

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

**June 30, 2012**

# DOUGLAS COUNTY SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District, Minden, Nevada (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Special Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 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.

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

*The Bullard Macy Group*

Reno, Nevada  
October 31, 2012

# DOUGLAS COUNTY SCHOOL DISTRICT

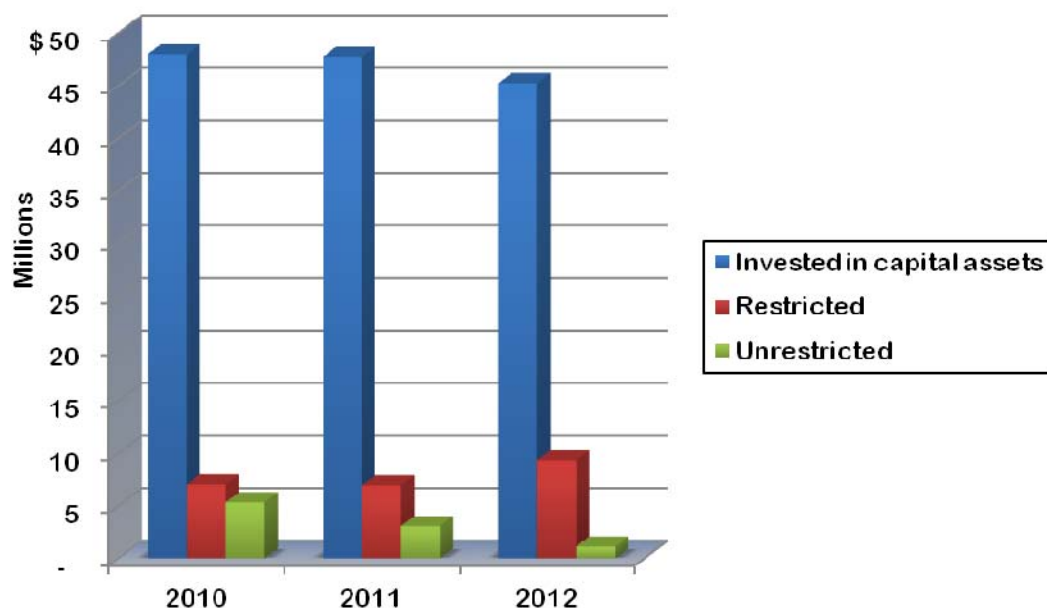
## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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, 2012. We encourage readers to read the information presented here in conjunction with the District's financial statements, which follow this narrative.

### Financial Highlights

- The District's net assets decreased as a result of this year's operations. On a government-wide basis including all governmental activities, the assets of Douglas County School District exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$55.7 million. This represents a decrease of 3.5% from the prior fiscal year.
- As of June 30, 2012, the District's governmental funds reported combined ending fund balances of \$15.8 million, a decrease of \$8 million from the prior year. This decrease is largely a result of capital outlay for school facility improvements.
- The General Fund reported a net increase in fund balance of \$139 thousand. At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$5.4 million, of which \$2 million has been assigned to eliminate a projected budgetary deficit for the 2013 fiscal year.

The following provides a graphical representation of net assets by category as of June 30, 2012, 2011, and 2010.



# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

### Overview of the Financial Statements

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

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

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

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

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

### Government-wide Financial Statements

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

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



# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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

In many government entities, the government-wide financial statements distinguish functions that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges by reporting them as business-type activities. The District has no functions in the business-type category, which results in the entire statement representing governmental activities. The government-wide financial statements are on pages 19 through 21 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.

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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, 2012, 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.

Changes between funds' classification as major or nonmajor were made from those in the prior year: the Debt Service Fund was deemed to be a nonmajor fund as of June 30, 2011 while the Federal and State Grants Fund was deemed to be a major fund. For the current year, the Debt Service Fund is reported as a major fund, while the Federal and State Grants Fund is reported with the other nonmajor funds.

**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 government-wide financial statements.

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

### Notes to the Financial Statements

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

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The largest component of the District's net assets (81%) reflects the District's investment in capital assets (e.g. land, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

### DOUGLAS COUNTY SCHOOL DISTRICT NET ASSETS

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Current and other assets	\$ 31,265,329	\$ 37,180,656
Net capital assets	67,008,101	59,765,900
Total Assets	<u>98,273,430</u>	<u>96,946,556</u>
<b>Liabilities</b>		
Current liabilities	11,291,741	9,482,914
Long-term liabilities	31,320,281	29,754,077
Total Liabilities	<u>42,612,022</u>	<u>39,236,991</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	45,231,817	47,735,288
Restricted	9,310,240	6,924,768
Unrestricted	1,119,351	3,049,509
Total Net Assets	<u>\$ 55,661,408</u>	<u>\$ 57,709,565</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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

	Governmental Activities	
	2012	2011
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 947,219	\$ 1,045,424
Operating grants and contributions	8,511,661	8,266,422
Capital grants and contributions	381,368	370,884
General revenues:		
Property taxes	21,467,315	22,174,242
Local school support taxes	12,449,738	11,324,115
Government service taxes	3,062,568	3,287,192
State aid not restricted to specific purposes	15,317,657	16,614,700
Other revenues	468,497	602,501
Total revenues	<u>62,606,023</u>	<u>63,685,480</u>
<b>Expenses</b>		
Instruction:		
Regular instruction	26,581,175	28,257,018
Special instruction	8,439,399	7,772,481
Vocational instruction	768,269	769,021
Adult instruction	31,851	107,409
Other instruction	2,173,974	2,270,927
Support services:		
Student support	2,225,707	2,603,722
Instructional support	1,295,135	1,482,062
General administration	471,125	493,946
School administration	3,820,839	4,014,373
Central services	1,778,057	1,770,111
Operation and maintenance	6,443,186	6,668,510
Student transportation	2,991,742	3,315,406
Other support	1,308,174	1,324,391
Food service	3,397,127	1,638,116
Facilities and acquisitions	1,701,301	2,841,736
Interest on long-term debt	1,227,119	946,645
Total expenses	<u>64,654,180</u>	<u>66,275,874</u>
Net change in net assets	<u>(2,048,157)</u>	<u>(2,590,394)</u>
<b>Net Assets, July 1</b>	<u>57,709,565</u>	<u>60,299,959</u>
<b>Net Assets, June 30</b>	<u>\$ 55,661,408</u>	<u>\$ 57,709,565</u>

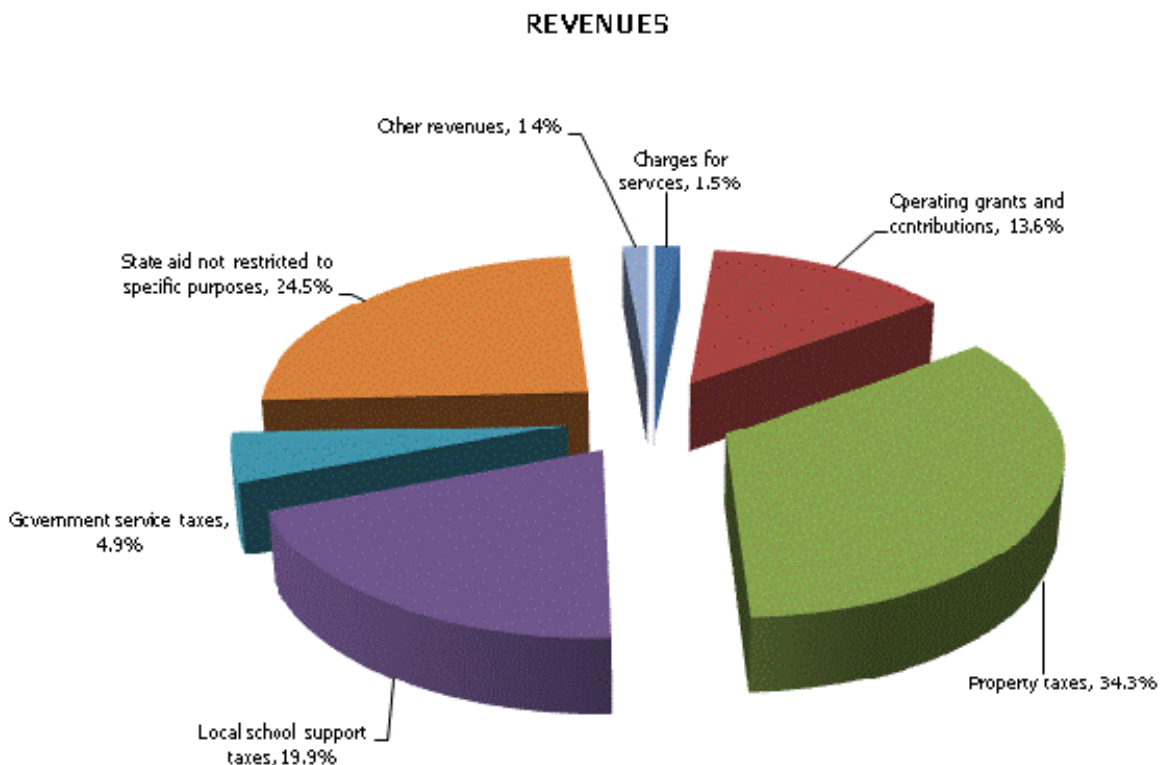
# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

### Governmental Activities:

- ◇ The largest and main revenue sources for the District are local school support taxes, property taxes (ad valorem), and state aid. Together, these revenue sources comprise 79% of total revenues.
- ◇ Ad valorem taxes decreased 3.2% from the prior year due to the continued decrease in tax collections and assessed valuations.
- ◇ Local school support taxes (LSST) increased 9.9% from the prior year due to an increase in taxable sales.
- ◇ State aid not restricted to specific purposes decreased 7.8% from the prior year primarily due to declining enrollment.

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



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

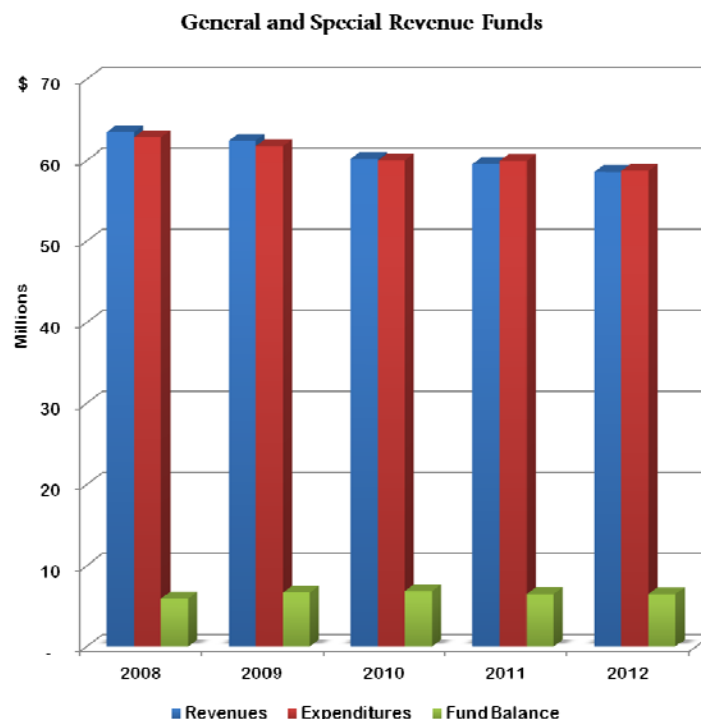
Douglas County School District uses fund accounting and budgetary integration to ensure and demonstrate compliance with finance-related legal requirements.

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

At June 30, 2012, the District's governmental funds reported a combined fund balance of \$15.8 million, a 33% decrease over last year. Of this total, approximately \$12.4 million is nonspendable, restricted or assigned fund balance. The remaining \$3.4 million, or 22%, 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 22 – 26 of these statements.

#### *General and Special Revenue Funds*

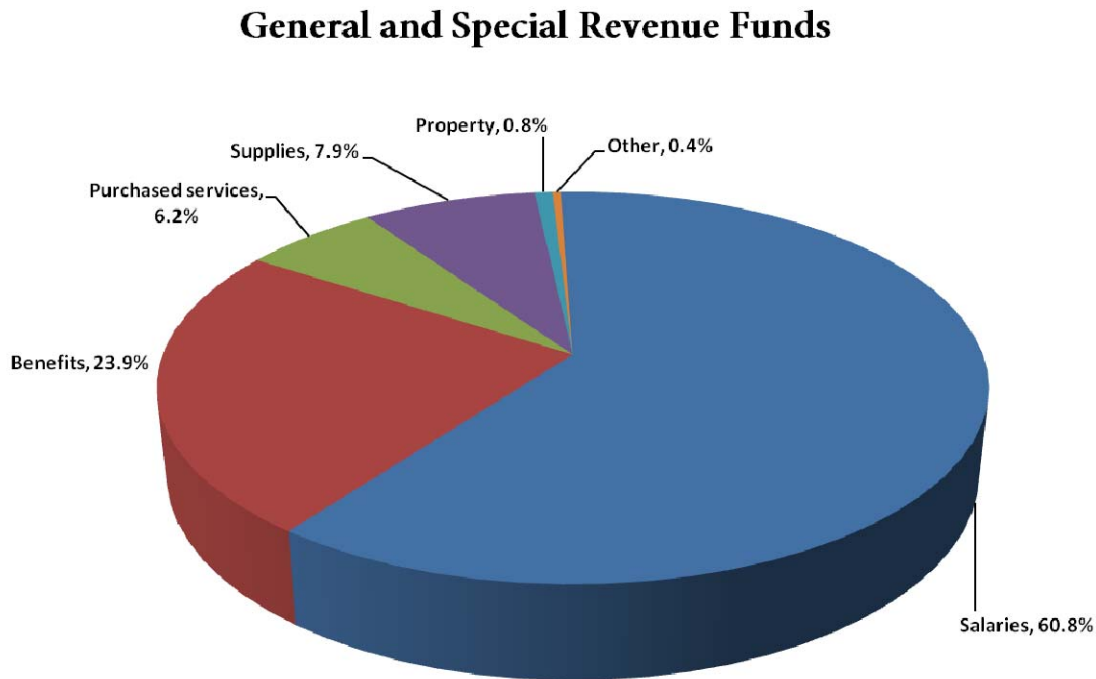
The General Fund and the special revenue funds are often referred to as the District's "operating funds." The following chart compares the revenues to expenditures and fund balance for these funds for the last five years:



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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, 2012 fund balance of \$2.6 million exceeds the 2012-2013 anticipated debt service requirements of \$1.6 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, 2012 of \$6.8 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, 2012, these funds had combined net assets of \$4.8 million, which represents approximately 80% of the funds' 2011-12 expenses.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

### 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, 2012 and 2011 are as follows:

#### CAPITAL ASSETS (Net of Depreciation)

	<u>2012</u>	<u>2011</u>
Land	\$ 1,413,439	\$ 1,413,439
Construction in progress	10,950,118	1,543,855
Buildings	52,565,091	54,703,511
Equipment	2,079,453	2,105,095
	<u>\$ 67,008,101</u>	<u>\$ 59,765,900</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*

As of June 30, 2012, the District's debt was comprised of the following:

General obligation bonds, net of premium/discount	\$ 20,690,668
Compensated absences	455,922
Note payable	4,980,000
	<u>\$ 26,126,590</u>



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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.

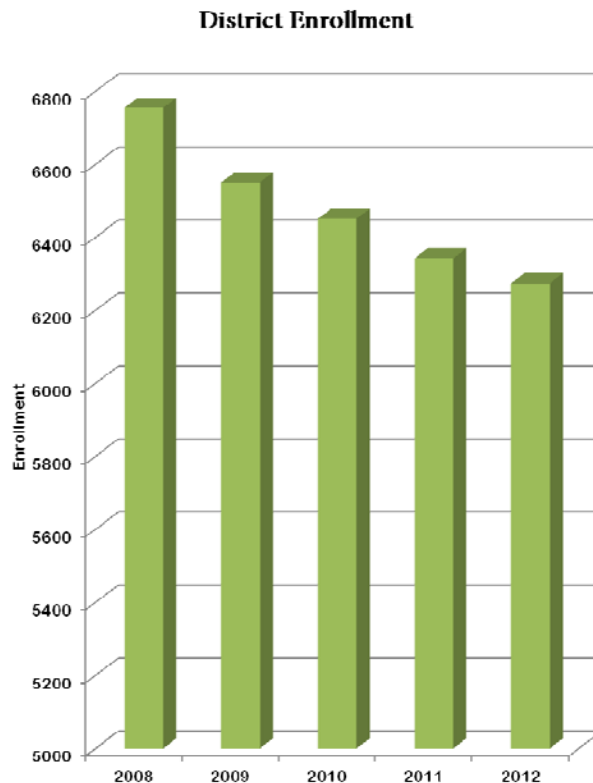
Principal and interest payments on the General Obligation Bonds and note payable for the 2012-13 fiscal year are scheduled to total \$1,980,239, less the expected interest subsidy on the Build America bonds for a net cash outlay requirement of \$1,598,871.

The District is limited by state statutes as to the amount of general obligation debt it can have outstanding. The limit is equal to 15% of the District's total assessed property valuation. Based on the fiscal year 2012 assessed value, the District's statutory general obligation debt limit is \$394,676,914. As of June 30, 2012, the District had \$20,665,000 of general obligation debt and \$4,890,000 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 7.1%, or 480 students, in the five year period since school year 2007-2008.



# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

Nevada's school districts are highly dependent on the economic condition of the State. Nevada's formula for school district funding guarantees the majority of operating revenue by making up any shortfall in property tax or sales tax (local school support tax) collections. For the 2011-12 school year, the District (as did all Nevada's school districts) received funding in accordance with the 2011 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 2010-11, enrollment declined by 1.7% from the previous year, and enrollment further declined in the 2011-12 school year by 1.1%. Preliminary estimates show a continuing trend for the current 2012-13 with enrollment dropping by 2.4% 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 \$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 may produce further reductions in State funding, and the District will continue to monitor and evaluate further reductions in personnel and expenditures as 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 property tax and a sales tax equal to 2.25 percent of taxable sales. The General Fund received \$18,873,441 from property tax and \$12,449,738 from sales tax for the year ended June 30, 2012. The General Fund has budgeted \$18,461,286 in property tax revenue and \$11,894,850 in sales tax revenue for fiscal year 2013. Other local operating sources to the General Fund include governmental services taxes, tuition receipts, earnings on investments, and utility franchise fees.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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

Each school district's share of State aid is set by the State legislature for the biennium in accordance with a formula set forth in the School Finance Plan. The School Finance Plan was adopted by the Nevada legislature in 1967 to compensate for wide local variations in resources and in cost per pupil. It is designed to provide reasonable equal educational opportunity and can be expressed in a formula partially on a per-pupil basis and partially on a per-program basis. The formula in the School Finance Plan contains four basic calculations: equalized basic support ratios, wealth adjustment factors, transportation allotments, and guaranteed basic support. The School Finance Plan has been amended from time to time by the State Legislature. The per-pupil State guaranteed support for the District for fiscal years 2011 and 2012 was \$5,155 and \$5,237, respectively. Per-pupil guaranteed support for the 2013 is \$5,314, and 2014 has been estimated at \$5,313 per AB579 from the 2011 Legislative Session.

The School Finance Plan provides a substantial guarantee of revenue support for the District's General Fund budget. Under the Plan, the District is protected from fluctuations in receipts of the 2.25 percent sales tax (see "Local Sources" above) and from fluctuations in receipts with respect to a portion (\$.25) of the property tax levy (see "Local Sources" above) for operating purposes by virtue of the State's guarantee of such receipts from those tax sources to the District. The effect of this guarantee is that approximately 64 – 68 percent of the District's budgeted General Fund revenue is fixed as a State obligation and is, therefore, not subject to revenue fluctuations during the course of the school year. For example, the District received total General Fund revenues of \$47,905,013 in fiscal year 2011 and the total State basic support guarantee for the fiscal year 2012 was \$32,036,824. The total General Fund revenues for fiscal year 2012 were \$47,064,036 and the State basic support guarantee for fiscal year 2013 is \$32,169,893. Further, of the remaining District General Fund revenue, slightly more than 80 percent is based on the remaining \$.50 component of the total \$.75 property tax levy, and because the assessed valuation of property within the District is determined prior to the beginning of the school year, the District knows its property tax base prior to the outset of its operating year.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

### *Capital and Bond Funding:*

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

Presently, Douglas County provides a breakdown to the District that indicates which portion of the GST flows to the General Fund (approx 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.

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 \$30 million + in capital funding to improve, equip, acquire and construct school facilities without increasing the District’s existing tax levy. Many of the proposed projects will provide operational and energy efficiencies which will in turn benefit the District’s General Fund in reduced operations and maintenance expenses.

The bond expenditures will be guided by the Facilities Master Plan which was approved by the Board of Trustees in April 2010. The first Phase consists of major improvements and additional capacity to four of the District’s elementary schools. This first Phase is further split into Phase 1A and Phase 1B. Phase 1A 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.

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 which verified that the District attained an additional \$56,939 in savings beyond the original projections required to engage in the IPA. Additional savings of \$54,811 and \$77,755 beyond the original projections for the first and second years of the contract were realized as of March 2011 and March 2012 respectively.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

On July 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% begin 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).

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. The District refinanced the IPA in June 2012 resulting in an estimated savings of \$400,000 over the next 12 years.

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 on the US Department of Energy's website.

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

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>

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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

### REQUESTS FOR INFORMATION

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF NET ASSETS

JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	GOVERNMENTAL ACTIVITIES	
	2012	2011
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 17,756,688	\$ 13,564,424
Receivables		
Taxes	540,533	559,826
Other	142,797	189,023
Due from other governments	3,151,878	5,226,008
Prepaid expenses	613,940	-
Inventories	195,838	151,408
Deferred bond issuance costs	268,208	236,531
Total Current Assets	<u>22,669,882</u>	<u>19,927,220</u>
<b>Noncurrent Assets</b>		
Restricted cash	8,595,447	17,253,436
Capital assets		
Land and construction in progress	12,363,557	2,957,294
Other capital assets, net of depreciation	54,644,544	56,808,606
	<u>75,603,548</u>	<u>77,019,336</u>
Total Assets	<u>98,273,430</u>	<u>96,946,556</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	8,138,789	6,380,176
Pending claims	1,059,764	1,319,295
Deferred revenues	1,249,340	1,248,595
Current maturities of long-term obligations	843,848	277,848
Total Current Liabilities	<u>11,291,741</u>	<u>9,482,914</u>
<b>Noncurrent Liabilities</b>		
Pending claims	210,000	257,000
Accrued compensated absences	455,922	462,704
Obligation for other postemployment benefits	5,827,539	3,856,705
General obligation bonds, net	20,156,820	20,690,668
Note payable, net	4,670,000	4,744,000
	<u>31,320,281</u>	<u>29,754,077</u>
Total Liabilities	<u>42,612,022</u>	<u>39,236,991</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	45,231,817	47,735,288
Restricted for:		
Debt service	2,573,555	629,594
Employee benefits	3,838,282	3,487,332
Capital projects	2,898,403	2,807,842
Unrestricted	1,119,351	3,049,509
Total Net Assets	<u>\$ 55,661,408</u>	<u>\$ 57,709,565</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	2012	2011
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction:						
Regular instruction	\$ 26,581,175	\$ 325,469	\$ 3,194,595	\$ -	\$ (23,061,111)	\$ (24,598,250)
Special instruction	8,439,399	-	1,451,021	-	(6,988,378)	(6,043,498)
Vocational instruction	768,269	-	176,550	-	(591,719)	(598,497)
Adult instruction	31,851	-	31,851	-	-	-
Other instruction	2,173,974	-	41,610	-	(2,132,364)	(2,238,772)
Total instruction	37,994,668	325,469	4,895,627	-	(32,773,572)	(33,479,017)
Support services:						
Student support	2,225,707	-	144,655	-	(2,081,052)	(2,460,024)
Instructional staff support	1,295,135	-	156,087	-	(1,139,048)	(1,208,215)
General administration	471,125	-	-	-	(471,125)	(493,946)
School administration	3,820,839	-	896,313	-	(2,924,526)	(4,014,373)
Central services	1,778,057	-	-	-	(1,778,057)	(1,770,111)
Operation and maintenance of plant	6,443,186	-	-	-	(6,443,186)	(6,668,510)
Student transportation	2,991,742	-	-	-	(2,991,742)	(3,315,406)
Other support	1,308,174	-	543,827	-	(764,347)	(591,114)
Facilities acquisition and construction	3,397,127	1,804	796,751	381,368	(2,217,204)	(1,720,480)
Food service	1,701,301	619,946	1,078,401	-	(2,954)	74,697
Interest on long-term debt	1,227,119	-	-	-	(1,227,119)	(946,645)
Total support services	26,659,512	621,750	3,616,034	381,368	(22,040,360)	(23,114,127)
Total school district	\$ 64,654,180	\$ 947,219	\$ 8,511,661	\$ 381,368	(54,813,932)	(56,593,144)

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	2012	2011
<b>General revenues:</b>						
	Property taxes, levied for general purposes				\$ 18,873,441	\$ 19,536,074
	Property taxes, levied for debt service				2,593,874	2,638,168
	Local school support taxes				12,449,738	11,324,115
	Government service taxes for general purposes				2,166,968	2,325,856
	Government service taxes for capital purposes				895,600	961,336
	Other taxes and fees				334,583	158,730
	Unrestricted investment earnings				47,743	78,543
	Other local sources				86,171	365,228
	State aid not restricted to specific purposes				15,317,657	16,614,700
	Total general revenues				52,765,775	54,002,750
	Change in net assets				(2,048,157)	(2,590,394)
	<b>NET ASSETS, July 1</b>				57,709,565	60,299,959
	<b>NET ASSETS, June 30</b>				\$ 55,661,408	\$ 57,709,565

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	GENERAL	SPECIAL	DEBT	CAPITAL	BOND	NON-MAJOR	TOTALS	
	FUND	EDUCATION	SERVICE	PROJECTS		GOVERNMENTAL	GOVERNMENTAL FUNDS	
		FUND	FUND	FUND	FUND	FUNDS	2012	2011
<b>ASSETS</b>								
Cash and investments	\$ 6,857,702	\$ 1,423,989	\$ 2,554,190	\$ 3,211,443	\$ 5,125,681	\$ 887,542	\$ 20,060,547	\$ 24,362,615
Deposits held by fiscal agent	222,194	-	18,703	17,425	-	-	258,322	478,956
Receivables:								
Taxes, delinquent	478,104	-	62,431	-	-	-	540,535	559,826
Interest	-	60	-	511	813	167	1,551	27
Other	139,096	-	-	-	-	350	139,446	162,017
Due from other governments	2,371,252	-	-	74,615	-	706,011	3,151,878	5,226,009
Due from other funds	119,262	-	-	-	-	-	119,262	-
Prepaid expenses	610,460	-	-	-	-	-	610,460	-
Inventories	107,517	-	-	-	-	88,322	195,839	151,408
<b>Total Assets</b>	<b>\$ 10,905,587</b>	<b>\$ 1,424,049</b>	<b>\$ 2,635,324</b>	<b>\$ 3,303,994</b>	<b>\$ 5,126,494</b>	<b>\$ 1,682,392</b>	<b>\$ 25,077,840</b>	<b>\$ 30,940,858</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 4,518,576	\$ 1,090,912	\$ -	\$ 469,499	\$ 1,232,110	\$ 537,766	\$ 7,848,863	\$ 5,882,891
Due to other funds	430,398	85,883	-	-	-	188,650	704,931	571,985
Deferred revenues	470,157	-	61,769	-	-	147,769	679,695	676,609
<b>Total Liabilities</b>	<b>5,419,131</b>	<b>1,176,795</b>	<b>61,769</b>	<b>469,499</b>	<b>1,232,110</b>	<b>874,185</b>	<b>9,233,489</b>	<b>7,131,485</b>
<b>FUND BALANCES</b>								
Nonspendable	717,977	-	-	-	-	88,322	806,299	151,408
Restricted	-	-	2,573,555	2,834,495	3,894,384	63,908	9,366,342	17,319,477
Assigned	1,958,422	247,254	-	-	-	655,977	2,861,653	3,970,417
Unassigned	2,810,057	-	-	-	-	-	2,810,057	2,368,071
<b>Total Fund Balance</b>	<b>5,486,456</b>	<b>247,254</b>	<b>2,573,555</b>	<b>2,834,495</b>	<b>3,894,384</b>	<b>808,207</b>	<b>15,844,351</b>	<b>23,809,373</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,905,587</b>	<b>\$ 1,424,049</b>	<b>\$ 2,635,324</b>	<b>\$ 3,303,994</b>	<b>\$ 5,126,494</b>	<b>\$ 1,682,392</b>	<b>\$ 25,077,840</b>	<b>\$ 30,940,858</b>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2012

<b>Fund Balance - Governmental Funds</b>		\$ 15,844,351
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	121,856,646	
Less accumulated depreciation	<u>(54,848,545)</u>	
		67,008,101
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Bond issuance costs	326,489	
Less accumulated amortization	<u>(58,281)</u>	
		268,208
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:		
General obligation bonds payable	(20,665,000)	
Bond premium	(160,741)	
Bond discount	110,204	
Less accumulated amortization	24,869	
Accrued interest payable	(271,061)	
Note payable	(4,980,000)	
Compensated absences	<u>(455,922)</u>	
		(26,397,651)
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.		
		(5,827,539)
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds are reported with governmental activities.		
		<u>4,765,938</u>
<b>Net Assets - Governmental Activities</b>		<u>\$ 55,661,408</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2012	2011
<b>REVENUES</b>								
Local sources	\$ 34,136,891	\$ 1,114	\$ 2,594,491	\$ 1,011,548	\$ 14,076	\$ 1,478,809	\$ 39,236,929	\$ 39,343,884
State sources	12,856,018	2,461,639	-	-	-	2,821,782	18,139,439	19,081,112
Federal sources	71,127	-	382,017	-	-	4,768,034	5,221,178	5,235,730
Total Revenues	47,064,036	2,462,753	2,976,508	1,011,548	14,076	9,068,625	62,597,546	63,660,726
<b>EXPENDITURES</b>								
Instruction:								
Regular instruction	22,288,885	-	-	-	-	3,380,644	25,669,529	26,580,436
Special instruction	-	5,569,516	-	-	-	1,451,021	7,020,537	7,275,870
Vocational instruction	557,906	-	-	-	-	176,550	734,456	710,706
Adult instruction	-	-	-	-	-	31,851	31,851	107,409
Other instruction	2,070,780	270,215	-	-	-	41,610	2,382,605	2,169,135
Undistributed expenditures:								
Student support	2,066,858	485,292	-	-	-	78,400	2,630,550	2,472,647
Instructional staff support	1,078,871	-	-	-	-	156,087	1,234,958	1,391,689
General administration	458,746	-	-	-	-	-	458,746	469,214
School administration	2,814,661	-	-	-	-	896,313	3,710,974	3,797,951
Central services	1,739,408	-	-	-	-	-	1,739,408	1,725,531
Operation and maintenance	6,310,756	-	-	-	-	-	6,310,756	6,428,216
Student transportation	2,734,385	416,337	-	-	-	-	3,150,722	3,234,263
Other support	243,935	-	-	417,301	241,799	543,827	1,446,862	1,460,941
Food service	-	-	-	-	-	1,716,737	1,716,737	1,640,063
Facilities construction/ improvements								
	-	-	-	505,581	9,559,797	796,751	10,862,129	4,893,735
Debt service:								
Principal	129,000	-	140,000	-	-	-	269,000	1,004,000
Interest	199,449	-	1,089,134	-	-	-	1,288,583	1,319,725
Fiscal agent charges	-	-	3,550	-	-	-	3,550	4,050
Total Expenditures	42,693,640	6,741,360	1,232,684	922,882	9,801,596	9,269,791	70,661,953	66,685,581

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2012	2011
Revenues Over (Under) Expenditures	\$ 4,370,396	\$ (4,278,607)	\$ 1,743,824	\$ 88,666	\$ (9,787,520)	\$ (201,166)	\$ (8,064,407)	\$ (3,024,855)
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of fixed assets	2,874	-	-	-	-	-	2,874	8,602
Transfers (to) from other funds	(4,280,095)	4,080,095	-	-	-	200,000	-	-
Installment note proceeds	4,980,000	-	-	-	-	-	4,980,000	-
Payments to escrow agents	(4,927,920)	-	-	-	-	-	(4,927,920)	-
Total Other Financing Sources (Uses)	(4,225,141)	4,080,095	-	-	-	200,000	54,954	8,602
Net Change in Fund Balances	145,255	(198,512)	1,743,824	88,666	(9,787,520)	(1,166)	(8,009,453)	(3,016,253)
<b>FUND BALANCES, July 1</b>	5,347,563	445,766	829,731	2,745,829	13,681,904	758,580	23,809,373	26,840,202
Increase (decrease) in reserve for inventories	(6,362)	-	-	-	-	50,793	44,431	(14,576)
<b>FUND BALANCES, June 30</b>	<u>\$ 5,486,456</u>	<u>\$ 247,254</u>	<u>\$ 2,573,555</u>	<u>\$ 2,834,495</u>	<u>\$ 3,894,384</u>	<u>\$ 808,207</u>	<u>\$ 15,844,351</u>	<u>\$ 23,809,373</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, 2012

**Net Change in Fund Balances - Total Governmental Funds** \$ (7,965,022)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives. 7,242,200

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. 165,609

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. 5,196,920

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. (143,397)

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. 6,782

Issuance of new debt is a resource in the governmental funds, but it increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. (4,980,000)

The full cost of postemployment benefits to current employees earned during the current year and the amortization of the past cost is recognized as an expense in the Statement of Activities while only the current contributions are reported in the fund statements. (1,970,834)

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. 399,585

**Change in Net Assets of Governmental Activities** \$ (2,048,157)

*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, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 18,965,691	\$ 18,965,691	\$ 18,873,441	\$ (92,250)	\$ 19,536,074
Local school support tax	10,181,185	11,767,194	12,449,738	682,544	11,324,115
Motor vehicle privilege tax	2,139,000	2,160,000	2,166,968	6,968	2,325,856
Franchise tax	120,000	100,000	81,001	(18,999)	111,103
Out-of-state tuition	374,000	325,000	325,469	469	374,013
Earnings on investments	23,634	23,634	17,856	(5,778)	23,456
Other	215,000	215,000	222,418	7,418	356,626
Total Local sources	32,018,510	33,556,519	34,136,891	580,372	34,051,243
State sources:					
Distributive school account	12,566,803	13,648,983	12,856,018	(792,965)	13,791,172
Federal sources:					
In lieu of tax	500	500	4,869	4,369	-
E-rate funds	-	-	51,483	51,483	62,598
Schools and roads	-	-	14,775	14,775	-
Total Federal sources	500	500	71,127	70,627	62,598
Total Revenues	44,585,813	47,206,002	47,064,036	(141,966)	47,905,013
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	13,642,997	15,560,544	15,198,045	362,499	16,033,271
Benefits	5,236,996	6,193,222	6,115,068	78,154	5,912,321
Purchased services	265,711	270,396	244,729	25,667	239,828
Supplies	706,405	783,278	718,475	64,803	813,692
Property	11,000	7,271	5,850	1,421	28,999
Other	7,791	9,691	6,718	2,973	6,600
	19,870,900	22,824,402	22,288,885	535,517	23,034,711

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, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Vocational programs:					
Salaries	\$ 354,973	\$ 363,978	\$ 356,501	\$ 7,477	\$ 347,150
Benefits	146,591	152,931	150,599	2,332	137,955
Purchased services	4,210	7,226	7,499	(273)	1,177
Supplies	60,755	53,588	35,557	18,031	51,540
Property	-	8,000	7,600	400	-
Other	2,000	150	150	-	2,360
	<u>568,529</u>	<u>585,873</u>	<u>557,906</u>	<u>27,967</u>	<u>540,182</u>
Other instructional programs:					
Co-curricular activities:					
Salaries	114,757	150,000	130,534	19,466	186,720
Benefits	2,936	3,425	2,925	500	4,598
Purchased services	9,160	10,197	7,307	2,890	12,161
Supplies	22,800	12,042	6,436	5,606	5,631
Other	6,200	5,798	4,450	1,348	9,378
	<u>155,853</u>	<u>181,462</u>	<u>151,652</u>	<u>29,810</u>	<u>218,488</u>
Athletics:					
Salaries	259,315	259,315	239,412	19,903	256,600
Benefits	8,745	8,745	12,221	(3,476)	13,735
Purchased services	8,752	9,752	11,712	(1,960)	17,546
Supplies	42,487	36,000	30,658	5,342	41,217
Other	34,410	54,626	51,838	2,788	44,737
	<u>353,709</u>	<u>368,438</u>	<u>345,841</u>	<u>22,597</u>	<u>373,835</u>
Alternative education:					
Salaries	236,695	358,968	358,403	565	192,342
Benefits	84,042	141,098	136,812	4,286	60,656
Purchased services	7,000	91,850	89,994	1,856	18,488
Supplies	21,907	26,107	20,744	5,363	15,850
	<u>349,644</u>	<u>618,023</u>	<u>605,953</u>	<u>12,070</u>	<u>287,336</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, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
JROTC:					
Salaries	\$ 150,236	\$ 150,897	\$ 152,144	\$ (1,247)	\$ 144,709
Benefits	54,428	54,598	56,015	(1,417)	49,655
Purchased services	-	-	200	(200)	-
Supplies	6,000	6,000	4,413	1,587	6,037
Other	-	-	-	-	290
	<u>210,664</u>	<u>211,495</u>	<u>212,772</u>	<u>(1,277)</u>	<u>200,691</u>
Summer school:					
Salaries	70,000	62,000	48,786	13,214	60,197
Benefits	2,865	2,865	1,760	1,105	2,041
Supplies	7,700	15,700	9,400	6,300	803
	<u>80,565</u>	<u>80,565</u>	<u>59,946</u>	<u>20,619</u>	<u>63,041</u>
English as a second language (ESL):					
Salaries	482,440	480,797	475,101	5,696	480,328
Benefits	201,464	205,783	209,003	(3,220)	197,236
Purchased services	-	1,000	44	956	-
Supplies	13,000	12,000	10,468	1,532	5,237
	<u>696,904</u>	<u>699,580</u>	<u>694,616</u>	<u>4,964</u>	<u>682,801</u>
Total other instructional programs	<u>1,847,339</u>	<u>2,159,563</u>	<u>2,070,780</u>	<u>88,783</u>	<u>1,826,192</u>
Undistributed expenditures:					
Student support:					
Salaries	1,483,662	1,482,646	1,420,876	61,770	1,413,669
Benefits	594,652	620,605	586,178	34,427	538,894
Purchased services	39,101	34,437	32,840	1,597	29,957
Supplies	36,919	40,626	26,665	13,961	30,772
Other	330	369	299	70	298
	<u>2,154,664</u>	<u>2,178,683</u>	<u>2,066,858</u>	<u>111,825</u>	<u>2,013,590</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, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Instructional staff support:					
Salaries	\$ 668,815	\$ 706,743	\$ 712,466	\$ (5,723)	\$ 746,332
Benefits	246,891	282,958	281,316	1,642	275,784
Purchased services	37,346	51,053	30,929	20,124	21,302
Supplies	71,266	62,453	53,506	8,947	74,274
Other	2,100	2,100	654	1,446	150
	<u>1,026,418</u>	<u>1,105,307</u>	<u>1,078,871</u>	<u>26,436</u>	<u>1,117,842</u>
Central services					
Salaries	237,837	224,873	215,829	9,044	245,038
Benefits	132,802	135,021	103,576	31,445	103,858
Purchased services	158,548	162,048	116,929	45,119	90,748
Supplies	16,250	12,250	10,043	2,207	14,527
Other	13,000	13,500	12,369	1,131	15,043
	<u>558,437</u>	<u>547,692</u>	<u>458,746</u>	<u>88,946</u>	<u>469,214</u>
School administration:					
Salaries	2,438,901	1,853,584	1,859,043	(5,459)	2,585,630
Benefits	932,816	745,701	728,622	17,079	929,194
Purchased services	205,833	189,390	169,628	19,762	209,341
Supplies	52,926	50,753	49,745	1,008	66,068
Other	2,990	5,922	7,623	(1,701)	7,718
	<u>3,633,466</u>	<u>2,845,350</u>	<u>2,814,661</u>	<u>30,689</u>	<u>3,797,951</u>
Business support:					
Salaries	978,998	932,693	928,624	4,069	1,012,506
Benefits	328,244	333,960	335,290	(1,330)	326,567
Purchased services	206,032	260,328	243,789	16,539	250,214
Supplies	227,068	294,745	231,475	63,270	134,974
Property	71,063	-	-	-	-
Other	3,000	2,000	230	1,770	1,270
	<u>1,814,405</u>	<u>1,823,726</u>	<u>1,739,408</u>	<u>84,318</u>	<u>1,725,531</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, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Operation and maintenance:					
Salaries	\$ 2,440,103	\$ 2,452,776	\$ 2,366,885	\$ 85,891	\$ 2,461,399
Benefits	913,949	957,612	934,555	23,057	895,419
Purchased services	1,557,100	1,621,815	1,417,786	204,029	1,351,154
Supplies	2,225,208	2,211,390	1,544,830	666,560	1,688,854
Property	27,905	24,405	46,700	(22,295)	31,390
	<u>7,164,265</u>	<u>7,267,998</u>	<u>6,310,756</u>	<u>957,242</u>	<u>6,428,216</u>
Student transportation:					
Salaries	1,500,811	1,542,980	1,500,353	42,627	1,474,023
Benefits	682,056	716,037	650,151	65,886	603,221
Purchased services	123,803	125,470	110,662	14,808	67,793
Supplies	728,126	745,959	466,797	279,162	461,703
Property	25,000	4,000	6,422	(2,422)	9,755
	<u>3,059,796</u>	<u>3,134,446</u>	<u>2,734,385</u>	<u>400,061</u>	<u>2,616,495</u>
Other support:					
Salaries	95,342	100,000	58,052	41,948	32,219
Benefits	376,950	356,950	88,148	268,802	109,035
Purchased services	140,873	140,873	97,735	43,138	129,842
Supplies	10,000	10,000	-	10,000	-
	<u>623,165</u>	<u>607,823</u>	<u>243,935</u>	<u>363,888</u>	<u>271,096</u>
Total undistributed expenditures	<u>20,034,616</u>	<u>19,511,025</u>	<u>17,447,620</u>	<u>2,063,405</u>	<u>18,439,935</u>
Debt Service:					
Principal	129,000	129,000	129,000	-	119,000
Interest	199,449	199,449	199,449	-	204,449
	<u>328,449</u>	<u>328,449</u>	<u>328,449</u>	<u>-</u>	<u>323,449</u>
Contingency	<u>426,498</u>	<u>454,093</u>	<u>-</u>	<u>454,093</u>	<u>-</u>
Total Expenditures	<u>43,076,331</u>	<u>45,863,405</u>	<u>42,693,640</u>	<u>3,169,765</u>	<u>44,164,469</u>
Revenues Over (Under) Expenditures	<u>1,509,482</u>	<u>1,342,597</u>	<u>4,370,396</u>	<u>3,027,799</u>	<u>3,740,544</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, 2012  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)*

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of fixed assets	\$ 5,000	\$ 5,000	\$ 2,874	\$ (2,126)	\$ 8,602
Transfers to other funds	(4,380,095)	(4,280,095)	(4,280,095)	-	(3,833,392)
Installment note proceeds	-	-	4,980,000	4,980,000	-
Payments to escrow agents	-	-	(4,927,920)	(4,927,920)	-
	<u>(4,375,095)</u>	<u>(4,275,095)</u>	<u>(4,225,141)</u>	<u>49,954</u>	<u>(3,824,790)</u>
Net Change in Fund Balance	(2,865,613)	(2,932,498)	145,255	3,077,753	(84,246)
<b>FUND BALANCE, July 1</b>	4,870,170	5,347,563	5,347,563	-	5,446,805
Increase (Decrease) in Reserve for Inventories	-	-	(6,362)	(6,362)	(14,996)
<b>FUND BALANCE, June 30</b>	<u>\$ 2,004,557</u>	<u>\$ 2,415,065</u>	<u>\$ 5,486,456</u>	<u>\$ 3,071,391</u>	<u>\$ 5,347,563</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 3,000	\$ 3,000	\$ 1,114	\$ (1,886)	\$ 1,936
State sources:					
Distributive school account	2,624,688	2,624,688	2,461,639	(163,049)	2,823,528
Total Revenues	2,627,688	2,627,688	2,462,753	(164,935)	2,825,464
<b>EXPENDITURES</b>					
Special programs:					
Instruction:					
Salaries	3,727,186	3,835,669	3,924,341	(88,672)	3,984,739
Benefits	1,629,698	1,730,158	1,636,419	93,739	1,555,717
Purchased services	52,220	7,187	2,720	4,467	204
Supplies	19,815	19,701	6,036	13,665	5,877
Other	250	-	-	-	350
	5,429,169	5,592,715	5,569,516	23,199	5,546,887
Other direct support:					
Salaries	243,097	244,243	239,538	4,705	241,476
Benefits	86,790	89,000	88,237	763	84,653
Purchased services	151,616	136,537	132,649	3,888	51,771
Supplies	18,000	25,000	24,868	132	57
	499,503	494,780	485,292	9,488	377,957
Student transportation:					
Salaries	350,086	270,086	267,482	2,604	337,877
Benefits	120,229	118,704	98,754	19,950	115,034
Purchased services	1,300	-	-	-	50,272
Supplies	48,354	50,654	50,101	553	-
Property	1,000	-	-	-	-
	520,969	439,444	416,337	23,107	503,183
Total Special Programs	6,449,641	6,526,939	6,471,145	55,794	6,428,027

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, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other instructional programs:					
Academically talented:					
Salaries	\$ 229,558	\$ 201,834	\$ 196,055	\$ 5,779	\$ 224,427
Benefits	93,464	85,808	72,481	13,327	84,406
Supplies	2,120	1,847	1,580	267	1,955
Other	-	99	99	-	-
Total Other Instructional	325,142	289,588	270,215	19,373	310,788
Contingency	67,748	68,165	-	68,165	-
Total Expenditures	6,842,531	6,884,692	6,741,360	143,332	6,738,815
Revenues Over (Under) Expenditures	(4,214,843)	(4,257,004)	(4,278,607)	(21,603)	(3,913,351)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	4,150,095	4,080,095	4,080,095	-	3,593,392
Net Change in Fund Balance	(64,748)	(176,909)	(198,512)	(21,603)	(319,959)
<b>FUND BALANCE, July 1</b>	270,991	445,766	445,766	-	765,725
<b>FUND BALANCE, June 30</b>	\$ 206,243	\$ 268,857	\$ 247,254	\$ (21,603)	\$ 445,766

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<b>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</b>	
	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current:		
Cash and investments	\$ 6,033,265	\$ 5,985,875
Receivables:		
Interest	913	605
Other	887	16,787
Due from other funds	585,669	571,986
Prepaid expenses	3,480	-
Total Assets	<u>6,624,214</u>	<u>6,575,253</u>
 <b>LIABILITIES</b>		
Current:		
Accounts payable and accrued expenses	18,867	60,621
Deferred revenue	569,645	571,986
Pending claims	1,059,764	1,319,295
Total Current Liabilities	<u>1,648,276</u>	<u>1,951,902</u>
Noncurrent:		
Pending claims	210,000	257,000
Total Liabilities	<u>1,858,276</u>	<u>2,208,902</u>
 <b>NET ASSETS</b>		
Restricted	<u>\$ 4,765,938</u>	<u>\$ 4,366,353</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2012	2011
<b>OPERATING REVENUES</b>		
Insurance premiums	\$ 6,220,475	\$ 5,921,931
Insurance proceeds and other	150,513	113,518
Total Operating Revenues	<u>6,370,988</u>	<u>6,035,449</u>
<b>OPERATING EXPENSES</b>		
Claims expense	5,152,543	6,521,512
Purchased services	827,238	812,766
Other	100	-
Total Operating Expenses	<u>5,979,881</u>	<u>7,334,278</u>
Operating Income (Loss)	391,107	(1,298,829)
<b>NONOPERATING REVENUES</b>		
Earnings on investments	<u>8,478</u>	<u>16,147</u>
Change in Net Assets	399,585	(1,282,682)
<b>NET ASSETS, July 1</b>	<u>4,366,353</u>	<u>5,649,035</u>
<b>NET ASSETS, June 30</b>	<u>\$ 4,765,938</u>	<u>\$ 4,366,353</u>

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from insurance premiums	\$ 6,204,451	\$ 5,921,931
Cash received from insurance proceeds and other	166,107	114,045
Cash paid for claims expense	(5,459,074)	(6,389,827)
Cash paid for services and supplies	(872,572)	(832,239)
Net cash provided (used) by operating activities	38,912	(1,186,090)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	8,478	16,147
NET INCREASE (DECREASE) IN CASH	47,390	(1,169,943)
<b>CASH AND INVESTMENTS, July 1</b>	5,985,875	7,155,818
<b>CASH AND INVESTMENTS, June 30</b>	\$ 6,033,265	\$ 5,985,875
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 391,107	\$ (1,298,829)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Receivables	15,594	527
Premiums due from other funds	(13,683)	16,584
Prepaid expenses	(3,480)	-
Accounts payable	(41,754)	(19,473)
Pending claims	(306,531)	131,685
Deferred revenue	(2,341)	(16,584)
Total Adjustments	(352,195)	112,739
Net cash provided (used) by operating activities	\$ 38,912	\$ (1,186,090)

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## STATEMENT OF AGENCY ASSETS AND LIABILITIES

JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

### STUDENT ACTIVITY FUNDS

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	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and investments	\$ 709,544	\$ 763,977
<b>LIABILITIES</b>		
Due to student groups	\$ 709,544	\$ 763,977

*See accompanying notes.*

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

#### **Reporting Entity**

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

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

### *General Fund*

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

### *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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

### **Proprietary Funds:**

#### *Internal Service Funds*

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

### **Fiduciary Funds:**

#### *Agency Funds*

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

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

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

For the year ended June 30, 2012 the following changes were made in the classification of funds as major and nonmajor: the Federal and State Grant Fund was changed to a nonmajor and the Debt Service Fund was changed to a major fund. These changes were made in accordance with the criteria discussed in the second paragraph of this section.

### **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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

### *Governmental Funds*

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

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

### *Proprietary Funds*

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

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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### ***Fiduciary Funds***

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

### **Property Taxes**

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

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

### **Budgets and Budgetary Accounting**

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

1. Prior to April 15, the District's Board of Trustees (the Board) files a tentative budget with the Nevada Department of Taxation and the Nevada Department of Education for the fiscal year beginning the following July 1. For all funds except Agency funds, the tentative budget includes proposed expenditures and the means of financing them.
2. Prior to June 8, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the Board's members.



# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

3. On or before the following January 1, the Board of Trustees adopts an amended final budget to reflect any adjustments necessary as a result of the complete count of students.
4. The Superintendent of Schools is authorized to transfer appropriations between accounts within departments and funds, if amounts do not exceed the original budget, subject to subsequent approval by the Board of Trustees. Augmentations in excess of the original budget require approval from the Board of Trustees.
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 2012-2013 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, 2012

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, 2012

### 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, 2012, but not yet paid.

### Expenditures

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

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

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

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

### **Compensated Absences**

Teachers and certain school administrators do not receive vacation leave. For other District employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to specific maximum days/hours. Employees are allowed to accumulate sick days for future use up to certain maximums. Vested sick leave will be paid by the District to eligible employees. 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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### Use of Estimates

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

### Prior Year Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2011, 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, 2012, the District had the following amounts reported as cash and investments:

<u>Government-Wide Balances:</u>	
Pooled cash	\$ 1,913,813
Deposit held with fiscal agent	258,322
Investments	24,180,000
	<hr/>
	26,352,135
<u>Fiduciary Fund Balances:</u>	
Cash held by Student Activity Funds	<hr/>
	709,544
Total Cash and Investments	<hr/> <hr/>
	\$ 27,061,679

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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

	Bank Balance
Insured (FDIC)	\$ 250,000
Uninsured but collateralized by securities held in the name of the Office of the State Treasurer/Nevada Collateral Pool	<u>2,806,004</u>
	<u>\$ 3,056,004</u>

As of June 30, 2012, 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>\$ 24,180,000</u>
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The Local Government Investment Pool is authorized by NRS 355.167 and is administered by the State Treasurer. Administrative policies are adopted by the State Board of Finance, which has oversight responsibilities of the Fund. The fair value of the District's position in the pool equals the value of the pool shares. The \$24,180,000 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, 2012

### 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, 2012 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General Fund	\$ 119,262	\$ 430,398
Special Education Fund	-	85,883
Nonmajor Governmental Funds:		
Food Service Fund	-	14,803
Class Size Reduction Fund	-	23,027
Federal and State Grants Fund	-	150,820
Internal Service Funds:		
Self Insurance Health Fund	569,645	-
Workers' Compensation Self-Insurance Fund	16,024	-
	<u>\$ 704,931</u>	<u>\$ 704,931</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, 2012 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<i>Governmental Funds:</i>		
General Fund	\$ -	\$ 4,280,095
Special Revenue Funds:		
Special Education Fund	4,080,095	-
Class Size Reduction Fund	200,000	-
	<u>\$ 4,280,095</u>	<u>\$ 4,280,095</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

### NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2012 is shown below:

	<u>Balance June 30, 2011</u>	<u>Additions / Transfers</u>	<u>Deletions / Transfers</u>	<u>Balance June 30, 2012</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,413,439	\$ -	\$ -	\$ 1,413,439
Construction in progress	<u>1,543,855</u>	<u>10,950,118</u>	<u>(1,543,855)</u>	<u>10,950,118</u>
Total capital assets, not being depreciated	<u>2,957,294</u>	<u>10,950,118</u>	<u>(1,543,855)</u>	<u>12,363,557</u>
Other capital assets:				
Buildings and improvements	101,372,638	679,657	-	102,052,295
Equipment and vehicles	<u>7,035,799</u>	<u>438,291</u>	<u>(33,296)</u>	<u>7,440,794</u>
Total capital assets being depreciated	<u>108,408,437</u>	<u>1,117,948</u>	<u>(33,296)</u>	<u>109,493,089</u>
Total capital assets	<u>111,365,731</u>	<u>12,068,066</u>	<u>(1,577,151)</u>	<u>121,856,646</u>
Less accumulated depreciation for:				
Buildings and improvements	46,669,127	2,818,077	-	49,487,204
Equipment and vehicles	<u>4,930,704</u>	<u>463,933</u>	<u>(33,296)</u>	<u>5,361,341</u>
Total accumulated depreciation	<u>51,599,831</u>	<u>3,282,010</u>	<u>(33,296)</u>	<u>54,848,545</u>
Governmental activities, capital assets, net	<u>\$ 59,765,900</u>	<u>\$ 8,786,056</u>	<u>\$ (1,543,855)</u>	<u>\$ 67,008,101</u>



# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Depreciation expense was allocated to the following functions/programs:

Instruction:		Support:	
Regular	\$ 125,688	Student	\$ 2,543
Special	36,577	Instructional staff	28,045
Vocational	29,183	General administration	687
Other	5,079	School administration	735
	<u>196,527</u>	Central services	796
		Operations and maintenance	73,194
		Student transportation	179,317
		Other	294,884
		Facilities construction and improvement	2,496,963
		Food services	8,319
			<u>3,085,483</u>
		Summary:	
		Instruction	196,527
		Support	3,085,483
		Total depreciation expense	<u>\$ 3,282,010</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

### NOTE 6 – LONG-TERM DEBT

#### General Long-Term Obligations

General long-term obligations consist of the following at June 30, 2012:

	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
General Obligation School Improvement Bonds issued February 11, 2009, in the amount of \$3,500,000 due serially over 20 years, interest at 3.0% to 4.0%.	\$ 3,500,000	\$ -	\$ (140,000)	\$ 3,360,000
General Obligation School Improvement (Build America) Bonds issued March 25, 2010, in the amount of \$12,625,000 due serially over 20 years, interest at 4.9% to 6.1%.	12,625,000	-	-	12,625,000
General Obligation School Improvement Bonds issued March 25, 2010, in the amount of \$2,375,000 due serially over 8 years, interest at 3.0% to 4.0%.	2,375,000	-	-	2,375,000
General Obligation Qualified School Construction Bonds issued May 13, 2010, in the amount of \$2,000,000 due serially over 17 years, interest at 6.4%.	2,000,000	-	-	2,000,000
General Obligation Qualified School Construction Bonds issued May 13, 2010, in the amount of \$305,000 due serially over 5 years, interest at 4.5%.	<u>305,000</u>	<u>-</u>	<u>-</u>	<u>305,000</u>
	<u>\$ 20,805,000</u>	<u>\$ -</u>	<u>\$ (140,000)</u>	<u>\$ 20,665,000</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

The annual requirements to amortize all General Obligation Debt outstanding as of June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Interest Subsidy	Total Requirements
2013	\$ 525,000	\$ 1,084,234	\$ (381,368)	\$ 1,227,866
2014	530,000	1,067,760	(381,368)	1,216,392
2015	845,000	1,051,134	(381,368)	1,514,766
2016	555,000	1,016,452	(367,536)	1,203,916
2017	565,000	995,028	(367,536)	1,192,492
2018 - 2022	4,950,000	4,495,006	(1,749,522)	7,695,484
2023 - 2027	8,450,000	2,997,726	(1,298,946)	10,148,780
2028 - 2030	4,245,000	492,594	(160,280)	4,577,314
	<u>\$ 20,665,000</u>	<u>\$ 13,199,934</u>	<u>\$ (5,087,924)</u>	<u>\$ 28,777,010</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, 2012

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

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
2013	\$ 310,000	\$ 61,005	\$ 371,005
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 - 2022	2,319,000	240,233	2,559,233
2023 - 2024	826,000	19,339	845,339
	<u>\$ 4,980,000</u>	<u>\$ 684,401</u>	<u>\$ 5,664,401</u>

### Changes in Long-Term Debt

	Balance July 1, 2011	Additions of New Debt	Retirements, Repayments and Reductions	Balance June 30, 2012	Due Within One Year
General Obligation Bonds	\$20,805,000	\$ -	\$ (140,000)	\$20,665,000	\$ 525,000
Plus: Bond Premiums	126,856	-	(19,184)	107,672	19,184
Less: Bond Discounts	(92,340)	-	10,336	(82,004)	(10,336)
Total Bonds Payable	20,839,516	-	(148,848)	20,690,668	533,848
Compensated Absences	462,704	-	(6,782)	455,922	-
Installment Note Payable	4,873,000	4,980,000	(4,873,000)	4,980,000	\$ 310,000
	<u>\$26,175,220</u>	<u>\$ 4,980,000</u>	<u>\$ (5,028,630)</u>	<u>\$26,126,590</u>	<u>\$ 843,848</u>

Total interest expense for the year ended June 30, 2012 was \$1,227,119.

The District was, in accordance with NRS 387.400, within the legal debt limit at June 30, 2012.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### NOTE 7 – FUND BALANCE/NET ASSETS

#### Government-Wide Financial Statements

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

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

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

Unrestricted net assets represent available financial resources of the District.

#### Fund Financial Statements

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

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

*Assigned* – fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Amounts may be assigned by the Board of Trustees or 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, unless the District has proved otherwise in its commitment or assignment actions.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

The following is a summary of the District's fund balances as of June 30, 2012:

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund	Bond Fund		
Fund Balances:							
Nonspendable:							
Inventories	\$ 717,977	\$ -	\$ -	\$ -	\$ -	\$ 88,322	\$ 806,299
Restricted for:							
Debt service	-	-	2,573,555	-	-	-	2,573,555
School renovations	-	-	-	2,834,495	3,894,384	63,907	6,792,786
Assigned to:							
Education services	-	247,254	-	-	-	32,574	279,828
Child nutrition services	-	-	-	-	-	623,404	623,404
Subsequent							
year's budget	1,958,422	-	-	-	-	-	1,958,422
Unassigned	2,810,057	-	-	-	-	-	2,810,057
Total Fund Balance	<u>\$ 5,486,456</u>	<u>\$ 247,254</u>	<u>\$ 2,573,555</u>	<u>\$ 2,834,495</u>	<u>\$ 3,894,384</u>	<u>\$ 808,207</u>	<u>\$ 15,844,351</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### 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:

<u>Fiscal Year</u>	<u>Contribution Rate</u>		<u>Total Contribution</u>
	<u>Employer plan</u>	<u>Employer/ Employee plan</u>	
2012	23.75%	12.25% / 12.25%	\$ 7,109,167
2011	21.50%	11.25% / 11.25%	\$ 6,771,530
2010	21.50%	11.25% / 11.25%	\$ 6,636,065



# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Effective July 1, 2008, the District adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*. In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability of \$5,827,539.

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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

### **Funding Policy**

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

The contribution requirements of plan members and the District are established and may be amended by the Board of the Public Employees' Benefits Program. The amount of subsidy an individual retiree is entitled is predicated on the years of service and a legislatively determined base amount. The District contributed \$1,026,721 during the year on behalf of 287 participating retirees.

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

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

The annual required contribution rate was 3.1% of payroll for 2012, 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.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

	Plan		Total
	District	PEBP	
Annual Required Contribution (ARC)	\$ 1,328,258	\$ 1,799,498	\$ 3,127,756
Interest on net OPEB obligation	128,052	26,216	154,268
Adjustment to ARC	(127,223)	(40,136)	(167,359)
Annual OPEB cost	1,329,087	1,785,578	3,114,665
Contributions made	(117,110)	(1,026,721)	(1,143,831)
Increase in net OPEB obligation	1,211,977	758,857	1,970,834
Net OPEB obligation - beginning of year	3,201,302	655,403	3,856,705
Net OPEB obligation - end of year	\$ 4,413,279	\$ 1,414,260	\$ 5,827,539

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010-2012 were as follows:

	2012	2011	2010
Annual OPEB Cost	\$ 3,114,665	\$ 3,009,515	\$ 2,447,297
% of Annual OPEB Cost Contributed	37%	42%	64%
Net OPEB Obligation	\$ 5,827,539	\$ 3,856,705	\$ 2,117,330

### *Funded Status and Funding Progress*

As of March 1, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability (AAL) for benefits and, thus, the unfunded actuarial accrued liability was \$41,959,542. The covered payroll was \$33,225,079 and the ratio of unfunded actuarial accrued liability to payroll was 126%. 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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 were as follows:

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### 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.

#### *Self-Insurance Health Fund*

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

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 \$350,000. Liabilities for incurred losses to be settled by fixed or reasonably determined payments over an extended period of time are computed by an actuary and are reported at their present value using an expected future investment yield of 3%.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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, 2011 and 2012 are as follows:

	<u>Self-Insurance Funds</u>		
	<u>Health Fund</u>	<u>Workers' Compensation</u>	<u>Total</u>
Claims liability, July 1, 2010	\$ 848,610	\$ 596,000	\$ 1,444,610
Current year claims and changes in estimates	6,344,849	176,663	6,521,512
Claim payments	<u>(6,197,164)</u>	<u>(192,663)</u>	<u>(6,389,827)</u>
Claims liability, June 30, 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	<u>(5,333,922)</u>	<u>(125,152)</u>	<u>(5,459,074)</u>
Claims liability, June 30, 2012	<u>\$ 716,764</u>	<u>\$ 553,000</u>	<u>\$ 1,269,764</u>

### NOTE 11 – COMMITMENTS AND CONTINGENCIES

#### *Litigation*

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### *Construction Commitments*

As of June 30, 2012, the District had commitments with respect to unfinished capital projects. Included in those commitments are the following:

Gardnerville Elementary School - Promethean Boards	\$	23,850
Piñon Hills Elementary School - Promethean Boards		26,325
Carson Valley Middle School - Roof Replacement		85,902
District Wide - On-Call Construction Services		6,880
District Wide - Furniture, Fixture & Equipment Standards		1,784
Douglas High School - Modernization		1,722,008
Gardnerville Elementary School - Modernization		927,584
		<hr/>
	\$	<u>2,794,333</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2012

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	6/30/12	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%
	6/30/10	3/1/2008	-	8,626,736	8,626,736	0.0%	36,122,460	23.88%
PEBP	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%
	6/30/10	3/1/2008	-	31,601,187	31,601,187	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, 2012  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 2,600,605	\$ 2,600,605	\$ 2,593,874	\$ (6,731)	\$ 2,638,168
Earnings on investments	1,000	1,000	617	(383)	435
Other	2,000	2,000	-	(2,000)	456
Total Local Sources	2,603,605	2,603,605	2,594,491	(9,114)	2,639,059
Federal sources:					
In lieu of tax	-	-	649	649	-
Bond interest subsidy	381,368	381,368	381,368	-	370,884
Total Federal Sources	381,368	381,368	382,017	649	370,884
Total Revenues	2,984,973	2,984,973	2,976,508	(8,465)	3,009,943
<b>EXPENDITURES</b>					
Debt service:					
Principal	140,000	140,000	140,000	-	885,000
Interest	1,089,134	1,089,134	1,089,134	-	1,115,276
Fiscal agent charges	5,000	5,000	3,550	1,450	4,050
Total Expenditures	1,234,134	1,234,134	1,232,684	1,450	2,004,326
Revenues Over (Under) Expenditures	1,750,839	1,750,839	1,743,824	(7,015)	1,005,617
<b>OTHER FINANCING (USES)</b>					
Transfer to other funds	(1,370,740)	-	-	-	(2,082,501)
Net Change in Fund Balance	380,099	1,750,839	1,743,824	(7,015)	(1,076,884)
<b>FUND BALANCE, July 1</b>	847,767	829,731	829,731	-	1,906,615
<b>FUND BALANCE, June 30</b>	\$ 1,227,866	\$ 2,580,570	\$ 2,573,555	\$ (7,015)	\$ 829,731

# DOUGLAS COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Motor vehicle privilege tax	\$ 969,000	\$ 890,000	\$ 895,600	\$ 5,600	\$ 961,336
Residential building permit tax	35,640	35,640	61,819	26,179	47,171
Earnings on investments	950	950	4,129	3,179	1,355
Other	-	-	50,000	50,000	909
Total Revenues	1,005,590	926,590	1,011,548	84,958	1,010,771
<b>EXPENDITURES</b>					
Other support:					
Purchased services	-	-	154	(154)	-
Supplies	460,000	219,490	324,817	(105,327)	401,757
Property	50,000	204,675	92,330	112,345	-
	510,000	424,165	417,301	6,864	401,757
Site improvements:					
Purchased services	-	475,000	392,856	82,144	136,457
Supplies	2,235,000	-	-	-	-
Property	-	65,000	-	65,000	-
	2,235,000	540,000	392,856	147,144	136,457
Building construction:					
Purchased services	-	-	-	-	30,455
Student transportation:					
Purchased services	-	-	-	-	114,585
Land improvements:					
Purchased services	120,000	130,000	112,725	17,275	136,508
	120,000	130,000	112,725	17,275	281,548
Total Expenditures	2,865,000	1,094,165	922,882	171,283	819,762
Revenues Over (Under)					
Expenditures	(1,859,410)	(167,575)	88,666	256,241	191,009
<b>OTHER FINANCING SOURCES</b>					
Transfer from other funds	1,370,740	-	-	-	2,082,501
Net Change in Fund Balance	(488,670)	(167,575)	88,666	256,241	2,273,510
<b>FUND BALANCE, July 1</b>	1,029,818	2,745,829	2,745,829	-	472,319
<b>FUND BALANCE, June 30</b>	\$ 541,148	\$ 2,578,254	\$ 2,834,495	\$ 256,241	\$ 2,745,829

# DOUGLAS COUNTY SCHOOL DISTRICT

BOND FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2012  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 38,030	\$ 28,000	\$ 14,076	\$ (13,924)	\$ 32,901
Total Revenues	38,030	28,000	14,076	(13,924)	32,901
<b>EXPENDITURES</b>					
Other support:					
Salaries	-	110,000	75,028	34,972	-
Benefits	-	65,000	27,845	37,155	-
Purchased services	100,000	322,000	27,398	294,602	54,812
Supplies	-	10,000	111,528	(101,528)	-
Property	-	270,000	-	270,000	-
	100,000	777,000	241,799	535,201	54,812
Land improvement:					
Purchased services	1,000,000	1,470,000	1,775,381	(305,381)	-
Building Construction:					
Purchased services	3,235,000	4,985,000	5,204,884	(219,884)	698,387
Supplies	-	100,000	-	100,000	-
Property	-	100,000	-	100,000	-
	3,235,000	5,185,000	5,204,884	(19,884)	698,387
Site improvement:					
Purchased services	1,000,000	3,494,000	2,579,532	914,468	3,149,726
Total Expenditures	5,335,000	10,926,000	9,801,596	1,124,404	3,902,925
Net Change in Fund Balance	(5,296,970)	(10,898,000)	(9,787,520)	1,110,480	(3,870,024)
<b>FUND BALANCE, July 1</b>	7,605,938	13,681,904	13,681,904	-	17,551,928
<b>FUND BALANCE, June 30</b>	\$ 2,308,968	\$ 2,783,904	\$ 3,894,384	\$ 1,110,480	\$ 13,681,904

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND BUILDING AND SITES	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	FEDERAL AND STATE GRANTS	TOTALS		2012	2011
<b>ASSETS</b>							
Cash and investments	\$ 598,449	\$ 225,545	\$ -	\$ 823,994	\$ 63,548	\$ 887,542	\$ 1,258,823
Receivables:							
Interest	95	62	-	157	10	167	27
Other	-	-	-	-	350	350	-
Due from other governments	114,760	-	591,251	706,011	-	706,011	750,266
Inventories	88,322	-	-	88,322	-	88,322	37,529
<b>Total Assets</b>	<b>\$ 801,626</b>	<b>\$ 225,607</b>	<b>\$ 591,251</b>	<b>\$ 1,618,484</b>	<b>\$ 63,908</b>	<b>\$ 1,682,392</b>	<b>\$ 2,046,645</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 75,099	\$ 170,005	\$ 292,662	\$ 537,766	\$ -	537,766	\$ 1,093,804
Due to other funds	14,803	23,027	150,820	188,650	-	188,650	64,034
Deferred revenues	-	-	147,769	147,769	-	147,769	130,227
<b>Total Liabilities</b>	<b>89,902</b>	<b>193,032</b>	<b>591,251</b>	<b>874,185</b>	<b>-</b>	<b>874,185</b>	<b>1,288,065</b>
<b>FUND BALANCES</b>							
Nonspendable	88,322	-	-	88,322	-	88,322	37,529
Restricted	-	-	-	-	63,908	63,908	62,013
Assigned	623,402	32,575	-	655,977	-	655,977	659,038
<b>Total Fund Balances</b>	<b>711,724</b>	<b>32,575</b>	<b>-</b>	<b>744,299</b>	<b>63,908</b>	<b>808,207</b>	<b>758,580</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 801,626</b>	<b>\$ 225,607</b>	<b>\$ 591,251</b>	<b>\$ 1,618,484</b>	<b>\$ 63,908</b>	<b>\$ 1,682,392</b>	<b>\$ 2,046,645</b>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2012  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	FEDERAL AND STATE GRANTS	TOTALS	BUILDING AND SITES	2012	2011
<b>REVENUES</b>							
Local sources	\$ 620,873	\$ 453	\$ 855,588	\$ 1,476,914	\$ 1,895	\$ 1,478,809	\$ 1,607,974
State sources	5,981	2,069,552	746,249	2,821,782	-	2,821,782	2,466,412
Federal sources	1,072,420	-	3,695,614	4,768,034	-	4,768,034	4,802,248
Total Revenues	1,699,274	2,070,005	5,297,451	9,066,730	1,895	9,068,625	8,876,634
<b>EXPENDITURES</b>							
Instruction:							
Regular instruction	-	2,255,603	1,125,041	3,380,644	-	3,380,644	3,545,725
Special instruction	-	-	1,451,021	1,451,021	-	1,451,021	1,728,983
Vocational instruction	-	-	176,550	176,550	-	176,550	170,524
Adult instruction	-	-	31,851	31,851	-	31,851	107,409
Other instruction	-	-	41,610	41,610	-	41,610	32,155
Undistributed expenditures:							
Student Support	-	-	78,400	78,400	-	78,400	81,100
Instructional staff support	-	-	156,087	156,087	-	156,087	273,847
School administration	-	-	896,313	896,313	-	896,313	-
Other support	-	-	543,827	543,827	-	543,827	733,276
Food service	1,716,737	-	-	1,716,737	-	1,716,737	1,640,063
Facilities acquisition/construction	-	-	796,751	796,751	-	796,751	742,202
Total Expenditures	1,716,737	2,255,603	5,297,451	9,269,791	-	9,269,791	9,055,284

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2012  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	SPECIAL REVENUE FUNDS			TOTALS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	FEDERAL AND STATE GRANTS		BUILDING AND SITES	2012	2011
Revenues Over (Under)							
Expenditures	(17,463)	(185,598)	-	(203,061)	1,895	(201,166)	(178,650)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers to (from) other funds	-	200,000	-	200,000	-	200,000	240,000
Net Change in Fund Balances	(17,463)	14,402	-	(3,061)	1,895	(1,166)	61,350
<b>FUND BALANCES, July 1</b>	678,394	18,173	-	696,567	62,013	758,580	696,810
Increase (decrease) in reserve for inventories	50,793	-	-	50,793	-	50,793	420
<b>FUND BALANCES, June 30</b>	<u>\$ 711,724</u>	<u>\$ 32,575</u>	<u>\$ -</u>	<u>\$ 744,299</u>	<u>\$ 63,908</u>	<u>\$ 808,207</u>	<u>\$ 758,580</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, 2012  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Grants from:					
Local Sources	\$ 317,961	\$ 921,376	\$ 855,588	\$ (65,788)	\$ 935,164
State Sources	1,008,774	821,213	746,249	(74,964)	430,441
Federal Sources	2,845,931	5,283,353	3,695,614	(1,587,739)	3,760,071
Total Revenues	4,172,666	7,025,942	5,297,451	(1,728,491)	5,125,676
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	903,093	822,960	562,825	260,135	849,166
Benefits	281,315	277,332	194,987	82,345	269,121
Purchased services	30,308	219,542	52,335	167,207	24,527
Supplies	80,441	973,233	266,084	707,149	74,654
Other	39,163	84,428	48,810	35,618	38,712
Total regular programs	1,334,320	2,377,495	1,125,041	1,252,454	1,256,180
Special programs:					
Salaries	647,251	667,806	667,120	686	808,558
Benefits	323,851	342,106	294,439	47,667	356,934
Purchased services	199,625	528,142	397,670	130,472	457,743
Supplies	24,779	60,698	25,220	35,478	35,499
Other	50,352	77,032	66,572	10,460	70,249
Total special programs	1,245,858	1,675,784	1,451,021	224,763	1,728,983
Vocational programs:					
Salaries	19,400	9,518	8,766	752	13,204
Benefits	-	-	210	(210)	362
Purchased services	7,900	5,371	5,337	34	6,678
Supplies	124,200	141,636	142,253	(617)	143,423
Property	31,275	22,500	12,500	10,000	-
Other	6,348	7,482	7,484	(2)	6,857
Total vocational programs	189,123	186,507	176,550	9,957	170,524

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, 2012  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Adult education:					
Salaries	\$ 20,000	\$ 18,493	\$ 17,257	\$ 1,236	\$ 17,250
Benefits	-	1,507	646	861	479
Purchased services	6,000	4,000	639	3,361	700
Supplies	104,437	73,003	13,309	59,694	88,980
Total adult education	130,437	97,003	31,851	65,152	107,409
ESL:					
Salaries	15,172	29,311	29,026	285	15,172
Benefits	5,940	9,382	8,688	694	5,940
Purchased services	-	-	2,411	(2,411)	-
Supplies	15,180	2,100	669	1,431	10,412
Other	676	816	816	-	631
Total ESL	36,968	41,609	41,610	(1)	32,155
Undistributed expenditures:					
Student support:					
Salaries	61,657	59,747	50,841	8,906	64,758
Benefits	15,659	15,659	15,659	-	15,759
Supplies	-	11,960	11,900	60	-
Other	-	-	-	-	583
	77,316	87,366	78,400	8,966	81,100
Instructional staff support:					
Salaries	170,907	141,444	100,241	41,203	131,715
Benefits	12,946	3,861	3,524	337	4,986
Purchased services	77,014	47,971	33,673	14,298	104,041
Supplies	5,176	17,583	11,704	5,879	22,499
Other	10,532	8,864	6,945	1,919	10,606
	276,575	219,723	156,087	63,636	273,847
General administration:					
Salaries	\$ -	\$ 672,888	\$ 647,687	\$ 25,201	\$ -
Benefits	-	250,137	238,015	12,122	-
Purchased services	-	15,720	3,864	11,856	-
Supplies	-	10,011	6,058	3,953	-
Other	-	2,097	689	1,408	-
	-	950,853	896,313	54,540	-

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, 2012  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012	VARIANCE TO	2011
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET	ACTUAL
Other support:					
Salaries	579,163	517,200	518,386	(1,186)	540,542
Benefits	-	896	1,072	(176)	-
Purchased services	-	22,668	23,646	(978)	77,154
Supplies	-	1,701	723	978	115,578
Other	-	-	-	-	2
	<u>579,163</u>	<u>542,465</u>	<u>543,827</u>	<u>(1,362)</u>	<u>733,276</u>
Site improvements:					
Purchased services	302,906	448,122	397,736	50,386	742,202
Property		399,015	399,015	-	-
	<u>302,906</u>	<u>847,137</u>	<u>796,751</u>	<u>50,386</u>	<u>742,202</u>
Total undistributed expenditures	<u>1,235,960</u>	<u>2,647,544</u>	<u>2,471,378</u>	<u>176,166</u>	<u>1,830,425</u>
Total Expenditures	<u>4,172,666</u>	<u>7,025,942</u>	<u>5,297,451</u>	<u>1,728,491</u>	<u>5,125,676</u>
Net Change in Fund Balance	-	-	-	-	-
<b>FUND BALANCE, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

FOOD SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2012  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 1,500	\$ 1,500	\$ 927	\$ (573)	\$ 1,310
Daily sales	700,000	650,000	619,946	(30,054)	663,240
Total Local sources	701,500	651,500	620,873	(30,627)	664,550
State sources - Grants	5,831	5,831	5,981	150	7,396
Federal sources - Grants	950,000	950,000	1,072,420	122,420	1,042,177
Total Revenues	1,657,331	1,607,331	1,699,274	91,943	1,714,123
<b>EXPENDITURES</b>					
Salaries	688,504	667,171	619,843	47,328	638,981
Benefits	302,521	265,005	239,558	25,447	238,006
Purchased services	9,300	9,300	6,815	2,485	6,084
Supplies	900,000	900,000	850,521	49,479	751,285
Property	90,000	90,000	-	90,000	5,707
Total Food Service	1,990,325	1,931,476	1,716,737	214,739	1,640,063
Contingency	25,000	25,000	-	25,000	-
Total Expenditures	2,015,325	1,956,476	1,716,737	239,739	1,640,063
Net Change in Fund Balance	(357,994)	(349,145)	(17,463)	331,682	74,060
<b>FUND BALANCE, July 1</b>	436,284	678,394	678,394	-	603,914
Increase (decrease) in reserve for inventories	-	37,529	50,793	13,264	420
<b>FUND BALANCE, June 30</b>	<b>\$ 78,290</b>	<b>\$ 329,249</b>	<b>\$ 711,724</b>	<b>\$ 344,946</b>	<b>\$ 678,394</b>

# DOUGLAS COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2012  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 1,000	\$ 1,000	\$ 453	\$ (547)	\$ 857
State sources:					
Special appropriations	2,011,412	2,069,552	2,069,552	-	2,028,575
Total Revenues	2,012,412	2,070,552	2,070,005	(547)	2,029,432
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	1,603,349	1,609,452	1,608,174	1,278	1,668,513
Benefits	633,513	651,181	647,429	3,752	621,032
Total Expenditures	2,236,862	2,260,633	2,255,603	5,030	2,289,545
Revenues Over (Under) Expenditures	(224,450)	(190,081)	(185,598)	4,483	(260,113)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	230,000	200,000	200,000	-	240,000
Net Change in Fund Balance	5,550	9,919	14,402	4,483	(20,113)
<b>FUND BALANCE, July 1</b>	1,564	18,173	18,173	-	38,286
<b>FUND BALANCE, June 30</b>	\$ 7,114	\$ 28,092	\$ 32,575	\$ 4,483	\$ 18,173

# DOUGLAS COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2012  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ -	\$ -	\$ 91	\$ 91	\$ 142
Other	5,000	5,000	1,804	(3,196)	7,261
<b>Total Revenues</b>	<b>5,000</b>	<b>5,000</b>	<b>1,895</b>	<b>(3,105)</b>	<b>7,403</b>
<b>EXPENDITURES</b>					
Building improvement:					
Purchased services	10,000	-	-	-	-
Net Change in Fund Balance	(5,000)	5,000	1,895	(3,105)	7,403
<b>FUND BALANCE, July 1</b>	<b>9,610</b>	<b>62,013</b>	<b>62,013</b>	<b>-</b>	<b>54,610</b>
<b>FUND BALANCE, June 30</b>	<b>\$ 4,610</b>	<b>\$ 67,013</b>	<b>\$ 63,908</b>	<b>\$ (3,105)</b>	<b>\$ 62,013</b>

# DOUGLAS COUNTY SCHOOL DISTRICT

**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**  
*(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)*

	SELF- INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2012	2011
<b>ASSETS</b>				
Current:				
Cash and investments	\$ 4,559,359	\$ 1,473,906	\$ 6,033,265	\$ 5,985,875
Receivables:				
Interest	687	226	913	605
Other	-	887	887	16,787
Due from other funds	569,645	16,024	585,669	571,986
Prepaid expenses	-	3,480	3,480	-
Total Assets	5,129,691	1,494,523	6,624,214	6,575,253
 <b>LIABILITIES</b>				
Current:				
Accounts payable and accrued expenses	5,000	13,867	18,867	60,621
Deferred revenue	569,645	-	569,645	571,986
Pending claims	716,764	343,000	1,059,764	1,319,295
Total Current Liabilities	1,291,409	356,867	1,648,276	1,951,902
Noncurrent:				
Pending claims	-	210,000	210,000	257,000
Total Liabilities	1,291,409	566,867	1,858,276	2,208,902
 <b>NET ASSETS</b>				
Restricted	\$ 3,838,282	\$ 927,656	\$ 4,765,938	\$ 4,366,353

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF**  
**REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**YEAR ENDED JUNE 30, 2012**  
*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)*

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS	
			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS 2012	2011
<b>OPERATING REVENUES</b>				
Insurance premiums	\$ 6,043,083	\$ 177,392	\$ 6,220,475	\$ 5,921,931
Insurance proceeds and other	120,249	30,264	150,513	113,518
Total Operating Revenues	6,163,332	207,656	6,370,988	6,035,449
<b>OPERATING EXPENSES</b>				
Claims expense	5,054,391	98,152	5,152,543	6,521,512
Purchased services	764,342	62,896	827,238	812,766
Other	-	100	100	-
Total Operating Expenses	5,818,733	161,148	5,979,881	7,334,278
Operating Income (Loss)	344,599	46,508	391,107	(1,298,829)
<b>NONOPERATING REVENUES</b>				
Earnings on investments	6,351	2,127	8,478	16,147
Change in Net Assets	350,950	48,635	399,585	(1,282,682)
<b>NET ASSETS, July 1</b>	3,487,332	879,021	4,366,353	5,649,035
<b>NET ASSETS, June 30</b>	\$ 3,838,282	\$ 927,656	\$ 4,765,938	\$ 4,366,353

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS	
			GOVERNMENTAL INTERNAL SERVICE FUNDS 2012	ACTIVITIES INTERNAL SERVICE FUNDS 2011
<b>CASH FROM OPERATING ACTIVITIES</b>				
Cash received from insurance premiums	\$ 6,043,083	\$ 161,368	\$ 6,204,451	\$ 5,921,931
Cash received from insurance and other	120,168	45,939	166,107	114,045
Cash paid for claims	(5,333,922)	(125,152)	(5,459,074)	(6,389,827)
Cash paid for services and supplies	(759,342)	(113,230)	(872,572)	(832,239)
Net cash provided (used) by operating activities	69,987	(31,075)	38,912	(1,186,090)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	6,351	2,127	8,478	16,147
NET INCREASE (DECREASE) IN CASH	76,338	(28,948)	47,390	(1,169,943)
<b>CASH AND INVESTMENTS, July 1</b>	<u>4,483,021</u>	<u>1,502,854</u>	<u>5,985,875</u>	<u>7,155,818</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 4,559,359</u>	<u>\$ 1,473,906</u>	<u>\$ 6,033,265</u>	<u>\$ 5,985,875</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>				
Operating income (loss)	\$ 344,599	\$ 46,508	\$ 391,107	\$ (1,298,829)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Change in assets and liabilities:				
Receivables	(81)	15,675	15,594	527
Premiums due from other funds	2,341	(16,024)	(13,683)	16,584
Prepaid expenses	-	(3,480)	(3,480)	-
Accounts payable and accrued expenses	5,000	(46,754)	(41,754)	(19,473)
Deferred revenue	(2,341)	-	(2,341)	(16,584)
Pending claims	(279,531)	(27,000)	(306,531)	131,685
Total Adjustments	(274,612)	(77,583)	(352,195)	112,739
Net cash provided (used) by operating activities	<u>\$ 69,987</u>	<u>\$ (31,075)</u>	<u>\$ 38,912</u>	<u>\$ (1,186,090)</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

SELF-INSURANCE HEALTH FUND  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 5,400,000	\$ 5,400,000	\$ 6,043,083	\$ 643,083	\$ 5,736,029
Insurance proceeds	350,000	350,000	120,249	(229,751)	107,726
Other	-	-	-	-	164
Total Operating Revenues	5,750,000	5,750,000	6,163,332	413,332	5,843,919
<b>OPERATING EXPENSES</b>					
Claims expense	6,200,000	6,200,000	5,054,391	1,145,609	6,344,849
Purchased services	950,000	950,000	764,342	185,658	758,727
Supplies	10,000	10,000	-	10,000	-
Total Operating Expenses	7,160,000	7,160,000	5,818,733	1,341,267	7,103,576
Operating Income (Loss)	(1,410,000)	(1,410,000)	344,599	1,754,599	(1,259,657)
<b>NONOPERATING REVENUES</b>					
Earnings on investments	10,000	10,000	6,351	(3,649)	12,577
Change in Net Assets	(1,400,000)	(1,400,000)	350,950	1,750,950	(1,247,080)
<b>NET ASSETS, July 1</b>	3,874,413	3,487,332	3,487,332	-	4,734,412
<b>NET ASSETS, June 30</b>	\$ 2,474,413	\$ 2,087,332	\$ 3,838,282	\$ 1,750,950	\$ 3,487,332



# DOUGLAS COUNTY SCHOOL DISTRICT

## SELF-INSURANCE HEALTH FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 5,400,000	\$ 5,400,000	\$ 6,043,083	\$ 643,083	\$ 5,736,028
Cash received from insurance and other	350,000	350,000	120,168	(229,832)	108,349
Cash paid for claims	(6,200,000)	(6,200,000)	(5,333,922)	866,078	(6,197,164)
Cash paid for services and supplies	(960,000)	(960,000)	(759,342)	200,658	(817,739)
Net cash provided (used) by operating activities	(1,410,000)	(1,410,000)	69,987	1,479,987	(1,170,526)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	10,000	10,000	6,351	(3,649)	12,577
NET INCREASE (DECREASE) IN CASH	(1,400,000)	(1,400,000)	76,338	1,476,338	(1,157,949)
CASH AND INVESTMENTS, July 1	4,780,970	4,483,021	4,483,021	-	5,640,970
CASH AND INVESTMENTS, June 30	\$ 3,380,970	\$ 3,083,021	\$ 4,559,359	\$ 1,476,338	\$ 4,483,021
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (1,410,000)	\$ (1,410,000)	\$ 344,599	\$ 1,754,599	\$ (1,259,657)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	(81)	(81)	459
Premiums due from other funds	-	-	2,341	2,341	16,584
Accounts payable and accrued expenses	-	-	5,000	5,000	(59,012)
Deferred revenues	-	-	(2,341)	(2,341)	(16,584)
Pending claims	-	-	(279,531)	(279,531)	147,685
Total Adjustments	-	-	(274,612)	(274,612)	89,132
Net cash provided (used) by operations	\$ (1,410,000)	\$ (1,410,000)	\$ 69,987	\$ 1,479,987	\$ (1,170,525)

# DOUGLAS COUNTY SCHOOL DISTRICT

WORKERS' COMPENSATION SELF-INSURANCE FUND  
 SCHEDULE OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2012  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 170,000	\$ 170,000	\$ 177,392	\$ 7,392	\$ 185,902
Other	10,000	10,000	30,264	20,264	5,628
Total Operating Revenues	180,000	180,000	207,656	27,656	191,530
<b>OPERATING EXPENSES</b>					
Claims expense	200,000	200,000	98,152	101,848	176,663
Purchased services	75,000	75,000	62,896	12,104	54,039
Other	-	-	100	(100)	-
Total Operating Expenses	275,000	275,000	161,148	113,952	230,702
Operating Income (Loss)	(95,000)	(95,000)	46,508	141,608	(39,172)
<b>NONOPERATING REVENUES</b>					
Earnings on investments	3,500	3,500	2,127	(1,373)	3,570
Change in Net Assets	(91,500)	(91,500)	48,635	140,235	(35,602)
<b>NET ASSETS, July 1</b>	823,122	879,021	879,021	-	914,623
<b>NET ASSETS, June 30</b>	\$ 731,622	\$ 787,521	\$ 927,656	\$ 140,135	\$ 879,021

# DOUGLAS COUNTY SCHOOL DISTRICT

## WORKERS' COMPENSATION SELF-INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012 BUDGET		2012		2011
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 170,000	\$ 170,000	\$ 161,368	\$ (8,632)	\$ 185,902
Cash received from other sources	10,000	10,000	45,939	35,939	5,697
Cash paid for claims	(200,000)	(200,000)	(125,152)	74,848	(192,663)
Cash paid for services and supplies	(75,000)	(75,000)	(113,230)	(38,230)	(14,500)
Net cash provided (used) by operating activities	(95,000)	(95,000)	(31,075)	63,925	(15,564)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	3,500	3,500	2,127	(1,373)	3,570
NET INCREASE (DECREASE) IN CASH	(91,500)	(91,500)	(28,948)	62,552	(11,994)
CASH AND INVESTMENTS, July 1	1,423,348	1,502,854	1,502,854	-	1,514,848
CASH AND INVESTMENTS, June 30	\$ 1,331,848	\$ 1,411,354	\$ 1,473,906	\$ 62,552	\$ 1,502,854
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (95,000)	\$ (95,000)	\$ 46,508	\$ 141,508	\$ (39,172)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	15,675	15,675	69
Premiums due from other funds	-	-	(16,024)	(16,024)	-
Prepaid expenses	-	-	(3,480)	(3,480)	-
Accounts payable and accrued expenses	-	-	(46,754)	(46,754)	39,539
Pending claims	-	-	(27,000)	(27,000)	(16,000)
Total Adjustments	-	-	(77,583)	(77,583)	23,608
Net cash provided (used) by operations	\$ (95,000)	\$ (95,000)	\$ (31,075)	\$ 63,925	\$ (15,564)

# DOUGLAS COUNTY SCHOOL DISTRICT

## STUDENT ACTIVITY AGENCY FUNDS SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - BY SCHOOL YEAR ENDED JUNE 30, 2012

	<u>BALANCE</u> <u>JULY 1, 2011</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2012</u>
<b>Student Activity Funds</b>				
Douglas High School	\$ 352,798	\$ 902,491	\$ 972,815	\$ 282,474
George Whittell High School	61,556	199,563	202,515	58,604
Carson Valley Middle School	81,914	118,644	103,143	97,415
Pau-Wa-Lu Middle School	24,808	124,706	128,894	20,620
Scarcelli Elementary School	51,537	60,502	54,297	57,742
Gardnerville Elementary School	26,619	62,869	58,088	31,400
C.C. Meneley Elementary School	30,347	71,364	66,775	34,936
Jacks Valley Elementary School	25,048	85,002	80,832	29,218
Minden Elementary School	50,710	103,000	105,699	48,011
Piñon Hills Elementary School	56,190	200,936	209,466	47,660
Zephyr Cove Elementary School	2,450	14,081	15,067	1,464
	<u>\$ 763,977</u>	<u>\$ 1,943,158</u>	<u>\$ 1,997,591</u>	<u>\$ 709,544</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  
Douglas County School District  
Minden, Nevada

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District, Minden, Nevada (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that will be reported to management of the District in a separate letter bearing the date of October 31, 2012.

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

*The Bullard Macy Group*

Reno, Nevada  
October 31, 2012

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

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

*Compliance*

We have audited Douglas County School District's, Minden, Nevada (the District) compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the 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, 2012.

### *Internal Control Over Compliance*

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

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

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

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

*The Bullard Macy Group*

Reno, Nevada  
October 31, 2012



# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

(Page 1 of 2)

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTOR'S NUMBER</u>	<u>AMOUNT</u>
<b>U.S. DEPARTMENT OF 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	12-639-03	\$ 1,239,751
Special Education - District Improvement Grant	84.027	12-641-03	144,345
Special Education - District Assistance Center	84.027	12-667-03	154,048
Special Education - Preschool Grants (IDEA, Preschool)	84.173	12-665-03	57,222
Total Special Education Cluster			<u>1,595,366</u>
Title I, Part A - Grants to Local Educational Agencies	84.010	12-633-03	586,545
Title I, Part C - Migrant Education	84.011A	12-629-03	1,443
Title I, Part D - Improving America's Youth	84.013A	12-630-03	52,851
Title I, Part E - Striving Readers Comprehensive Literacy	84.371	12-657-03	191,504
Education Jobs, Recovery Act	84.410	11-753-03	879,765
Carl D. Perkins Basic Grant	84.048	12-631-03	55,311
Carl D. Perkins Corrections Grant	84.048	12-635-03	37,068
Title III, English Language Acquisition	84.365A	12-658-03	41,610
Title II, Part A - Improving Teacher Quality State Grants	84.367	12-709-03	179,352
Education for Homeless Children and Youth	84.196A	12-688-03	74,800
<b>Total U.S. Department of Education</b>			<u>3,695,615</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

(Page 2 of 2)

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTOR'S NUMBER</u>	<u>AMOUNT</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
<i>Passed through the State of Nevada Department of Administration</i>			
National School Lunch Program - Commodities	10.555	N/A	\$ 116,308
<i>Passed through the State of Nevada Department of Education</i>			
School Breakfast Program	10.553	N/A	191,259
National School Lunch Program	10.555	N/A	764,853
Total Child Nutrition Cluster			<u>1,072,420</u>
<i>Passed through Douglas County</i>			
Schools and Roads - Grants to Counties	10.666	N/A	<u>14,775</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,087,195</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 4,782,810</u></u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2012

### 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, 2012. 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, 2012.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

### 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 programs for the year ended June 30, 2012 are as follows:

- Education Jobs, Recovery Act (84.410)
- Title I, Part E – Striving Readers Comprehensive Literacy (84.371)
- Title II, Part A – Improving Teacher Quality (84.367)

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 reviewed management's assertion made in accordance with Nevada Revised Statute 354.624(5)(a) with respect to the funds of the Douglas County School District as of and for the year ended June 30, 2012 that:

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

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

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

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

*The Bullard Macy Group*

Reno, Nevada  
October 31, 2012

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **INDEPENDENT AUDITORS' COMMENTS**

**JUNE 30, 2012**

### **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, 2011.

### **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.