  | 54,598         | 54,557         | 32,066         | 22,491                      | 56,015         |
| Purchased services                        | -              | -              | -              | -                           | 200            |
| Supplies                                  | 6,000          | 6,000          | 5,821          | 179                         | 4,413          |
|   | <u>211,495</u> | <u>207,283</u> | <u>151,922</u> | <u>55,361</u>               | <u>212,772</u> |
| Summer school:                            |                |                |                |                             |                |
| Salaries                                  | 70,000         | 70,000         | 47,837         | 22,163                      | 48,786         |
| Benefits                                  | 2,865          | 2,865          | 1,886          | 979                         | 1,760          |
| Supplies                                  | 7,700          | 7,700          | 1,665          | 6,035                       | 9,400          |
|   | <u>80,565</u>  | <u>80,565</u>  | <u>51,388</u>  | <u>29,177</u>               | <u>59,946</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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|  | 2013 BUDGET |            | 2013       |                             | 2012       |
|--|-------------|------------|------------|-----------------------------|------------|
|  | ORIGINAL    | FINAL      | ACTUAL     | VARIANCE TO<br>FINAL BUDGET | ACTUAL     |
| English as a second language<br>(ESL): |             |            |            |                             |            |
| Salaries                               | \$ 480,797  | \$ 479,071 | \$ 475,920 | \$ 3,151                    | \$ 475,101 |
| Benefits                               | 205,783     | 211,712    | 207,029    | 4,683                       | 209,003    |
| Purchased services                     | -           | -          | 5,708      | (5,708)                     | 44         |
| Supplies                               | 13,000      | 13,000     | 6,229      | 6,771                       | 10,468     |
|  | 699,580     | 703,783    | 694,886    | 8,897                       | 694,616    |
| Total other instructional<br>programs  | 1,574,214   | 1,543,049  | 1,409,700  | 133,349                     | 1,573,287  |
| Undistributed expenditures:            |             |            |            |                             |            |
| Student support:                       |             |            |            |                             |            |
| Salaries                               | 1,417,904   | 1,418,968  | 1,453,389  | (34,421)                    | 1,420,876  |
| Benefits                               | 621,246     | 596,748    | 573,879    | 22,869                      | 586,178    |
| Purchased services                     | 39,083      | 46,749     | 36,386     | 10,363                      | 32,840     |
| Supplies                               | 36,887      | 27,202     | 30,109     | (2,907)                     | 26,665     |
| Other                                  | 200         | 545        | 805        | (260)                       | 299        |
|  | 2,115,320   | 2,090,212  | 2,094,568  | (4,356)                     | 2,066,858  |
| Instructional staff support:           |             |            |            |                             |            |
| Salaries                               | 706,743     | 759,132    | 753,156    | 5,976                       | 712,466    |
| Benefits                               | 282,958     | 291,438    | 289,123    | 2,315                       | 281,316    |
| Purchased services                     | 40,763      | 39,655     | 34,363     | 5,292                       | 30,929     |
| Supplies                               | 68,577      | 67,247     | 56,298     | 10,949                      | 53,506     |
| Other                                  | 2,100       | 1,329      | 347        | 982                         | 654        |
|  | 1,101,141   | 1,158,801  | 1,133,287  | 25,514                      | 1,078,871  |
| Central services                       |             |            |            |                             |            |
| Salaries                               | 224,873     | 229,942    | 211,893    | 18,049                      | 215,829    |
| Benefits                               | 135,021     | 135,753    | 103,968    | 31,785                      | 103,576    |
| Purchased services                     | 165,048     | 150,048    | 92,469     | 57,579                      | 116,929    |
| Supplies                               | 10,250      | 18,500     | 15,686     | 2,814                       | 10,043     |
| Other                                  | 12,500      | 19,250     | 18,774     | 476                         | 12,369     |
|  | 547,692     | 553,493    | 442,790    | 110,703                     | 458,746    |

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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                                   | 2013 BUDGET      |                  | 2013             |                             | 2012             |
|-----------------------------------|------------------|------------------|------------------|-----------------------------|------------------|
|                                   | ORIGINAL         | FINAL            | ACTUAL           | VARIANCE TO<br>FINAL BUDGET | ACTUAL           |
| <b>School administration:</b>     |                  |                  |                  |                             |                  |
| Salaries                          | \$ 2,493,018     | \$ 2,503,370     | \$ 2,514,589     | \$ (11,219)                 | \$ 1,859,043     |
| Benefits                          | 985,243          | 988,707          | 970,601          | 18,106                      | 728,622          |
| Purchased services                | 215,809          | 210,301          | 183,544          | 26,757                      | 169,628          |
| Supplies                          | 50,020           | 50,056           | 47,522           | 2,534                       | 49,745           |
| Other                             | 3,140            | 6,214            | 4,218            | 1,996                       | 7,623            |
|                                   | <u>3,747,230</u> | <u>3,758,648</u> | <u>3,720,474</u> | <u>38,174</u>               | <u>2,814,661</u> |
| <b>Business support:</b>          |                  |                  |                  |                             |                  |
| Salaries                          | 920,957          | 960,373          | 971,088          | (10,715)                    | 928,624          |
| Benefits                          | 341,617          | 348,562          | 337,565          | 10,997                      | 335,290          |
| Purchased services                | 232,600          | 245,747          | 260,732          | (14,985)                    | 243,789          |
| Supplies                          | 285,183          | 147,483          | 141,212          | 6,271                       | 231,475          |
| Property                          | 9,600            | 150,000          | 132,402          | 17,598                      | -                |
| Other                             | 16,847           | 1,000            | 245              | 755                         | 230              |
|                                   | <u>1,806,804</u> | <u>1,853,165</u> | <u>1,843,244</u> | <u>9,921</u>                | <u>1,739,408</u> |
| <b>Operation and maintenance:</b> |                  |                  |                  |                             |                  |
| Salaries                          | 2,431,208        | 2,440,186        | 2,367,557        | 72,629                      | 2,366,885        |
| Benefits                          | 954,943          | 960,191          | 933,820          | 26,371                      | 934,555          |
| Purchased services                | 1,655,520        | 1,602,558        | 1,376,525        | 226,033                     | 1,417,786        |
| Supplies                          | 1,985,008        | 1,596,828        | 1,415,076        | 181,752                     | 1,544,830        |
| Property                          | 27,905           | 11,000           | 9,897            | 1,103                       | 46,700           |
|                                   | <u>7,054,584</u> | <u>6,610,763</u> | <u>6,102,875</u> | <u>507,888</u>              | <u>6,310,756</u> |
| <b>Student transportation:</b>    |                  |                  |                  |                             |                  |
| Salaries                          | 1,502,980        | 1,502,644        | 1,545,980        | (43,336)                    | 1,500,353        |
| Benefits                          | 716,037          | 712,755          | 612,287          | 100,468                     | 650,151          |
| Purchased services                | 114,153          | 116,145          | 125,652          | (9,507)                     | 110,662          |
| Supplies                          | 641,426          | 665,634          | 550,045          | 115,589                     | 466,797          |
| Property                          | 25,000           | -                | -                | -                           | 6,422            |
|                                   | <u>2,999,596</u> | <u>2,997,178</u> | <u>2,833,964</u> | <u>163,214</u>              | <u>2,734,385</u> |
| <b>Other support:</b>             |                  |                  |                  |                             |                  |
| Salaries                          | 60,000           | 60,000           | 34,904           | 25,096                      | 58,052           |
| Benefits                          | 201,170          | 201,170          | 44,877           | 156,293                     | 88,148           |
| Purchased services                | 140,873          | 140,873          | 184,699          | (43,826)                    | 97,735           |
| Supplies                          | 10,000           | 10,000           | 15,802           | (5,802)                     | -                |
|                                   | <u>412,043</u>   | <u>412,043</u>   | <u>280,282</u>   | <u>131,761</u>              | <u>243,935</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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|  | 2013 BUDGET   |               | 2013          |                             | 2012          |
|--|---------------|---------------|---------------|-----------------------------|---------------|
|  | ORIGINAL      | FINAL         | ACTUAL        | VARIANCE TO<br>FINAL BUDGET | ACTUAL        |
| Total undistributed expenditures               | \$ 19,784,410 | \$ 19,434,303 | \$ 18,451,484 | \$ 982,819                  | \$ 17,447,620 |
| Site improvement:                              |               |               |               |                             |               |
| Purchased services                             | -             | 60,000        | 2,820         | 57,180                      | -             |
| Building Construction:                         |               |               |               |                             |               |
| Purchased services                             | -             | 15,000        | 2,451         | 12,549                      |               |
| Building Improvements:                         |               |               |               |                             |               |
| Purchased services                             | -             | -             | 52,583        | (52,583)                    | -             |
| Supplies                                       | -             | -             | 1,027         | (1,027)                     | -             |
| Property                                       | -             | -             | 7,400         | (7,400)                     | -             |
|  | -             | -             | 61,010        | (61,010)                    | -             |
| Debt Service:                                  |               |               |               |                             |               |
| Principal                                      | 283,000       | 310,000       | 310,000       | -                           | 129,000       |
| Interest                                       | 192,568       | 61,005        | 61,005        | -                           | 199,449       |
|  | 475,568       | 371,005       | 371,005       | -                           | 328,449       |
| Contingency                                    | 441,232       | 441,924       | -             | 441,924                     | -             |
| Total Expenditures                             | 44,557,107    | 44,634,318    | 42,615,144    | 2,080,184                   | 42,693,640    |
| Revenues Over (Under) Expenditures             | 2,336,578     | 2,141,935     | 4,280,397     | 2,138,462                   | 4,370,396     |
| <b>OTHER FINANCING SOURCES (USES)</b>          |               |               |               |                             |               |
| Sale of fixed assets                           | 5,000         | 5,000         | 10,175        | 5,175                       | 2,874         |
| Transfers to other funds                       | (4,300,000)   | (4,450,000)   | (4,450,000)   | -                           | (4,280,095)   |
| Installment note proceeds                      | -             | -             | -             | -                           | 4,980,000     |
| Payments to escrow agents                      | -             | -             | -             | -                           | (4,927,920)   |
|  | (4,295,000)   | (4,445,000)   | (4,439,825)   | 5,175                       | (4,225,141)   |
| Net Change in Fund Balance                     | (1,958,422)   | (2,303,065)   | (159,428)     | 2,143,637                   | 145,255       |
| <b>FUND BALANCE, July 1</b>                    | 4,002,231     | 5,486,456     | 5,486,456     | -                           | 5,347,563     |
| Increase (Decrease) in Reserve for Inventories | -             | -             | (8,533)       | (8,533)                     | (6,362)       |
| <b>FUND BALANCE, June 30</b>                   | \$ 2,043,809  | \$ 3,183,391  | \$ 5,318,495  | \$ 2,135,104                | \$ 5,486,456  |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                               | 2013 BUDGET      |                  | 2013             |                             | 2012             |
|-------------------------------|------------------|------------------|------------------|-----------------------------|------------------|
|                               | ORIGINAL         | FINAL            | ACTUAL           | VARIANCE TO<br>FINAL BUDGET | ACTUAL           |
| <b>REVENUES</b>               |                  |                  |                  |                             |                  |
| Local sources:                |                  |                  |                  |                             |                  |
| Earnings on investments       | \$ 3,000         | \$ 1,000         | \$ 812           | \$ (188)                    | \$ 1,114         |
| State sources:                |                  |                  |                  |                             |                  |
| Distributive school account   | 2,704,224        | 2,576,569        | 2,779,386        | 202,817                     | 2,461,639        |
| <b>Total Revenues</b>         | <b>2,707,224</b> | <b>2,577,569</b> | <b>2,780,198</b> | <b>202,629</b>              | <b>2,462,753</b> |
| <b>EXPENDITURES</b>           |                  |                  |                  |                             |                  |
| Special programs:             |                  |                  |                  |                             |                  |
| Instruction:                  |                  |                  |                  |                             |                  |
| Salaries                      | 3,858,444        | 3,625,936        | 3,686,986        | (61,050)                    | 3,924,341        |
| Benefits                      | 1,691,142        | 1,501,146        | 1,435,875        | 65,271                      | 1,636,419        |
| Purchased services            | 12,220           | 225              | 225              | -                           | 2,720            |
| Supplies                      | 19,455           | 8,276            | 5,565            | 2,711                       | 6,036            |
| Other                         | 250              | -                | -                | -                           | -                |
|                               | 5,581,511        | 5,135,583        | 5,128,651        | 6,932                       | 5,569,516        |
| Other direct support:         |                  |                  |                  |                             |                  |
| Salaries                      | 242,699          | 297,621          | 297,083          | 538                         | 239,538          |
| Benefits                      | 95,888           | 139,157          | 125,880          | 13,277                      | 88,237           |
| Purchased services            | 43,116           | 370,930          | 339,115          | 31,815                      | 132,649          |
| Supplies                      | 16,500           | -                | 2,017            | (2,017)                     | 24,868           |
|                               | 398,203          | 807,708          | 764,095          | 43,613                      | 485,292          |
| Student transportation:       |                  |                  |                  |                             |                  |
| Salaries                      | 350,075          | 350,075          | 309,697          | 40,378                      | 267,482          |
| Benefits                      | 118,703          | 118,223          | 160,326          | (42,103)                    | 98,754           |
| Purchased services            | 1,300            | 1,300            | -                | 1,300                       | -                |
| Supplies                      | 48,354           | 48,354           | 46,009           | 2,345                       | 50,101           |
| Property                      | 1,000            | 1,000            | -                | 1,000                       | -                |
|                               | 519,432          | 518,952          | 516,032          | 2,920                       | 416,337          |
| <b>Total Special Programs</b> | <b>6,499,146</b> | <b>6,462,243</b> | <b>6,408,778</b> | <b>53,465</b>               | <b>6,471,145</b> |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                                       | 2013 BUDGET |             | 2013        |                             | 2012        |
|---------------------------------------|-------------|-------------|-------------|-----------------------------|-------------|
|                                       | ORIGINAL    | FINAL       | ACTUAL      | VARIANCE TO<br>FINAL BUDGET | ACTUAL      |
| Other Instructional Programs:         |             |             |             |                             |             |
| Academically talented:                |             |             |             |                             |             |
| Salaries                              | \$ 201,834  | \$ 228,762  | \$ 228,762  | \$ -                        | \$ 196,055  |
| Benefits                              | 85,808      | 92,488      | 92,276      | 212                         | 72,481      |
| Supplies                              | 2,110       | 1,685       | 1,456       | 229                         | 1,580       |
| Other                                 | 99          | 99          | 99          | -                           | 99          |
| Total Other Instructional             | 289,851     | 323,034     | 322,593     | 441                         | 270,215     |
| Contingency                           | 67,890      | 67,853      | -           | 67,853                      | -           |
| Total Expenditures                    | 6,856,887   | 6,853,130   | 6,731,371   | 121,759                     | 6,741,360   |
| Revenues Over (Under)<br>Expenditures | (4,149,663) | (4,275,561) | (3,951,173) | 324,388                     | (4,278,607) |
| <b>OTHER FINANCING SOURCES</b>        |             |             |             |                             |             |
| Transfers from other funds            | 4,100,000   | 4,300,000   | 4,300,000   | -                           | 4,080,095   |
| Net Change in Fund Balance            | (49,663)    | 24,439      | 348,827     | 324,388                     | (198,512)   |
| <b>FUND BALANCE, July 1</b>           | 324,857     | 247,254     | 247,254     | -                           | 445,766     |
| <b>FUND BALANCE, June 30</b>          | \$ 275,194  | \$ 271,693  | \$ 596,081  | \$ 324,388                  | \$ 247,254  |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## PROPRIETARY FUNDS STATEMENT OF NET POSITION

JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

|                                       | GOVERNMENTAL ACTIVITIES<br>INTERNAL SERVICE FUNDS |                     |
|---------------------------------------|---|---------------------|
|                                       | 2013  | 2012                |
| <b>ASSETS</b>                         |   |                     |
| Current Assets:                       |   |                     |
| Cash and investments                  | \$ 5,876,614                                      | \$ 6,033,265        |
| Receivables:                          |   |                     |
| Interest                              | 733   | 913                 |
| Other                                 | 17,705  | 887                 |
| Due from other funds                  | 564,067   | 585,669             |
| Prepaid expenses                      | -   | 3,480               |
| Total Assets                          | <u>6,459,119</u>                                  | <u>6,624,214</u>    |
| <br>                                  |   |                     |
| <b>LIABILITIES</b>                    |   |                     |
| Current Liabilities:                  |   |                     |
| Accounts payable and accrued expenses | 16,737  | 18,867              |
| Deferred revenue                      | 531,607   | 569,645             |
| Pending claims                        | 1,021,091   | 1,059,764           |
| Total Current Liabilities             | <u>1,569,435</u>                                  | <u>1,648,276</u>    |
| Noncurrent Liabilities:               |   |                     |
| Pending claims                        | 167,000   | 210,000             |
| Total Liabilities                     | <u>1,736,435</u>                                  | <u>1,858,276</u>    |
| <br>                                  |   |                     |
| <b>NET POSITION</b>                   |   |                     |
| Restricted                            | <u>\$ 4,722,684</u>                               | <u>\$ 4,765,938</u> |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

|                              | GOVERNMENTAL ACTIVITIES<br>INTERNAL SERVICE FUNDS |                     |
|------------------------------|---|---------------------|
|                              | 2013  | 2012                |
| <b>OPERATING REVENUES</b>    |   |                     |
| Insurance premiums           | \$ 6,306,275                                      | \$ 6,220,475        |
| Insurance proceeds and other | 112,131   | 150,513             |
| Total Operating Revenues     | <u>6,418,406</u>                                  | <u>6,370,988</u>    |
| <b>OPERATING EXPENSES</b>    |   |                     |
| Claims expense               | 5,673,041   | 5,152,543           |
| Purchased services           | 800,173   | 827,238             |
| Other                        | 25  | 100                 |
| Total Operating Expenses     | <u>6,473,239</u>                                  | <u>5,979,881</u>    |
| Operating Income (Loss)      | (54,833)  | 391,107             |
| <b>NONOPERATING REVENUES</b> |   |                     |
| Earnings on investments      | <u>11,579</u>                                     | <u>8,478</u>        |
| Change in Net Position       | (43,254)  | 399,585             |
| <b>NET POSITION, July 1</b>  | <u>4,765,938</u>                                  | <u>4,366,353</u>    |
| <b>NET POSITION, June 30</b> | <u>\$ 4,722,684</u>                               | <u>\$ 4,765,938</u> |

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

|  | GOVERNMENTAL ACTIVITIES<br>INTERNAL SERVICE FUNDS |              |
|--|---|--------------|
|  | 2013  | 2012         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |              |
| Cash received from insurance premiums  | \$ 6,289,839                                      | \$ 6,204,451 |
| Cash received from insurance proceeds and other  | 95,493  | 166,107      |
| Cash paid for claims expense   | (5,754,714)                                       | (5,459,074)  |
| Cash paid for services and supplies  | (798,848)   | (872,572)    |
| Net cash provided (used) by operating activities   | (168,230)   | 38,912       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |              |
| Interest on investments  | 11,579  | 8,478        |
| NET INCREASE IN CASH   | (156,651)   | 47,390       |
| <b>CASH AND INVESTMENTS, July 1</b>  | 6,033,265   | 5,985,875    |
| <b>CASH AND INVESTMENTS, June 30</b>   | \$ 5,876,614                                      | \$ 6,033,265 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |   |              |
| Operating income (loss)  | \$ (54,833)                                       | \$ 391,107   |
| Adjustments to reconcile operating income (loss)<br>to net cash provided (used) by operating activities: |   |              |
| Change in assets and liabilities:  |   |              |
| Receivables  | (16,638)  | 15,594       |
| Premiums due from other funds  | 21,602  | (13,683)     |
| Prepaid expenses   | 3,480   | (3,480)      |
| Accounts payable   | (2,130)   | (41,754)     |
| Pending claims   | (81,673)  | (306,531)    |
| Deferred revenue   | (38,038)  | (2,341)      |
| Total Adjustments  | (113,397)   | (352,195)    |
| Net cash provided (used) by operating activities   | \$ (168,230)                                      | \$ 38,912    |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## STATEMENT OF AGENCY ASSETS AND LIABILITIES

JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

### STUDENT ACTIVITY FUNDS

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|                       | <u>2013</u> | <u>2012</u> |
|-----------------------|-------------|-------------|
| <b>ASSETS</b>         |             |             |
| Cash and investments  | \$ 702,143  | \$ 709,544  |
| <b>LIABILITIES</b>    |             |             |
| Due to student groups | \$ 702,143  | \$ 709,544  |

*See accompanying notes.*

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

### **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 – District-Wide Statements**

The basic financial statements include both district-wide (based on the District as a whole) and fund financial statements. The district-wide financial statements (the Statement of Net Position 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 district-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities then unrestricted resources, as they are needed.

The district-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (ad valorem taxes, school support taxes, distributive school funds, government services tax and interest income not legally

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

restricted for specific programs, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Certain indirect costs are included as part of the program expenses reported for the various functional activities. Program revenues include charges for services, grants, 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.

### **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 position, 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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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 district-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.

### *Special Education Fund*

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

### *Debt Service Fund*

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.

### *Capital Projects Fund*

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

### *Bond Fund*

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### **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, the Class Size Reduction Fund and the Federal and State Grant 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.

### **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 district-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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### *Governmental Funds*

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

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

### *Proprietary Funds*

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

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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### **Property Taxes**

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

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

### **Budgets and Budgetary Accounting**

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

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



# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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 2013-2014 budget.
6. Budgeted appropriations may not be exceeded by actual expenditures of the various programs in the budgeted governmental funds. The sum of operating and nonoperating expenses in the Internal Service funds may not exceed appropriations.
7. All budgets are adopted on a basis consistent with GAAP. The accompanying financial statements reflect the Original Budget and the Final Budget, which include the adjustments for legally authorized revisions made during the year. Appropriations, except encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

### **Cash and Investments**

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

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

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### Capital Assets

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

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

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

### Allowance for Uncollectible Receivables

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

### Accrued Liabilities

Accrued liabilities consist principally of teacher, administrator, and other District employee salaries and benefits for the school program year ended June 30, 2013, but not yet paid.

### Expenditures

Expenditure data is characterized by major program classifications pursuant to the provisions of the National Center for Education Statistics handbook, *Financial Accounting for Local and State School Systems*, as modified 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,

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

physically handicapped, emotionally disturbed, culturally different, learning disabled, bilingual, and special programs for other types of students at all levels.

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

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

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

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

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

### **Compensated Absences**

Teachers and certain school administrators do not receive vacation leave. For other District employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to specific maximum days/hours. Employees are allowed to accumulate sick days for future use up to certain maximums. Vested sick leave will be paid by the District to eligible employees. Payments will be made as a lump sum at the rate of \$25 per day of accumulated and vested sick leave. 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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### 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, 2012, from which summarized information was derived. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. Such reclassifications relate primarily to the determination of major and nonmajor funds, as previously discussed.

### NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES

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

### NOTE 3 – CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of the pool is displayed on the Governmental Funds Balance Sheet as "Cash and Investments." Student Activity Funds are reported as Agency funds. These funds are not part of the District's pooled cash and investments; rather, they are held separately. As of June 30, 2013, the District had the following amounts reported as cash and investments:

|                                     |                      |
|-------------------------------------|----------------------|
| <u>Government-Wide Balances:</u>    |                      |
| Pooled cash                         | \$ 2,362,083         |
| Deposit held with fiscal agent      | 283,208              |
| Investments                         | 30,680,000           |
|                                     | <u>33,325,291</u>    |
| <br><u>Fiduciary Fund Balances:</u> |                      |
| Cash held by Student Activity Funds | <u>702,143</u>       |
| Total Cash and Investments          | <u>\$ 34,027,434</u> |

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

|  | <u>Bank<br/>Balance</u> |
|--|-------------------------|
| Insured (FDIC)   | \$ 250,000              |
| Uninsured but collateralized by securities held in the name<br>of the Office of the State Treasurer/Nevada Collateral Pool | <u>1,046,809</u>        |
|  | <u>\$ 1,296,809</u>     |

As of June 30, 2013, 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>\$ 30,680,000</u> |
|---|----------------------|

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 \$30,680,000 investment in the State Treasurer's Local Government Investment Pool is carried at market. This Pool is an unrated external investment pool.

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### NOTE 4 – INTERFUND BALANCES AND TRANSACTIONS

The cost of health and workers' compensation insurance benefits are accounted for in an internal service fund which assesses each fund based on total enrolled members in the District's plan. The amounts due to the Self Insurance Health Fund and Workers' Compensation Self-Insurance Fund at year end represent the portion attributable to year end accrued salaries. Interfund receivable and payable balances at June 30, 2013 are as follows:

|   | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|---|----------------------------------|-------------------------------|
| Major Governmental Funds:                 |                                  |                               |
| General Fund                              | \$ 461,596                       | \$ 414,522                    |
| Special Education Fund                    | -                                | 82,715                        |
| Nonmajor Governmental Funds:              |                                  |                               |
| Food Service Fund                         | -                                | 14,257                        |
| Class Size Reduction Fund                 | -                                | 22,178                        |
| Federal and State Grants Fund             | -                                | 491,991                       |
| Internal Service Funds:                   |                                  |                               |
| Self Insurance Health Fund                | 548,452                          | -                             |
| Workers' Compensation Self-Insurance Fund | 15,615                           | -                             |
|   | <u>\$ 1,025,663</u>              | <u>\$ 1,025,663</u>           |

Interfund transfers are shown as other financing sources (uses) in all funds other than the internal service funds, where they are shown as operating transfers. Transfers are used to reimburse funds for indirect costs, and to supplement programs that are not fully funded by general revenues through the distributive school account. Transfers made during the year ended June 30, 2013 are as follows:

|                               | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------|---------------------|----------------------|
| <i>Governmental Funds:</i>    |                     |                      |
| General Fund                  | \$ -                | \$ 4,450,000         |
| Capital Projects Fund         | -                   | 59,938               |
| Special Revenue Funds:        |                     |                      |
| Special Education Fund        | 4,300,000           | -                    |
| Class Size Reduction Fund     | 150,000             | -                    |
| Federal and State Grants Fund | 59,938              | -                    |
|                               | <u>\$ 4,509,938</u> | <u>\$ 4,509,938</u>  |

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

### NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013 is shown below:

|   | <u>Balance<br/>June 30, 2012</u> | <u>Additions /<br/>Transfers</u> | <u>Deletions /<br/>Transfers</u> | <u>Balance<br/>June 30, 2013</u> |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Nondepreciable Capital Assets</b>                    |                                  |                                  |                                  |                                  |
| Land  | \$ 1,413,439                     | \$ -                             | \$ -                             | \$ 1,413,439                     |
| Construction in progress                                | 10,950,118                       | 1,730,862                        | (10,950,118)                     | 1,730,862                        |
|   | <u>12,363,557</u>                | <u>1,730,862</u>                 | <u>(10,950,118)</u>              | <u>3,144,301</u>                 |
| <b>Depreciable Capital Assets</b>                       |                                  |                                  |                                  |                                  |
| Buildings and improvements                              | 102,052,295                      | 12,659,722                       | (162,739)                        | 114,549,278                      |
| Equipment and vehicles                                  | 7,440,794                        | 183,231                          | (88,844)                         | 7,535,181                        |
|   | <u>109,493,089</u>               | <u>12,842,953</u>                | <u>(251,583)</u>                 | <u>122,084,459</u>               |
| <b>Total Capital Assets</b>                             | <u>121,856,646</u>               | <u>14,573,815</u>                | <u>(11,201,701)</u>              | <u>125,228,760</u>               |
| Less accumulated depreciation for:                      |                                  |                                  |                                  |                                  |
| Buildings and improvements                              | 49,487,204                       | 2,884,609                        | -                                | 52,371,813                       |
| Equipment and vehicles                                  | 5,361,341                        | 412,641                          | (88,844)                         | 5,685,138                        |
|   | <u>54,848,545</u>                | <u>3,297,250</u>                 | <u>(88,844)</u>                  | <u>58,056,951</u>                |
| <b>Governmental Activities,<br/>Capital Assets, net</b> | <u>\$ 67,008,101</u>             | <u>\$ 11,276,565</u>             | <u>\$ (11,112,857)</u>           | <u>\$ 67,171,809</u>             |



# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Depreciation expense was allocated to the following functions/programs:

|              |                |   |                     |
|--------------|----------------|---|---------------------|
| Instruction: |                | Support:                                |                     |
| Regular      | \$ 89,683      | Student                                 | \$ 1,756            |
| Special      | 25,795         | Instructional staff                     | 19,366              |
| Vocational   | 27,861         | General administration                  | 452                 |
| Other        | 3,340          | School administration                   | 507                 |
|              | <u>146,679</u> | Central services                        | 48,391              |
|              |                | Operations and maintenance              | 57,421              |
|              |                | Student transportation                  | 124,276             |
|              |                | Other                                   | 324,167             |
|              |                | Facilities construction and improvement | 2,556,940           |
|              |                | Food services                           | 17,295              |
|              |                |   | <u>3,150,571</u>    |
|              |                | Summary:                                |                     |
|              |                | Instruction                             | 146,679             |
|              |                | Support                                 | 3,150,571           |
|              |                | Total depreciation expense              | <u>\$ 3,297,250</u> |

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

### NOTE 6 – LONG-TERM DEBT

#### General Long-Term Obligations

General long-term obligations consist of the following at June 30, 2013

|  | Balance<br>July 1, 2012 | Issued              | Retired             | Balance<br>June 30, 2013 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| 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%.               | \$ 3,360,000            | \$ -                | \$ (145,000)        | \$ 3,215,000             |
| General Obligation School Improvement (Build America) Bonds issued March 25, 2010, in the amount of \$12,625,000 due serially over 20 years, interest at 4.9% to 6.1%. | 12,625,000              | -                   | -                   | 12,625,000               |
| General Obligation School Improvement Bonds issued March 25, 2010, in the amount of \$2,375,000 due serially over 8 years, interest at 3.0% to 4.0%.                   | 2,375,000               | -                   | (380,000)           | 1,995,000                |
| General Obligation Qualified School Construction Bonds issued May 13, 2010, in the amount of \$2,000,000 due serially over 17 years, interest at 6.4%.                 | 2,000,000               | -                   | -                   | 2,000,000                |
| General Obligation Qualified School Construction Bonds issued May 13, 2010, in the amount of \$305,000 due serially over 5 years, interest at 4.5%.                    | 305,000                 | -                   | -                   | 305,000                  |
| General Obligation School Improvement Bonds issued December 19, 2012, in the amount of \$9,000,000 due serially over 30 years, interest at 2.0% to 3.25%.              | -                       | 9,000,000           | -                   | 9,000,000                |
|  | <u>\$ 20,665,000</u>    | <u>\$ 9,000,000</u> | <u>\$ (525,000)</u> | <u>\$ 29,140,000</u>     |

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

The annual requirements to amortize all General Obligation Debt outstanding as of June 30, 2013 are as follows:

| Fiscal Year<br>Ending<br>June 30, | Principal            | Interest             | Interest<br>Subsidy   | Total<br>Requirements |
|-----------------------------------|----------------------|----------------------|-----------------------|-----------------------|
| 2014                              | \$ 530,000           | \$ 1,315,978         | \$ (381,368)          | \$ 1,464,610          |
| 2015                              | 1,045,000            | 1,299,352            | (381,368)             | 1,962,984             |
| 2016                              | 755,000              | 1,260,670            | (367,536)             | 1,648,134             |
| 2017                              | 765,000              | 1,235,246            | (367,536)             | 1,632,710             |
| 2018                              | 790,000              | 1,211,471            | (367,536)             | 1,633,935             |
| 2019 - 2023                       | 6,210,000            | 5,387,357            | (1,682,148)           | 9,915,209             |
| 2024 - 2028                       | 9,360,000            | 3,710,793            | (1,191,108)           | 11,879,685            |
| 2029 - 2033                       | 4,655,000            | 1,200,148            | (81,156)              | 5,773,992             |
| 2034 - 2038                       | 2,610,000            | 627,431              | -                     | 3,237,431             |
| 2039 - 2042                       | 2,420,000            | 191,469              | -                     | 2,611,469             |
|                                   | <u>\$ 29,140,000</u> | <u>\$ 17,439,915</u> | <u>\$ (4,819,756)</u> | <u>\$ 41,760,159</u>  |

### Installment Note Payable

On July 1, 2008, the District entered into an installment purchase agreement with Bank of America in the amount of \$5,095,000 to finance District wide energy efficiency improvements. On June 15, 2012 the District refinanced this note with a new installment purchase agreement in the amount of \$4,980,000. Payments on the new note including 2.25% began January 2013 and will continue until January 2023.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

The annual requirements to amortize the outstanding installment note payable as of June 30, 2013 are as follows:

| Fiscal Year<br>Ending<br>June 30, | Principal           | Interest          | Total Payment       |
|-----------------------------------|---------------------|-------------------|---------------------|
| 2014                              | \$ 324,000          | \$ 103,264        | \$ 427,264          |
| 2015                              | 380,000             | 95,659            | 475,659             |
| 2016                              | 399,000             | 87,008            | 486,008             |
| 2017                              | 422,000             | 77,895            | 499,895             |
| 2018                              | 446,000             | 68,265            | 514,265             |
| 2019 - 2023                       | 2,380,000           | 187,718           | 2,567,718           |
| 2024                              | 319,000             | 3,589             | 322,589             |
|                                   | <u>\$ 4,670,000</u> | <u>\$ 623,396</u> | <u>\$ 5,293,396</u> |

### Changes in Long-Term Debt

|                          | Balance<br>July 1, 2012 | Additions of<br>New Debt | Retirements,<br>Repayments<br>and Reductions | Balance<br>June 30, 2013 | Due Within<br>One Year |
|--------------------------|-------------------------|--------------------------|--|--------------------------|------------------------|
| General Obligation Bonds | \$20,665,000            | \$ 9,000,000             | \$ (525,000)                                 | \$29,140,000             | \$ 530,000             |
| Plus: Bond Premiums      | 107,672                 | 75,248                   | (20,516)                                     | 162,404                  | 21,848                 |
| Less: Bond Discounts     | (82,004)                | -                        | 10,336                                       | (71,668)                 | (12,905)               |
| Total Bonds Payable      | 20,690,668              | 9,075,248                | (535,180)                                    | 29,230,736               | 538,943                |
| Compensated Absences     | 455,922                 | 14,901                   | -  | 470,823                  | -                      |
| Installment Note Payable | 4,980,000               | -                        | (310,000)                                    | 4,670,000                | \$ 324,000             |
|                          | <u>\$26,126,590</u>     | <u>\$ 9,090,149</u>      | <u>\$ (845,180)</u>                          | <u>\$34,371,559</u>      | <u>\$ 862,943</u>      |

Total interest expense for the year ended June 30, 2013 was \$1,215,568.

The District was, in accordance with NRS 387.400, within the legal debt limit at June 30, 2013.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### NOTE 7 – FUND BALANCE/NET POSITION

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

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

Net position is reported as restricted when there are statutory limitation on their use either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The restriction for debt service represents the portion of net position 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 position represents the District's available financial resources.

#### **Fund Financial Statements**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - fund balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The District has inventories that are considered nonspendable.

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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

*Assigned* – fund balances that contain self-imposed constraints of the District to be used for a particular purpose. Amounts may be assigned by the Board of Trustees or its designee(s).

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

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

When both restricted and unrestricted resources are available for use, it is the District’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned as needed.

The following is a summary of the District’s fund balances as of June 30, 2013:

|                           | Major Funds         |                              |                         |                             |                      |                                | Total<br>Governmental<br>Funds |
|---------------------------|---------------------|------------------------------|-------------------------|-----------------------------|----------------------|--------------------------------|--------------------------------|
|                           | General Fund        | Special<br>Education<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Bond<br>Fund         | Other<br>Governmental<br>Funds |                                |
| Fund Balances:            |                     |                              |                         |                             |                      |                                |                                |
| Nonspendable:             |                     |                              |                         |                             |                      |                                |                                |
| Inventories               | \$ 98,983           | -                            | -                       | -                           | -                    | 92,351                         | 191,334                        |
| Restricted for:           |                     |                              |                         |                             |                      |                                |                                |
| Debt service              | -                   | -                            | 3,802,693               | -                           | -                    | -                              | 3,802,693                      |
| School renovations        | -                   | -                            | -                       | 3,267,893                   | 10,119,760           | 68,853                         | 13,456,506                     |
| Assigned to:              |                     |                              |                         |                             |                      |                                |                                |
| Education services        | -                   | 596,081                      | -                       | -                           | -                    | 557,166                        | 1,153,247                      |
| Child nutrition services  | -                   | -                            | -                       | -                           | -                    | 66,560                         | 66,560                         |
| Subsequent                |                     |                              |                         |                             |                      |                                |                                |
| year’s budget             | 1,269,852           | -                            | -                       | -                           | -                    | -                              | 1,269,852                      |
| Unassigned                | 3,949,660           | -                            | -                       | -                           | -                    | -                              | 3,949,660                      |
| <b>Total Fund Balance</b> | <b>\$ 5,318,494</b> | <b>\$596,081</b>             | <b>\$3,802,693</b>      | <b>\$3,267,893</b>          | <b>\$ 10,119,760</b> | <b>\$ 784,930</b>              | <b>\$ 23,889,852</b>           |

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### NOTE 8 – PENSION PLAN

#### Plan Description

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

#### Funding Policy

Benefits for plan members are funded under one of two methods. Under the employer paid contribution plan, the District contributes 23.75% of eligible compensation. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute 12.25% 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:

| Fiscal Year | Contribution Rate |                            | Total Contribution |
|-------------|-------------------|----------------------------|--------------------|
|             | Employer plan     | Employer/<br>Employee plan |                    |
| 2013        | 23.75%            | 12.25% / 12.25%            | \$ 7,103,879       |
| 2012        | 23.75%            | 12.25% / 12.25%            | \$ 7,109,167       |
| 2011        | 21.50%            | 11.25% / 11.25%            | \$ 6,771,530       |

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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 717 active plan members and 50 retirees as of September 1, 2012, the date of the latest actuarial valuation.



# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### **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 \$1,026,718 during the year on behalf of 274 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 4.42% of payroll for 2013, 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.

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

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

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:

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

|   | Plan                |                     | Total               |
|---|---------------------|---------------------|---------------------|
|   | District            | PEBP                |                     |
| Annual Required Contribution (ARC)      | \$ 1,439,869        | \$ 972,387          | \$ 2,412,256        |
| Interest on net OPEB obligation         | 176,531             | 56,570              | 233,101             |
| Adjustment to ARC                       | (175,388)           | (88,487)            | (263,875)           |
| Annual OPEB cost                        | 1,441,012           | 940,470             | 2,381,482           |
| Contributions made                      | (118,610)           | (1,026,718)         | (1,145,328)         |
| Increase in net OPEB obligation         | 1,322,402           | (86,248)            | 1,236,154           |
| Net OPEB obligation - beginning of year | 4,413,279           | 1,414,260           | 5,827,539           |
| Net OPEB obligation - end of year       | <u>\$ 5,735,681</u> | <u>\$ 1,328,012</u> | <u>\$ 7,063,693</u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011-2013 were as follows:

|                                   | 2013         | 2012         | 2011         |
|-----------------------------------|--------------|--------------|--------------|
| Annual OPEB Cost                  | \$ 2,381,482 | \$ 3,114,665 | \$ 3,009,515 |
| % of Annual OPEB Cost Contributed | 48%          | 37%          | 42%          |
| Net OPEB Obligation               | \$ 7,063,693 | \$ 5,827,539 | \$ 3,856,705 |

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### *Funded Status and Funding Progress*

As of September 1, 2012, 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 \$27,949,090. The covered payroll was \$33,559,299 and the ratio of unfunded actuarial accrued liability to payroll was 83%. 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, presents 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.

### *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 are presented on the following page.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

|                            | <u>District</u>         | <u>PEBP</u>           |
|----------------------------|-------------------------|-----------------------|
| Actuarial Valuation Date   | September 1, 2012       | September 1, 2012     |
| Actuarial Cost Method      | Entry age normal cost   | Entry age normal cost |
| Amortization Period        | 30 years open           | 26 years closed       |
| Amortization Method        | Level Percentage Amount | Level Dollar Amount   |
| Asset Valuation Method     | Market Value            | Market Value          |
| Investment Rate of Return  | 4%                      | 4%                    |
| Projected Salary Increases | 4.00%                   | Varies                |
| Healthcare Inflation Rate  |                         |                       |
| Initial Rate               | 8.5%                    | 8.5%                  |
| Ultimate Rate              | 5%                      | 5%                    |

### NOTE 10 – RISK MANAGEMENT

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### *Self-Insurance Health Fund*

The District contributed approximately \$575 per month for the first six months of the fiscal year and \$585 per employee for the remaining six months 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 \$175,000 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 \$375,000. 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 2.5%.

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

The changes in the claims liability for the years ended June 30, 2012 and 2013 are as follows:

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

|  | <b>Self-Insurance Funds</b> |                              |                     |
|--|-----------------------------|------------------------------|---------------------|
|  | <b>Health Fund</b>          | <b>Workers' Compensation</b> | <b>Total</b>        |
| Claims liability, July 1, 2011               | \$ 996,295                  | \$ 580,000                   | \$ 1,576,295        |
| Current year claims and changes in estimates | 5,054,391                   | 98,152                       | 5,152,543           |
| Claim payments                               | (5,333,922)                 | (125,152)                    | (5,459,074)         |
| Claims liability, June 30, 2012              | 716,764                     | 553,000                      | 1,269,764           |
| Current year claims and changes in estimates | 5,704,781                   | (37,740)                     | 5,667,041           |
| Claim payments                               | (5,661,454)                 | (87,260)                     | (5,748,714)         |
| Claims liability, June 30, 2013              | <u>\$ 760,091</u>           | <u>\$ 428,000</u>            | <u>\$ 1,188,091</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.

#### *Construction Commitments*

As of June 30, 2013, the District had commitments with respect to unfinished capital projects. Included in those commitments are the following:

|                                     |                     |
|-------------------------------------|---------------------|
| District Wide - Playground Renewal  | \$ 250,436          |
| District Wide - Bond Initiatives    | 6,100               |
| Douglas High School - Modernization | 858,901             |
| Airport - Renovations               | 4,500               |
|                                     | <u>\$ 1,119,937</u> |

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLES

For 2013, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. There was no effect on beginning net position/fund balance.

# DOUGLAS COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2013

| Plan     | Fiscal Year Ended | Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as % of Covered Payroll [(B-A)/C] |
|----------|-------------------|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|--|
| District | 6/30/13           | 9/1/2012                 | \$ -                          | \$ 12,302,094                         | \$ 12,302,094             | 0.0%               | \$ 32,559,299       | 37.78%                                 |
|          | 6/30/12           | 3/1/2010                 | -                             | 11,793,866                            | 11,793,866                | 0.0%               | 33,225,079          | 35.50%                                 |
|          | 6/30/11           | 3/1/2010                 | -                             | 10,595,286                            | 10,595,286                | 0.0%               | 33,977,812          | 31.18%                                 |
| PEBP     | 6/30/13           | 9/1/2012                 | \$ -                          | \$ 15,646,996                         | \$ 15,646,996             | 0.0%               | \$ -                | 0.0%                                   |
|          | 6/30/12           | 3/1/2010                 | -                             | 30,165,675                            | 30,165,675                | 0.0%               | -                   | 0.0%                                   |
|          | 6/30/11           | 3/1/2010                 | -                             | 30,144,381                            | 30,144,381                | 0.0%               | -                   | 0.0%                                   |



# DOUGLAS COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2013  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)*

|                               | 2013 BUDGET  |              | 2013         |                             | 2012         |
|-------------------------------|--------------|--------------|--------------|-----------------------------|--------------|
|                               | ORIGINAL     | FINAL        | ACTUAL       | VARIANCE TO<br>FINAL BUDGET | ACTUAL       |
| <b>REVENUES</b>               |              |              |              |                             |              |
| Local sources:                |              |              |              |                             |              |
| Ad valorem taxes              | \$ 2,530,569 | \$ 2,600,897 | 2,531,869    | \$ (69,028)                 | \$ 2,593,874 |
| Earnings on investments       | 1,000        | 1,000        | 11           | (989)                       | 617          |
| Other                         | 2,000        | 2,000        | -            | (2,000)                     | -            |
| Total Local Sources           | 2,533,569    | 2,603,897    | 2,531,880    | (72,017)                    | 2,594,491    |
| Federal sources:              |              |              |              |                             |              |
| In lieu of tax                | -            | -            | 253          | 253                         | 649          |
| Bond interest subsidy         | 381,368      | 381,368      | 381,368      | -                           | 381,368      |
| Total Federal Sources         | 381,368      | 381,368      | 381,621      | 253                         | 382,017      |
| Total Revenues                | 2,914,937    | 2,985,265    | 2,913,501    | (71,764)                    | 2,976,508    |
| <b>EXPENDITURES</b>           |              |              |              |                             |              |
| Debt service:                 |              |              |              |                             |              |
| Principal                     | 525,000      | 525,000      | 525,000      | -                           | 140,000      |
| Interest                      | 1,084,235    | 1,154,563    | 1,154,563    | -                           | 1,089,134    |
| Fiscal agent charges          | 5,000        | 5,000        | 4,800        | 200                         | 3,550        |
| Total Expenditures            | 1,614,235    | 1,684,563    | 1,684,363    | 200                         | 1,232,684    |
| Net Change in Fund<br>Balance | 1,300,702    | 1,300,702    | 1,229,138    | (71,564)                    | 1,743,824    |
| <b>FUND BALANCE, July 1</b>   | 2,580,570    | 2,573,555    | 2,573,555    | -                           | 829,731      |
| <b>FUND BALANCE, June 30</b>  | \$ 3,881,272 | \$ 3,874,257 | \$ 3,802,693 | \$ (71,564)                 | \$ 2,573,555 |

# DOUGLAS COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                                 | 2013 BUDGET         |                     | 2013                |                             | 2012                |
|---------------------------------|---------------------|---------------------|---------------------|-----------------------------|---------------------|
|                                 | ORIGINAL            | FINAL               | ACTUAL              | VARIANCE TO<br>FINAL BUDGET | ACTUAL              |
| <b>REVENUES</b>                 |                     |                     |                     |                             |                     |
| Local sources:                  |                     |                     |                     |                             |                     |
| Motor vehicle privilege tax     | \$ 901,989          | \$ 901,989          | \$ 901,647          | \$ (342)                    | \$ 895,600          |
| Residential building permit tax | 35,000              | 35,000              | 141,966             | 106,966                     | 61,819              |
| Earnings on investments         | 950                 | 950                 | 5,287               | 4,337                       | 4,129               |
| <b>Total Revenues</b>           | <b>937,939</b>      | <b>937,939</b>      | <b>1,048,900</b>    | <b>110,961</b>              | <b>1,011,548</b>    |
| <b>EXPENDITURES</b>             |                     |                     |                     |                             |                     |
| Other support:                  |                     |                     |                     |                             |                     |
| Purchased services              | -                   | -                   | -                   | -                           | 154                 |
| Supplies                        | 198,750             | 250,000             | 183,212             | 66,788                      | 324,817             |
| Property                        | 188,000             | 150,000             | 126,793             | 23,207                      | 92,330              |
|                                 | <b>386,750</b>      | <b>400,000</b>      | <b>310,005</b>      | <b>89,995</b>               | <b>417,301</b>      |
| Building improvements:          |                     |                     |                     |                             |                     |
| Purchased services              | 530,000             | 566,750             | 202,234             | 364,516                     | 392,856             |
| Supplies                        | -                   | -                   | 41,725              | (41,725)                    | -                   |
|                                 | <b>530,000</b>      | <b>566,750</b>      | <b>243,959</b>      | <b>322,791</b>              | <b>392,856</b>      |
| Land improvements:              |                     |                     |                     |                             |                     |
| Purchased services              | -                   | -                   | 1,600               | (1,600)                     | 112,725             |
| <b>Total Expenditures</b>       | <b>916,750</b>      | <b>966,750</b>      | <b>555,564</b>      | <b>411,186</b>              | <b>922,882</b>      |
| Revenues Over (Under)           |                     |                     |                     |                             |                     |
| Expenditures                    | 21,189              | (28,811)            | 493,336             | 522,147                     | 88,666              |
| <b>OTHER FINANCING EXPENSES</b> |                     |                     |                     |                             |                     |
| Transfer to other funds         | -                   | (60,000)            | (59,938)            | 62                          | -                   |
| Net Change in Fund Balance      | 21,189              | (88,811)            | 433,398             | 522,209                     | 88,666              |
| <b>FUND BALANCE, July 1</b>     | <b>2,983,049</b>    | <b>2,834,495</b>    | <b>2,834,495</b>    | <b>-</b>                    | <b>2,745,829</b>    |
| <b>FUND BALANCE, June 30</b>    | <b>\$ 3,004,238</b> | <b>\$ 2,745,684</b> | <b>\$ 3,267,893</b> | <b>\$ 522,209</b>           | <b>\$ 2,834,495</b> |

# DOUGLAS COUNTY SCHOOL DISTRICT

BOND FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                                | 2013 BUDGET          |                     | 2013                 |                             | 2012                |
|--------------------------------|----------------------|---------------------|----------------------|-----------------------------|---------------------|
|                                | ORIGINAL             | FINAL               | ACTUAL               | VARIANCE TO<br>FINAL BUDGET | ACTUAL              |
| <b>REVENUES</b>                |                      |                     |                      |                             |                     |
| Local sources:                 |                      |                     |                      |                             |                     |
| Earnings on investments        | \$ 20,000            | \$ 20,000           | \$ 13,437            | \$ (6,563)                  | \$ 14,076           |
| <b>EXPENDITURES</b>            |                      |                     |                      |                             |                     |
| Other support:                 |                      |                     |                      |                             |                     |
| Salaries                       | 92,500               | 93,000              | 51,330               | 41,670                      | 75,028              |
| Benefits                       | 47,500               | 48,000              | 35,719               | 12,281                      | 27,845              |
| Purchased services             | 145,000              | 500,000             | 191,019              | 308,981                     | 27,398              |
| Supplies                       | -                    | 100,000             | 19,415               | 80,585                      | 111,528             |
| Property                       | -                    | 891,100             | 55,964               | 835,136                     | -                   |
|                                | <u>285,000</u>       | <u>1,632,100</u>    | <u>353,447</u>       | <u>1,278,653</u>            | <u>241,799</u>      |
| Land improvement:              |                      |                     |                      |                             |                     |
| Purchased services             | 1,080,000            | 1,371,000           | 330,034              | 1,040,966                   | 1,775,381           |
| Supplies                       | -                    | 100,000             | 9,176                | 90,824                      | -                   |
|                                | <u>1,080,000</u>     | <u>1,471,000</u>    | <u>339,210</u>       | <u>1,131,790</u>            | <u>1,775,381</u>    |
| Building Construction:         |                      |                     |                      |                             |                     |
| Purchased services             | 1,000,000            | 1,091,000           | 536,740              | 554,260                     | 5,204,884           |
| Site improvement:              |                      |                     |                      |                             |                     |
| Purchased services             | 6,100,000            | 1,500,000           | 236,752              | 1,263,248                   | 2,579,532           |
| Supplies                       | -                    | 100,000             | 38,869               | 61,131                      | -                   |
| Property                       | -                    | 400,000             | 326,751              | 73,249                      | -                   |
|                                | <u>6,100,000</u>     | <u>2,000,000</u>    | <u>602,372</u>       | <u>1,397,628</u>            | <u>2,579,532</u>    |
| Building improvement:          |                      |                     |                      |                             |                     |
| Purchased services             | -                    | 2,000,000           | 1,022,409            | 977,591                     | -                   |
| Supplies                       | -                    | 498,100             | 9,131                | 488,969                     | -                   |
| Property                       | -                    | 400,000             | -                    | 400,000                     | -                   |
|                                | <u>-</u>             | <u>2,898,100</u>    | <u>1,031,540</u>     | <u>1,866,560</u>            | <u>-</u>            |
| Total Expenditures             | <u>8,465,000</u>     | <u>9,092,200</u>    | <u>2,863,309</u>     | <u>6,228,891</u>            | <u>9,801,596</u>    |
| Revenues Over (Under)          |                      |                     |                      |                             |                     |
| Expenditures                   | <u>(8,445,000)</u>   | <u>(9,072,200)</u>  | <u>(2,849,872)</u>   | <u>6,222,328</u>            | <u>(9,787,520)</u>  |
| <b>OTHER FINANCING SOURCES</b> |                      |                     |                      |                             |                     |
| Proceeds from bonds            | 15,000,000           | 15,000,000          | 9,000,000            | (6,000,000)                 | -                   |
| Bond premiums                  | -                    | -                   | 75,248               | 75,248                      | -                   |
| Total Other Financing Sources  | <u>15,000,000</u>    | <u>15,000,000</u>   | <u>9,075,248</u>     | <u>(5,924,752)</u>          | <u>-</u>            |
| Net Change in Fund Balance     | 6,555,000            | 5,927,800           | 6,225,376            | 297,576                     | (9,787,520)         |
| <b>FUND BALANCE, July 1</b>    | <u>3,449,904</u>     | <u>3,894,384</u>    | <u>3,894,384</u>     | <u>-</u>                    | <u>13,681,904</u>   |
| <b>FUND BALANCE, June 30</b>   | <u>\$ 10,004,904</u> | <u>\$ 9,822,184</u> | <u>\$ 10,119,760</u> | <u>\$ 297,576</u>           | <u>\$ 3,894,384</u> |

# DOUGLAS COUNTY SCHOOL DISTRICT

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING BALANCE SHEET

JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

|  | SPECIAL REVENUE FUNDS |                            |                                |                     | CAPITAL<br>PROJECTS<br>FUND | TOTAL<br>NONMAJOR<br>GOVERNMENTAL FUNDS |                     |
|--|-----------------------|----------------------------|--------------------------------|---------------------|-----------------------------|---|---------------------|
|  | FOOD<br>SERVICE       | CLASS<br>SIZE<br>REDUCTION | FEDERAL<br>AND STATE<br>GRANTS | TOTALS              | BUILDING<br>AND<br>SITES    | 2013                                    | 2012                |
| <b>ASSETS</b>                            |                       |                            |                                |                     |                             |   |                     |
| Cash and investments                     | \$ 589,325            | \$ 172,728                 | \$ -                           | \$ 762,053          | \$ 68,844                   | \$ 830,897                              | \$ 887,542          |
| Receivables:                             |                       |                            |                                |                     |                             |   |                     |
| Interest                                 | -                     | -                          | -                              | -                   | -                           | -                                       | 167                 |
| Other                                    | 124,062               | 44                         | -                              | 124,106             | 9                           | 124,115                                 | 350                 |
| Due from other governments               | -                     | -                          | 1,189,784                      | 1,189,784           | -                           | 1,189,784                               | 706,011             |
| Inventories                              | 92,351                | -                          | -                              | 92,351              | -                           | 92,351                                  | 88,322              |
| Total Assets                             | <u>\$ 805,738</u>     | <u>\$ 172,772</u>          | <u>\$ 1,189,784</u>            | <u>\$ 2,168,294</u> | <u>\$ 68,853</u>            | <u>\$ 2,237,147</u>                     | <u>\$ 1,682,392</u> |
| <b>LIABILITIES</b>                       |                       |                            |                                |                     |                             |   |                     |
| Accounts payable and accrued liabilities | \$ 141,964            | \$ 143,972                 | \$ 461,466                     | \$ 747,402          | \$ -                        | \$ 747,402                              | \$ 537,766          |
| Due to other funds                       | 14,257                | 22,178                     | 491,990                        | 528,425             | -                           | 528,425                                 | 188,650             |
| Deferred revenues                        | -                     | -                          | 176,390                        | 176,390             | -                           | 176,390                                 | 147,769             |
| Total Liabilities                        | <u>156,221</u>        | <u>166,150</u>             | <u>1,129,846</u>               | <u>1,452,217</u>    | <u>-</u>                    | <u>1,452,217</u>                        | <u>874,185</u>      |
| <b>FUND BALANCES</b>                     |                       |                            |                                |                     |                             |   |                     |
| Nonspendable                             | 92,351                | -                          | -                              | 92,351              | -                           | 92,351                                  | 88,322              |
| Restricted                               | -                     | -                          | -                              | -                   | 68,853                      | 68,853                                  | 63,908              |
| Assigned                                 | 557,166               | 6,622                      | 59,938                         | 623,726             | -                           | 623,726                                 | 655,977             |
| Total Fund Balances                      | <u>649,517</u>        | <u>6,622</u>               | <u>59,938</u>                  | <u>716,077</u>      | <u>68,853</u>               | <u>784,930</u>                          | <u>808,207</u>      |
| Total Liabilities and Fund Balances      | <u>\$ 805,738</u>     | <u>\$ 172,772</u>          | <u>\$ 1,189,784</u>            | <u>\$ 2,168,294</u> | <u>\$ 68,853</u>            | <u>\$ 2,237,147</u>                     | <u>\$ 1,682,392</u> |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

|                                     | SPECIAL REVENUE FUNDS |                      |                          |            | CAPITAL PROJECTS FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |              |
|-------------------------------------|-----------------------|----------------------|--------------------------|------------|-----------------------|-----------------------------------|--------------|
|                                     | FOOD SERVICE          | CLASS SIZE REDUCTION | FEDERAL AND STATE GRANTS | TOTALS     | BUILDING AND SITES    | 2013                              | 2012         |
| <b>REVENUES</b>                     |                       |                      |                          |            |                       |                                   |              |
| Local sources                       | \$ 554,671            | \$ 750               | \$ 86,145                | \$ 641,566 | \$ 4,945              | \$ 646,511                        | \$ 1,478,809 |
| State sources                       | 5,469                 | 2,026,697            | 620,830                  | 2,652,996  | -                     | 2,652,996                         | 2,821,782    |
| Federal sources                     | 1,110,258             | -                    | 4,376,723                | 5,486,981  | -                     | 5,486,981                         | 4,768,034    |
| Total Revenues                      | 1,670,398             | 2,027,447            | 5,083,698                | 8,781,543  | 4,945                 | 8,786,488                         | 9,068,625    |
| <b>EXPENDITURES</b>                 |                       |                      |                          |            |                       |                                   |              |
| Instruction:                        |                       |                      |                          |            |                       |                                   |              |
| Regular instruction                 | -                     | 2,203,400            | 2,857,768                | 5,061,168  | -                     | 5,061,168                         | 3,380,644    |
| Special instruction                 | -                     | -                    | 1,330,264                | 1,330,264  | -                     | 1,330,264                         | 1,451,021    |
| Vocational instruction              | -                     | -                    | 167,075                  | 167,075    | -                     | 167,075                           | 176,550      |
| Adult instruction                   | -                     | -                    | 75,049                   | 75,049     | -                     | 75,049                            | 31,851       |
| Other instruction                   | -                     | -                    | 47,242                   | 47,242     | -                     | 47,242                            | 41,610       |
| Undistributed expenditures:         |                       |                      |                          |            |                       |                                   |              |
| Student support                     | -                     | -                    | 71,538                   | 71,538     | -                     | 71,538                            | 78,400       |
| Instructional staff support         | -                     | -                    | 155,221                  | 155,221    | -                     | 155,221                           | 156,087      |
| School administration               | -                     | -                    | 61,836                   | 61,836     | -                     | 61,836                            | 896,313      |
| Student transportation              | -                     | -                    | 18,800                   | 18,800     | -                     | 18,800                            | -            |
| Other support                       | -                     | -                    | 242,430                  | 242,430    | -                     | 242,430                           | 543,827      |
| Food service                        | 1,736,635             | -                    | -                        | 1,736,635  | -                     | 1,736,635                         | 1,716,737    |
| Facilities acquisition/construction | -                     | -                    | 56,475                   | 56,475     | -                     | 56,475                            | 796,751      |
| Total Expenditures                  | 1,736,635             | 2,203,400            | 5,083,698                | 9,023,733  | -                     | 9,023,733                         | 9,269,791    |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

|  | SPECIAL REVENUE FUNDS |                      |                          |                   | CAPITAL PROJECTS FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |                   |
|--|-----------------------|----------------------|--------------------------|-------------------|-----------------------|-----------------------------------|-------------------|
|  | FOOD SERVICE          | CLASS SIZE REDUCTION | FEDERAL AND STATE GRANTS | TOTALS            | BUILDING AND SITES    | 2013                              | 2012              |
| Revenues Over (Under)                          |                       |                      |                          |                   |                       |                                   |                   |
| Expenditures                                   | \$ (66,237)           | \$ (175,953)         | \$ -                     | \$ (242,190)      | \$ 4,945              | \$ (237,245)                      | \$ (201,166)      |
| <b>OTHER FINANCING SOURCES (USES)</b>          |                       |                      |                          |                   |                       |                                   |                   |
| Transfers (to) from other funds                | -                     | 150,000              | 59,938                   | 209,938           | -                     | 209,938                           | 200,000           |
| Net Change in Fund Balances                    | (66,237)              | (25,953)             | 59,938                   | (32,252)          | 4,945                 | (27,307)                          | (1,166)           |
| <b>FUND BALANCES, July 1</b>                   | 711,724               | 32,575               | -                        | 744,299           | 63,908                | 808,207                           | 758,580           |
| Increase (decrease) in reserve for inventories | 4,030                 | -                    | -                        | 4,030             | -                     | 4,030                             | 50,793            |
| <b>FUND BALANCES, June 30</b>                  | <u>\$ 649,517</u>     | <u>\$ 6,622</u>      | <u>\$ 59,938</u>         | <u>\$ 716,077</u> | <u>\$ 68,853</u>      | <u>\$ 784,930</u>                 | <u>\$ 808,207</u> |

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, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                           | 2013 BUDGET |            | 2013      |                             | 2012       |
|---------------------------|-------------|------------|-----------|-----------------------------|------------|
|                           | ORIGINAL    | FINAL      | ACTUAL    | VARIANCE TO<br>FINAL BUDGET | ACTUAL     |
| <b>REVENUES</b>           |             |            |           |                             |            |
| Grants from:              |             |            |           |                             |            |
| Local sources             | \$ 447,390  | \$ 517,041 | \$ 86,145 | \$ (430,896)                | \$ 855,588 |
| State sources             | 821,213     | 693,626    | 620,830   | (72,796)                    | 746,249    |
| Federal sources           | 4,378,588   | 4,744,768  | 4,376,723 | (368,045)                   | 3,695,614  |
| Total Revenues            | 5,647,191   | 5,955,435  | 5,083,698 | (871,737)                   | 5,297,451  |
| <b>EXPENDITURES</b>       |             |            |           |                             |            |
| Regular programs:         |             |            |           |                             |            |
| Salaries                  | 819,460     | 1,617,103  | 1,442,031 | 175,072                     | 562,825    |
| Benefits                  | 277,046     | 517,064    | 492,867   | 24,197                      | 194,987    |
| Purchased services        | 219,542     | 217,726    | 163,357   | 54,369                      | 52,335     |
| Supplies                  | 970,232     | 498,447    | 737,912   | (239,465)                   | 266,084    |
| Other                     | 84,178      | 84,377     | 21,601    | 62,776                      | 48,810     |
| Total Regular Programs    | 2,370,458   | 2,934,717  | 2,857,768 | 76,949                      | 1,125,041  |
| Special programs:         |             |            |           |                             |            |
| Salaries                  | 667,806     | 727,002    | 660,011   | 66,991                      | 667,120    |
| Benefits                  | 342,106     | 387,876    | 326,059   | 61,817                      | 294,439    |
| Purchased services        | 504,667     | 241,905    | 264,109   | (22,204)                    | 397,670    |
| Supplies                  | 60,698      | 62,356     | 40,680    | 21,676                      | 25,220     |
| Other                     | 75,508      | 44,945     | 39,405    | 5,540                       | 66,572     |
| Total Special Programs    | 1,650,785   | 1,464,084  | 1,330,264 | 133,820                     | 1,451,021  |
| Vocational programs:      |             |            |           |                             |            |
| Salaries                  | 9,518       | 36,072     | 25,488    | 10,584                      | 8,766      |
| Benefits                  | -           | 1,982      | 848       | 1,134                       | 210        |
| Purchased services        | 5,371       | 5,939      | 4,972     | 967                         | 5,337      |
| Supplies                  | 141,635     | 120,857    | 112,477   | 8,380                       | 142,253    |
| Property                  | 22,500      | 41,500     | 18,890    | 22,610                      | 12,500     |
| Other                     | 7,482       | 5,487      | 4,400     | 1,087                       | 7,484      |
| Total Vocational Programs | 186,506     | 211,837    | 167,075   | 44,762                      | 176,550    |

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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                                     | 2013 BUDGET |           | 2013      |                             | 2012      |
|-------------------------------------|-------------|-----------|-----------|-----------------------------|-----------|
|                                     | ORIGINAL    | FINAL     | ACTUAL    | VARIANCE TO<br>FINAL BUDGET | ACTUAL    |
| <b>Adult Education:</b>             |             |           |           |                             |           |
| Salaries                            | \$ 18,493   | \$ 60,199 | \$ 57,921 | \$ 2,278                    | \$ 17,257 |
| Benefits                            | 1,507       | 20,957    | 13,888    | 7,069                       | 646       |
| Purchased services                  | 4,000       | 43,916    | 602       | 43,314                      | 639       |
| Supplies                            | 73,003      | 19,496    | 2,638     | 16,858                      | 13,309    |
| Total Adult Education               | 97,003      | 144,568   | 75,049    | 69,519                      | 31,851    |
| <b>ESL:</b>                         |             |           |           |                             |           |
| Salaries                            | 29,312      | 33,690    | 32,714    | 976                         | 29,026    |
| Benefits                            | 9,382       | 12,704    | 12,738    | (34)                        | 8,688     |
| Purchased services                  | -           | 2,200     | 864       | 1,336                       | 2,411     |
| Supplies                            | 2,100       | -         | -         | -                           | 669       |
| Other                               | 816         | 992       | 926       | 66                          | 816       |
| Total ESL                           | 41,610      | 49,586    | 47,242    | 2,344                       | 41,610    |
| <b>Undistributed expenditures:</b>  |             |           |           |                             |           |
| <b>Student support:</b>             |             |           |           |                             |           |
| Salaries                            | 59,747      | 55,904    | 51,904    | 4,000                       | 50,841    |
| Benefits                            | 15,659      | 15,659    | 15,659    | -                           | 15,659    |
| Supplies                            | -           | 7,950     | 3,975     | 3,975                       | 11,900    |
|                                     | 75,406      | 79,513    | 71,538    | 7,975                       | 78,400    |
| <b>Instructional staff support:</b> |             |           |           |                             |           |
| Salaries                            | 141,444     | 180,347   | 90,633    | 89,714                      | 100,241   |
| Benefits                            | 3,861       | 7,250     | 3,511     | 3,739                       | 3,524     |
| Purchased services                  | 47,971      | 64,577    | 47,830    | 16,747                      | 33,673    |
| Supplies                            | 17,583      | 14,218    | 8,927     | 5,291                       | 11,704    |
| Other                               | 8,865       | 8,450     | 4,320     | 4,130                       | 6,945     |
|                                     | 219,724     | 274,842   | 155,221   | 119,621                     | 156,087   |
| <b>General administration:</b>      |             |           |           |                             |           |
| Salaries                            | 30,365      | 49,863    | 37,206    | 12,657                      | 647,687   |
| Benefits                            | 12,895      | 17,314    | 11,888    | 5,426                       | 238,015   |
| Purchased services                  | 15,720      | 6,893     | 8,389     | (1,496)                     | 3,864     |
| Supplies                            | 10,011      | -         | 4,353     | (4,353)                     | 6,058     |
| Other                               | 2,097       | 2,844     | -         | 2,844                       | 689       |
|                                     | 71,088      | 76,914    | 61,836    | 15,078                      | 896,313   |
| <b>Student transportation:</b>      |             |           |           |                             |           |
| Purchased services                  | -           | -         | 18,800    | (18,800)                    | -         |

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, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                                    | 2013 BUDGET      |                  | 2013             |                             | 2012             |
|------------------------------------|------------------|------------------|------------------|-----------------------------|------------------|
|                                    | ORIGINAL         | FINAL            | ACTUAL           | VARIANCE TO<br>FINAL BUDGET | ACTUAL           |
| Other support:                     |                  |                  |                  |                             |                  |
| Salaries                           | \$ 520,700       | \$ 243,384       | \$ 233,064       | \$ 10,320                   | \$ 518,386       |
| Benefits                           | 1,181            | 1,158            | 17               | 1,141                       | 1,072            |
| Purchased services                 | 25,457           | 15,000           | 9,349            | 5,651                       | 23,646           |
| Supplies                           | 1,702            | 6,732            | -                | 6,732                       | 723              |
| Other                              | 250              | -                | -                | -                           | -                |
|                                    | <u>549,290</u>   | <u>266,274</u>   | <u>242,430</u>   | <u>23,844</u>               | <u>543,827</u>   |
| Land improvement:                  |                  |                  |                  |                             |                  |
| Purchased services                 | -                | 67,779           | 6,300            | 61,479                      | -                |
| Site improvements:                 |                  |                  |                  |                             |                  |
| Purchased services                 | 385,321          | 385,321          | 50,175           | 335,146                     | 397,736          |
| Property                           | -                | -                | -                | -                           | 399,015          |
|                                    | <u>385,321</u>   | <u>385,321</u>   | <u>50,175</u>    | <u>335,146</u>              | <u>796,751</u>   |
| Total undistributed expenditures   | <u>1,300,829</u> | <u>1,150,643</u> | <u>606,300</u>   | <u>544,343</u>              | <u>2,471,378</u> |
| Total Expenditures                 | <u>5,647,191</u> | <u>5,955,435</u> | <u>5,083,698</u> | <u>871,737</u>              | <u>5,297,451</u> |
| Revenues Over (Under) Expenditures | -                | -                | -                | -                           | -                |
| <b>OTHER FINANCING SOURCES</b>     |                  |                  |                  |                             |                  |
| Transfer from other funds          | -                | 60,000           | 59,938           | (62)                        | -                |
| Net Change in Fund Balance         | -                | 60,000           | 59,938           | (62)                        | -                |
| <b>FUND BALANCE, July 1</b>        | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>                    | <u>-</u>         |
| <b>FUND BALANCE, June 30</b>       | <u>\$ -</u>      | <u>\$ 60,000</u> | <u>\$ 59,938</u> | <u>\$ (62)</u>              | <u>\$ -</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, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|   | 2013 BUDGET |            | 2013       |                             | 2012       |
|---|-------------|------------|------------|-----------------------------|------------|
|   | ORIGINAL    | FINAL      | ACTUAL     | VARIANCE TO<br>FINAL BUDGET | ACTUAL     |
| <b>REVENUES</b>                                   |             |            |            |                             |            |
| Local sources:                                    |             |            |            |                             |            |
| Earnings on investments                           | \$ 1,500    | \$ 900     | \$ 1,118   | \$ 218                      | \$ 927     |
| Daily sales                                       | 650,000     | 610,000    | 553,553    | (56,447)                    | 619,946    |
| Total Local sources                               | 651,500     | 610,900    | 554,671    | (56,229)                    | 620,873    |
| State sources - Grants                            | 5,831       | 5,831      | 5,469      | (362)                       | 5,981      |
| Federal sources - Grants                          | 950,000     | 1,050,000  | 1,110,258  | 60,258                      | 1,072,420  |
| Total Revenues                                    | 1,607,331   | 1,666,731  | 1,670,398  | 3,667                       | 1,699,274  |
| <b>EXPENDITURES</b>                               |             |            |            |                             |            |
| Salaries  | 675,917     | 675,175    | 618,319    | 56,856                      | 619,843    |
| Benefits  | 259,369     | 258,212    | 241,980    | 16,232                      | 239,558    |
| Purchased services                                | 9,300       | 11,000     | 10,694     | 306                         | 6,815      |
| Supplies  | 850,000     | 908,300    | 833,035    | 75,265                      | 850,521    |
| Property  | 10,000      | 40,000     | 31,965     | 8,035                       | -          |
| Other   | -           | -          | 642        | (642)                       | -          |
| Total Food Service                                | 1,804,586   | 1,892,687  | 1,736,635  | 156,052                     | 1,716,737  |
| Contingency                                       | 25,000      | 25,000     | -          | 25,000                      | -          |
| Total Expenditures                                | 1,829,586   | 1,917,687  | 1,736,635  | 181,052                     | 1,716,737  |
| Net Change in Fund Balance                        | (222,255)   | (250,956)  | (66,237)   | 184,719                     | (17,463)   |
| <b>FUND BALANCE, July 1</b>                       | 329,249     | 711,725    | 711,724    | (1)                         | 678,394    |
| Increase (decrease) in reserve<br>for inventories | -           | -          | 4,030      | 4,030                       | 50,793     |
| <b>FUND BALANCE, June 30</b>                      | \$ 106,994  | \$ 460,769 | \$ 649,517 | \$ 188,748                  | \$ 711,724 |

# DOUGLAS COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                                       | 2013 BUDGET |           | 2013      |                             | 2012      |
|---------------------------------------|-------------|-----------|-----------|-----------------------------|-----------|
|                                       | ORIGINAL    | FINAL     | ACTUAL    | VARIANCE TO<br>FINAL BUDGET | ACTUAL    |
| <b>REVENUES</b>                       |             |           |           |                             |           |
| Local sources:                        |             |           |           |                             |           |
| Earnings on investments               | \$ 1,000    | \$ 400    | \$ 750    | \$ 350                      | \$ 453    |
| State sources:                        |             |           |           |                             |           |
| Special appropriations                | 2,069,552   | 2,069,552 | 2,026,697 | (42,855)                    | 2,069,552 |
| Total Revenues                        | 2,070,552   | 2,069,952 | 2,027,447 | (42,505)                    | 2,070,005 |
| <b>EXPENDITURES</b>                   |             |           |           |                             |           |
| Regular programs:                     |             |           |           |                             |           |
| Salaries                              | 1,613,585   | 1,590,516 | 1,567,952 | 22,564                      | 1,608,174 |
| Benefits                              | 652,243     | 644,635   | 635,448   | 9,187                       | 647,429   |
| Total Expenditures                    | 2,265,828   | 2,235,151 | 2,203,400 | 31,751                      | 2,255,603 |
| Revenues Over (Under)<br>Expenditures | (195,276)   | (165,199) | (175,953) | (10,754)                    | (185,598) |
| <b>OTHER FINANCING SOURCES</b>        |             |           |           |                             |           |
| Transfers from other funds            | 200,000     | 150,000   | 150,000   | -                           | 200,000   |
| Net Change in Fund<br>Balance         | 4,724       | (15,199)  | (25,953)  | (10,754)                    | 14,402    |
| <b>FUND BALANCE, July 1</b>           | 28,092      | 32,575    | 32,575    | -                           | 18,173    |
| <b>FUND BALANCE, June 30</b>          | \$ 32,816   | \$ 17,376 | \$ 6,622  | \$ (10,754)                 | \$ 32,575 |

# DOUGLAS COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                            | 2013 BUDGET |           | 2013      |                             | 2012      |
|----------------------------|-------------|-----------|-----------|-----------------------------|-----------|
|                            | ORIGINAL    | FINAL     | ACTUAL    | VARIANCE TO<br>FINAL BUDGET | ACTUAL    |
| <b>REVENUES</b>            |             |           |           |                             |           |
| Local sources:             |             |           |           |                             |           |
| Earnings on investments    | \$ -        | \$ -      | \$ 131    | \$ 131                      | \$ 91     |
| Other                      | 5,000       | 5,000     | 4,814     | (186)                       | 1,804     |
| Total Revenues             | 5,000       | 5,000     | 4,945     | (55)                        | 1,895     |
| <b>EXPENDITURES</b>        |             |           |           |                             |           |
| Building improvement:      |             |           |           |                             |           |
| Purchased services         | -           | -         | -         | -                           | -         |
| Net Change in Fund Balance | 5,000       | 5,000     | 4,945     | (55)                        | 1,895     |
| FUND BALANCE, July 1       | 67,013      | 63,908    | 63,908    | -                           | 62,013    |
| FUND BALANCE, June 30      | \$ 72,013   | \$ 68,908 | \$ 68,853 | \$ (55)                     | \$ 63,908 |

# DOUGLAS COUNTY SCHOOL DISTRICT

**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF FUND NET POSITION**  
**JUNE 30, 2013**  
*(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)*

|  | SELF-<br>INSURANCE<br>HEALTH FUND | WORKERS'<br>COMP SELF<br>INSURANCE<br>FUND | TOTALS  |                     |
|--|-----------------------------------|--|---|---------------------|
|  |                                   |  | GOVERNMENTAL ACTIVITIES<br>INTERNAL SERVICE FUNDS<br>2013 | 2012                |
| <b>ASSETS</b>                            |                                   |  |   |                     |
| Current Assets:                          |                                   |  |   |                     |
| Cash and investments                     | \$ 4,371,166                      | \$ 1,505,448                               | \$ 5,876,614  | \$ 6,033,265        |
| Receivables:                             |                                   |  |   |                     |
| Interest                                 | 551                               | 182  | 733   | 913                 |
| Other                                    | 17,352                            | 353  | 17,705  | 887                 |
| Due from other funds                     | 548,452                           | 15,615                                     | 564,067   | 585,669             |
| Prepaid expenses                         | -                                 | -  | -   | 3,480               |
| Total Assets                             | <u>4,937,521</u>                  | <u>1,521,598</u>                           | <u>6,459,119</u>  | <u>6,624,214</u>    |
| <b>LIABILITIES</b>                       |                                   |  |   |                     |
| Current Liabilities:                     |                                   |  |   |                     |
| Accounts payable and<br>accrued expenses | -                                 | 16,737                                     | 16,737  | 18,867              |
| Deferred revenue                         | 531,607                           | -  | 531,607   | 569,645             |
| Pending claims                           | 760,091                           | 261,000                                    | 1,021,091   | 1,059,764           |
| Total Current Liabilities                | <u>1,291,698</u>                  | <u>277,737</u>                             | <u>1,569,435</u>  | <u>1,648,276</u>    |
| Noncurrent Liabilities:                  |                                   |  |   |                     |
| Pending claims                           | -                                 | 167,000                                    | 167,000   | 210,000             |
| Total Liabilities                        | <u>1,291,698</u>                  | <u>444,737</u>                             | <u>1,736,435</u>  | <u>1,858,276</u>    |
| <b>NET POSITION</b>                      |                                   |  |   |                     |
| Restricted                               | <u>\$ 3,645,823</u>               | <u>\$ 1,076,861</u>                        | <u>\$ 4,722,684</u>                                       | <u>\$ 4,765,938</u> |

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF**  
**REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**YEAR ENDED JUNE 30, 2013**  
*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)*

|                              | SELF -<br>INSURANCE<br>HEALTH FUND | WORKERS'<br>COMP SELF<br>INSURANCE<br>FUND | TOTALS  |              |
|------------------------------|------------------------------------|--|---|--------------|
|                              |                                    |  | GOVERNMENTAL ACTIVITIES<br>INTERNAL SERVICE FUNDS<br>2013 | 2012         |
| <b>OPERATING REVENUES</b>    |                                    |  |   |              |
| Insurance premiums           | \$ 6,129,444                       | \$ 176,831                                 | \$ 6,306,275  | \$ 6,220,475 |
| Insurance proceeds and other | 101,051                            | 11,080                                     | 112,131   | 150,513      |
| Total Operating Revenues     | 6,230,495                          | 187,911                                    | 6,418,406   | 6,370,988    |
| <b>OPERATING EXPENSES</b>    |                                    |  |   |              |
| Claims expense               | 5,704,781                          | (31,740)                                   | 5,673,041   | 5,152,543    |
| Purchased services           | 726,823                            | 73,350                                     | 800,173   | 827,238      |
| Other                        | -                                  | 25   | 25  | 100          |
| Total Operating Expenses     | 6,431,604                          | 41,635                                     | 6,473,239   | 5,979,881    |
| Operating Income (Loss)      | (201,109)                          | 146,276                                    | (54,833)  | 391,107      |
| <b>NONOPERATING REVENUES</b> |                                    |  |   |              |
| Earnings on investments      | 8,650                              | 2,929                                      | 11,579  | 8,478        |
| Change in Net Position       | (192,459)                          | 149,205                                    | (43,254)  | 399,585      |
| <b>NET POSITION, July 1</b>  | 3,838,282                          | 927,656                                    | 4,765,938   | 4,366,353    |
| <b>NET POSITION, June 30</b> | \$ 3,645,823                       | \$ 1,076,861                               | \$ 4,722,684  | \$ 4,765,938 |

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

|  | SELF -<br>INSURANCE<br>HEALTH FUND | WORKERS'<br>COMP SELF<br>INSURANCE<br>FUND | TOTALS   |  |
|--|------------------------------------|--|--|--|
|  |                                    |  | GOVERNMENTAL<br>INTERNAL SERVICE FUNDS<br>2013 | ACTIVITIES<br>INTERNAL SERVICE FUNDS<br>2012 |
| <b>CASH FROM OPERATING ACTIVITIES</b>  |                                    |  |  |  |
| Cash received from insurance premiums  | \$ 6,112,599                       | \$ 177,240                                 | \$ 6,289,839                                   | \$ 6,204,451                                 |
| Cash received from insurance and other   | 83,835                             | 11,658                                     | 95,493   | 166,107                                      |
| Cash paid for claims   | (5,661,454)                        | (93,260)                                   | (5,754,714)                                    | (5,459,074)                                  |
| Cash paid for services and supplies  | (731,823)                          | (67,025)                                   | (798,848)                                      | (872,572)                                    |
| Net cash provided (used) by operating activities   | (196,843)                          | 28,613                                     | (168,230)                                      | 38,912                                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                    |  |  |  |
| Interest on investments  | 8,650                              | 2,929                                      | 11,579   | 8,478  |
| NET INCREASE IN CASH   | (188,193)                          | 31,542                                     | (156,651)                                      | 47,390                                       |
| CASH AND INVESTMENTS, July 1   | 4,559,359                          | 1,473,906                                  | 6,033,265                                      | 5,985,875                                    |
| CASH AND INVESTMENTS, June 30  | \$ 4,371,166                       | \$ 1,505,448                               | \$ 5,876,614                                   | \$ 6,033,265                                 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATIONS</b> |                                    |  |  |  |
| Operating income (loss)  | \$ (201,109)                       | \$ 146,276                                 | \$ (54,833)                                    | \$ 391,107                                   |
| Adjustments to reconcile operating income (loss)<br>to net cash from operating activities:     |                                    |  |  |  |
| Change in assets and liabilities:  |                                    |  |  |  |
| Receivables  | (17,216)                           | 578  | (16,638)                                       | 15,594                                       |
| Premiums due from other funds  | 21,193                             | 409  | 21,602   | (13,683)                                     |
| Prepaid expenses   | -                                  | 3,480                                      | 3,480  | (3,480.00)                                   |
| Accounts payable and accrued expenses  | (5,000)                            | 2,870                                      | (2,130)  | (41,754)                                     |
| Deferred revenue   | (38,038)                           | -  | (38,038)                                       | (2,341)                                      |
| Pending claims   | 43,327                             | (125,000)                                  | (81,673)                                       | (306,531)                                    |
| Total Adjustments  | 4,266                              | (117,663)                                  | (113,397)                                      | (352,195)                                    |
| Net cash provided (used) by operating activities   | \$ (196,843)                       | \$ 28,613                                  | \$ (168,230)                                   | \$ 38,912                                    |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

SELF-INSURANCE HEALTH FUND  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                              | 2013 BUDGET  |              | 2013         |                             | 2012         |
|------------------------------|--------------|--------------|--------------|-----------------------------|--------------|
|                              | ORIGINAL     | FINAL        | ACTUAL       | VARIANCE TO<br>FINAL BUDGET | ACTUAL       |
| <b>OPERATING REVENUES</b>    |              |              |              |                             |              |
| Insurance premiums           | \$ 5,300,000 | \$ 6,080,360 | \$ 6,129,444 | \$ 49,084                   | \$ 6,043,083 |
| Insurance proceeds           | 100,000      | 100,000      | 101,051      | 1,051                       | 120,249      |
| Total Operating Revenues     | 5,400,000    | 6,180,360    | 6,230,495    | 50,135                      | 6,163,332    |
| <b>OPERATING EXPENSES</b>    |              |              |              |                             |              |
| Claims expense               | 6,200,000    | 5,897,481    | 5,704,781    | 192,700                     | 5,054,391    |
| Purchased services           | 875,000      | 628,026      | 726,823      | (98,797)                    | 764,342      |
| Supplies                     | 10,000       | 10,000       | -            | 10,000                      | -            |
| Total Operating Expenses     | 7,085,000    | 6,535,507    | 6,431,604    | 103,903                     | 5,818,733    |
| Operating Income (Loss)      | (1,685,000)  | (355,147)    | (201,109)    | 154,038                     | 344,599      |
| <b>NONOPERATING REVENUES</b> |              |              |              |                             |              |
| Earnings on investments      | 10,000       | 5,000        | 8,650        | 3,650                       | 6,351        |
| Change in Net Position       | (1,675,000)  | (350,147)    | (192,459)    | 157,688                     | 350,950      |
| <b>NET POSITION, July 1</b>  | 2,737,332    | 3,838,282    | 3,838,282    | -                           | 3,487,332    |
| <b>NET POSITION, June 30</b> | \$ 1,062,332 | \$ 3,488,135 | \$ 3,645,823 | \$ 157,688                  | \$ 3,838,282 |



# DOUGLAS COUNTY SCHOOL DISTRICT

## SELF-INSURANCE HEALTH FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|  | 2013 BUDGET    |              | 2013         |                             | 2012         |
|--|----------------|--------------|--------------|-----------------------------|--------------|
|  | ORIGINAL       | FINAL        | ACTUAL       | VARIANCE TO<br>FINAL BUDGET | ACTUAL       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                |              |              |                             |              |
| Cash received from insurance premiums  | \$ 5,300,000   | \$ 6,080,360 | \$ 6,112,599 | \$ 32,239                   | \$ 6,043,083 |
| Cash received from insurance and other   | 100,000        | 100,000      | 83,834       | (16,166)                    | 120,168      |
| Cash paid for claims   | (6,200,000)    | (5,897,481)  | (5,661,454)  | 236,027                     | (5,333,922)  |
| Cash paid for services and supplies  | (885,000)      | (638,026)    | (731,822)    | (93,796)                    | (759,342)    |
| Net cash provided (used) by operating activities   | (1,685,000)    | (355,147)    | (196,843)    | 158,304                     | 69,987       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                |              |              |                             |              |
| Interest on investments  | 10,000         | 5,000        | 8,650        | 3,650                       | 6,351        |
| NET INCREASE (DECREASE) IN CASH  | (1,675,000)    | (350,147)    | (188,193)    | 161,954                     | 76,338       |
| CASH AND INVESTMENTS, July 1   | 3,733,021      | 4,559,359    | 4,559,359    | -                           | 4,483,021    |
| CASH AND INVESTMENTS, June 30  | \$ 2,058,021   | \$ 4,209,212 | \$ 4,371,166 | \$ 161,954                  | \$ 4,559,359 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATIONS</b> |                |              |              |                             |              |
| Operating income (loss)  | \$ (1,685,000) | \$ (355,147) | \$ (201,109) | \$ 154,038                  | \$ 344,599   |
| Adjustments to reconcile operating income (loss)<br>to net cash provided (used) by operations: |                |              |              |                             |              |
| Change in assets and liabilities:  |                |              |              |                             |              |
| Receivables  | -              | -            | (17,217)     | (17,217)                    | (81)         |
| Premiums due from other funds  | -              | -            | 21,193       | 21,193                      | 2,341        |
| Accounts payable and accrued expenses  | -              | -            | (5,000)      | (5,000)                     | 5,000        |
| Deferred revenues  | -              | -            | (38,038)     | (38,038)                    | (2,341)      |
| Pending claims   | -              | -            | 43,327       | 43,327                      | (279,531)    |
| Total Adjustments  | -              | -            | 4,265        | 4,265                       | (274,612)    |
| Net cash provided (used) by operations   | \$ (1,685,000) | \$ (355,147) | \$ (196,844) | \$ 158,303                  | \$ 69,987    |

# DOUGLAS COUNTY SCHOOL DISTRICT

WORKERS' COMPENSATION SELF-INSURANCE FUND  
 SCHEDULE OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|                              | 2013 BUDGET |            | 2013         |                             | 2012       |
|------------------------------|-------------|------------|--------------|-----------------------------|------------|
|                              | ORIGINAL    | FINAL      | ACTUAL       | VARIANCE TO<br>FINAL BUDGET | ACTUAL     |
| <b>OPERATING REVENUES</b>    |             |            |              |                             |            |
| Insurance premiums           | \$ 170,000  | \$ 170,000 | \$ 176,831   | \$ 6,831                    | \$ 177,392 |
| Other                        | 10,000      | 10,000     | 11,080       | 1,080                       | 30,264     |
| Total Operating Revenues     | 180,000     | 180,000    | 187,911      | 7,911                       | 207,656    |
| <b>OPERATING EXPENSES</b>    |             |            |              |                             |            |
| Claims expense               | 200,000     | 200,000    | (31,740)     | 231,740                     | 98,152     |
| Purchased services           | 75,000      | 120,000    | 73,350       | 46,650                      | 62,896     |
| Other                        | -           | -          | 25           | (25)                        | 100        |
| Total Operating Expenses     | 275,000     | 320,000    | 41,635       | 278,390                     | 161,148    |
| Operating Income (Loss)      | (95,000)    | (140,000)  | 146,276      | 286,301                     | 46,508     |
| <b>NONOPERATING REVENUES</b> |             |            |              |                             |            |
| Earnings on investments      | 3,500       | 2,000      | 2,929        | 929                         | 2,127      |
| Change in Net Position       | (91,500)    | (138,000)  | 149,205      | 287,230                     | 48,635     |
| <b>NET POSITION, July 1</b>  | 787,521     | 927,656    | 927,656      | -                           | 879,021    |
| <b>NET POSITION, June 30</b> | \$ 696,021  | \$ 789,656 | \$ 1,076,861 | \$ 287,205                  | \$ 927,656 |

# DOUGLAS COUNTY SCHOOL DISTRICT

## WORKERS' COMPENSATION SELF-INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

|  | 2013 BUDGET  |              | 2013         |                             | 2012         |
|--|--------------|--------------|--------------|-----------------------------|--------------|
|  | ORIGINAL     | FINAL        | ACTUAL       | VARIANCE TO<br>FINAL BUDGET | ACTUAL       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |              |              |                             |              |
| Cash received from insurance premiums  | \$ 170,000   | \$ 170,000   | \$ 177,240   | \$ 7,240                    | \$ 161,368   |
| Cash received from other sources   | 10,000       | 10,000       | 11,658       | 1,658                       | 45,939       |
| Cash paid for claims   | (200,000)    | (200,000)    | (93,260)     | 106,740                     | (125,152)    |
| Cash paid for services and supplies  | (75,000)     | (120,000)    | (67,025)     | 52,975                      | (113,230)    |
| Net cash provided (used) by operating activities   | (95,000)     | (140,000)    | 28,613       | 168,613                     | (31,075)     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |              |              |                             |              |
| Interest on investments  | 3,500        | 2,000        | 2,929        | 929                         | 2,127        |
| NET INCREASE (DECREASE) IN CASH  | (91,500)     | (138,000)    | 31,542       | 169,542                     | (28,948)     |
| CASH AND INVESTMENTS, July 1   | 1,411,354    | 1,473,906    | 1,473,906    | -                           | 1,502,854    |
| CASH AND INVESTMENTS, June 30  | \$ 1,319,854 | \$ 1,335,906 | \$ 1,505,448 | \$ 169,542                  | \$ 1,473,906 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATIONS</b> |              |              |              |                             |              |
| Operating income (loss)  | \$ (95,000)  | \$ (140,000) | \$ 146,276   | \$ 286,276                  | \$ 46,508    |
| Adjustments to reconcile operating income (loss)<br>to net cash provided (used) by operations: |              |              |              |                             |              |
| Change in assets and liabilities:  |              |              |              |                             |              |
| Receivables  | -            | -            | 578          | 578                         | 15,675       |
| Premiums due from other funds  | -            | -            | 409          | 409                         | (16,024)     |
| Prepaid expenses   | -            | -            | 3,480        | 3,480                       | (3,480)      |
| Accounts payable and accrued expenses  | -            | -            | 2,870        | 2,870                       | (46,754)     |
| Pending claims   | -            | -            | (125,000)    | (125,000)                   | (27,000)     |
| Total Adjustments  | -            | -            | (117,663)    | (117,663)                   | (77,583)     |
| Net cash provided (used) by operations   | \$ (95,000)  | \$ (140,000) | \$ 28,613    | \$ 168,613                  | \$ (31,075)  |

# DOUGLAS COUNTY SCHOOL DISTRICT

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## STUDENT ACTIVITY AGENCY FUNDS SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - BY SCHOOL YEAR ENDED JUNE 30, 2013

|                                | <u>BALANCE</u><br><u>JULY 1, 2012</u> | <u>RECEIPTS</u>     | <u>DISBURSE-</u><br><u>MENTS</u> | <u>BALANCE</u><br><u>JUNE 30, 2013</u> |
|--------------------------------|---------------------------------------|---------------------|----------------------------------|--|
| <b>Student Activity Funds</b>  |                                       |                     |                                  |  |
| Douglas High School            | \$ 282,474                            | \$ 775,596          | \$ 753,616                       | \$ 304,454                             |
| George Whittell High School    | 58,604                                | 195,174             | 208,455                          | 45,323                                 |
| Carson Valley Middle School    | 97,415                                | 83,849              | 96,805                           | 84,459                                 |
| Pau-Wa-Lu Middle School        | 20,620                                | 141,540             | 140,844                          | 21,316                                 |
| Scarselli Elementary School    | 57,742                                | 51,458              | 56,207                           | 52,993                                 |
| Gardnerville Elementary School | 31,400                                | 49,689              | 49,252                           | 31,837                                 |
| C.C. Meneley Elementary School | 34,936                                | 82,735              | 82,030                           | 35,641                                 |
| Jacks Valley Elementary School | 29,218                                | 94,573              | 96,570                           | 27,221                                 |
| Minden Elementary School       | 48,011                                | 105,146             | 100,738                          | 52,419                                 |
| Piñon Hills Elementary School  | 47,660                                | 174,224             | 177,784                          | 44,100                                 |
| Zephyr Cove Elementary School  | 1,464                                 | 11,573              | 10,657                           | 2,380                                  |
|                                | <u>\$ 709,544</u>                     | <u>\$ 1,765,557</u> | <u>\$ 1,772,958</u>              | <u>\$ 702,143</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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Douglas County School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2013.

**Internal Control over Financial Reporting**

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

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

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

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## **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*.

## **Purpose of this Report**

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

*The Bullard Macy Group*

Reno, Nevada  
October 31, 2013

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Douglas County School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*The Bullard Macy Group*

Reno, Nevada  
October 31, 2013



# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2013

(Page 1 of 2)

| FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM                             | FEDERAL<br>CFDA<br>NUMBER | PASS-<br>THROUGH<br>GRANTOR'S<br>NUMBER | AMOUNT           |
|--|---------------------------|---|------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                      |                           |   |                  |
| <i>Passed through the State of Nevada Department of Education</i>        |                           |   |                  |
| Individuals with Disabilities Education Act - Special Education Cluster: |                           |   |                  |
| Special Education - Grants to States (IDEA, Part B)                      | 84.027                    | 13-639-03                               | \$ 1,182,710     |
| Special Education - District Improvement Grant                           | 84.027                    | 13-641-03                               | 145,488          |
| Special Education - District Assistance Center                           | 84.027                    | 13-667-03                               | 90,332           |
| Special Education - Preschool Grants (IDEA, Preschool)                   | 84.173                    | 13-665-03                               | 57,222           |
| Total Special Education Cluster  |                           |   | <u>1,475,752</u> |
| Title I, Part A - Grants to Local Educational Agencies                   | 84.010                    | 13-633-03                               | 457,451          |
| Title I, Part C - Migrant Education                                      | 84.011A                   | 13-629-03                               | 1,604            |
| Title I, Part D - Improving America's Youth                              | 84.013A                   | 13-630-03                               | 67,332           |
| Carl D. Perkins Basic Grant  | 84.048                    | 13-631-03                               | 57,346           |
| Carl D. Perkins Corrections Grant  | 84.048                    | 13-635-03                               | 22,633           |
| Education for Homeless Children and Youth                                | 84.196A                   | 13-688-03                               | 38,796           |
| Title III, English Language Acquisition                                  | 84.365A                   | 13-658-03                               | 47,243           |
| Title II, Part A - Improving Teacher Quality State Grants                | 84.367                    | 13-709-03                               | 163,872          |
| Title I, Part E - Striving Readers Comprehensive Literacy                | 84.371                    | 13-657-03                               | <u>2,044,677</u> |
| <b>Total U.S. Department of Education</b>                                |                           |   | <u>4,376,706</u> |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2013

(Page 2 of 2)

| FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM                           | FEDERAL<br>CFDA<br>NUMBER | PASS-<br>THROUGH<br>GRANTOR'S<br>NUMBER | AMOUNT                     |
|--|---------------------------|---|----------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                  |                           |   |                            |
| Child Nutrition Cluster:   |                           |   |                            |
| <i>Passed through the State of Nevada Department of Administration</i> |                           |   |                            |
| National School Lunch Program - Commodities                            | 10.555                    | N/A                                     | \$ 109,269                 |
| <i>Passed through the State of Nevada Department of Education</i>      |                           |   |                            |
| School Breakfast Program   | 10.553                    | N/A                                     | 207,405                    |
| National School Lunch Program  | 10.555                    | N/A                                     | 793,584                    |
| Total Child Nutrition Cluster  |                           |   | <u>1,110,258</u>           |
| <b>Total U.S. Department of Agriculture</b>                            |                           |   | <u>1,110,258</u>           |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                            |                           |   | <u><u>\$ 5,486,964</u></u> |

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2013

### NOTE 1 – REPORTING ENTITY

The accompanying *Schedule of Expenditures of Federal Awards* presents the expenditure activity of all federal award programs of the Douglas County School District (the District) for the year ended June 30, 2013. 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, 2013.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

### A. SUMMARY OF AUDIT RESULTS

#### *Financial Statements*

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

#### *Federal Awards*

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

#### *Major Programs*

The major program for the year ended June 30, 2013 was:

Title I, Part E – Striving Readers Comprehensive Literacy (84.371)

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

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

### B. FINDINGS – FINANCIAL STATEMENTS

None.

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

None.

**INDEPENDENT ACCOUNTANTS' REPORT**

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

We have examined management's assertion, included in its representation letter dated October 31, 2013, that the Douglas County School District (District) complied with Nevada Revised Statutes Chapter 354.624(5)(a) during the year ended June 30, 2013. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants, and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the District's compliance with specified requirements.

In our opinion, management's assertion that the Douglas County School District complied with the aforementioned requirements for the year ended June 30, 2013 is fairly stated, in all material respects.

This report is intended solely for the information and use of management, the Board of Trustees, and the appropriate agencies of the State of Nevada and is not intended to be and should not be used by anyone other than these specified parties.

*The Bullard Macy Group*

Reno, Nevada  
October 31, 2013

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# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **INDEPENDENT AUDITORS' COMMENTS**

**JUNE 30, 2013**

### **CURRENT YEAR STATUTE COMPLIANCE**

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

### **PRIOR YEAR STATUTE VIOLATIONS**

We did not note any overexpenditures for the year ended June 30, 2013.

### **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.