

**DOUGLAS COUNTY SCHOOL DISTRICT**

***FINANCIAL STATEMENTS &  
SUPPLEMENTARY INFORMATION***

**Fiscal Year Ended  
June 30, 2017**

# DOUGLAS COUNTY SCHOOL DISTRICT

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## TABLE OF CONTENTS JUNE 30, 2017

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>District-Wide Financial Statements</b>	
Statement of Net Position (Deficit)	18
Statement of Activities	19
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds	20
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	24
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	25
<i>Major Special Revenue Funds:</i>	
Special Education Fund	30
Federal and State Grants Fund	32
Statement of Net Position – Proprietary Funds	36
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	37
Statement of Cash Flows – Proprietary Funds	38
Statement of Agency Assets and Liabilities	39
<b>Notes to the Financial Statements</b>	40
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Schedule of Funding Progress - Other Postemployment Benefits	71
Schedule of District's Proportionate Share of Net Pension Liability	72
Schedule of District's Contributions to Nevada PERS	73

*Continued on next page.*

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## TABLE OF CONTENTS JUNE 30, 2017

### COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

#### Major Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual:

Debt Service Fund 74

Capital Projects Fund 75

#### Nonmajor Governmental Funds

Combining Balance Sheet 77

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances 78

Schedules of Revenues, Expenditures, and Changes in Fund Balances –

Budget and Actual:

Food Service Fund 79

Class Size Reduction Fund 80

Building and Sites Fund 81

Bond Fund 82

#### Proprietary Funds – Internal Service Funds

Combining Statement of Net Position 83

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position 84

Combining Statement of Cash Flows 85

#### *Self Insurance Health Fund*

Schedule of Revenues, Expenses, and Changes in Fund Net Position –

Budget and Actual 86

Schedule of Cash Flows – Budget and Actual 87

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

Schedule of Revenues, Expenses, and Changes in Fund Net Position –

Budget and Actual 88

Schedule of Cash Flows – Budget and Actual 89

#### Agency Fund

##### *Student Activity Agency Funds*

Schedule of Cash Receipts and Disbursements – By School 90

*Continued on next page.*

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## TABLE OF CONTENTS

JUNE 30, 2017

### COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	91
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	93
Schedule of Expenditures of Federal Awards	95
Notes to the Schedule of Expenditures of Federal Awards	97
Schedule of Findings and Questioned Costs	98
Independent Auditors' Comments	99

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District, Minden, Nevada (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District as of June 30, 2017, and the respective changes in its financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Special Education Fund, and Federal and States Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

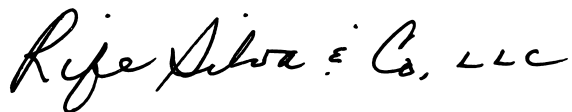
### ***Prior Year Partial Comparative Information***

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2016 and have issued our report thereon dated October 25, 2016, which expressed an unmodified opinion on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2016, is consistent with the audited financial statements from which it has been derived.

The nonmajor combining and individual fund financial statements and schedules related to the 2016 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The individual fund financial statements and schedules are consistent in relation to the basic financial statements from which they have been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Reno, Nevada  
October 31, 2017

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

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, 2017. We encourage readers to read the information presented here in conjunction with the District's financial statements, which follow this narrative.

### Overview of the Financial Statements

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

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

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

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

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

### District-wide Financial Statements

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

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



# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

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

In many government entities, the District-wide financial statements distinguish functions that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges by reporting them as business-type activities. The District has no functions in the business-type category, which results in the entire statement representing governmental activities. The District-wide financial statements are on pages 18 through 19 of this report.

### **Fund Financial Statements**

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

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

The focus of the governmental fund statements is on major funds. The determination of a major fund is primarily dependent on criteria established by the Governmental Accounting Standards Board (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, 2017, the following are considered major funds:

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

- General Fund
- Special Education Fund
- State and Federal Grants Fund
- Debt Service Fund
- Capital Projects Fund

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

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

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

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

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements are on pages 40 – 70 of this report.

### DISTRICT-WIDE FINANCIAL ANALYSIS

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

The table below presents a comparison of the District's net position (deficit) as of June 30, 2017 compared to the prior year.

<b>DISTRICT'S NET POSITION</b>				
	<u>2017</u>	<u>2016</u>	<u>Change</u>	
	<i>(In Millions)</i>			
<b>Assets</b>				
Current and other assets	\$ 29.8	\$ 29.1	\$ 0.7	2.4%
Net capital assets	80.1	79.9	0.2	0.3%
Total Assets	<u>109.9</u>	<u>109.0</u>	<u>0.9</u>	<u>0.8%</u>
<b>Deferred Outflows of Resources</b>	<u>19.0</u>	<u>12.3</u>	<u>6.7</u>	<u>54.5%</u>
<b>Liabilities</b>				
Current liabilities	10.3	10.4	(0.1)	-1.0%
Long-term liabilities	130.2	122.3	7.9	6.5%
Total Liabilities	<u>140.5</u>	<u>132.7</u>	<u>7.8</u>	<u>5.9%</u>
<b>Deferred Inflows of Resources</b>	<u>8.3</u>	<u>9.6</u>	<u>(1.3)</u>	<u>-13.5%</u>
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	39.0	38.0	1.0	2.6%
Restricted	15.4	13.5	1.9	14.1%
Unrestricted	<u>(74.3)</u>	<u>(72.5)</u>	<u>(1.8)</u>	<u>-2.5%</u>
Total Net Position (Deficit)	<u>\$ (19.9)</u>	<u>\$ (21.0)</u>	<u>\$ 1.1</u>	<u>5.2%</u>

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

<b>DISTRICT'S CHANGES IN NET POSITION</b>				
	<b>Governmental Activities</b>		<b>Change</b>	
	<b>2017</b>	<b>2016</b>		
<i>(In Millions)</i>				
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 0.8	\$ 0.9	\$ (0.1)	-11.1%
Operating grants and contributions	11.5	8.8	2.7	30.7%
Capital grants and contributions	0.3	0.3	-	0.0%
General revenues:				
Property taxes	21.9	21.7	0.2	0.9%
Local school support taxes	14.3	14.6	(0.3)	-2.1%
Government service taxes	4.1	4.0	0.1	2.5%
State aid, unrestricted	16.7	16.8	(0.1)	-0.6%
Other revenues	0.9	0.8	0.1	12.5%
Total Revenues	70.5	67.9	2.6	3.8%
<b>Expenses</b>				
Instruction	41.4	41.5	(0.1)	-0.2%
Support services	20.9	22.1	(1.2)	-5.4%
Food service	3.7	1.7	2.0	117.6%
Facilities acq/constr/imprvmt	1.7	2.8	(1.1)	-39.3%
Interest on long-term debt	1.7	1.8	(0.1)	-5.6%
Total Expenses	69.4	69.9	(0.5)	-0.7%
<b>Change in Net Position (Deficit)</b>	1.1	(2.0)	3.1	155.0%
<b>Net Position (Deficit) - Beginning of Year</b>	(21.0)	(19.0)	(2.0)	-10.5%
<b>Net Position (Deficit) - End of Year</b>	\$(19.9)	\$(21.0)	\$ 1.1	5.2%

### Governmental Activities:

- ◇ The largest and main revenue sources for the District are Local School Support Taxes (LSST), property taxes (ad valorem), and state aid. Together, these revenue sources comprise 75% of total revenues and are reported as General Revenues on the Statement of Activities on page 19 of this report.
- ◇ Ad valorem taxes increased just slightly from the prior year due to an increase in tax collections and assessed valuations.
- ◇ LSST decreased an approximate 2% from the prior year due to a decrease in taxable sales.
- ◇ State aid not restricted to specific purposes decreased slightly (less than 1%) from the prior year primarily as a result of the equalization and impact of the DSA formula. When local revenues such as ad valorem increase as noted above, the State aid is reduced.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

### FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

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

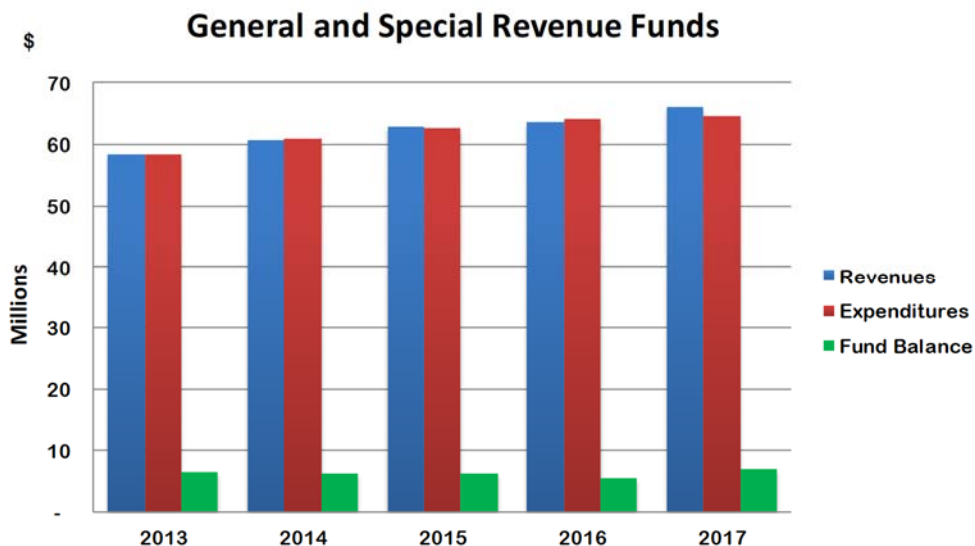
The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the District’s current funding requirements. Specifically, unassigned fund balance can be a useful measure of a government’s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

At June 30, 2017, the District’s governmental funds reported a combined fund balance of \$17.2 million, an increase of nearly \$1.0 million, or 6% from 2016. This increase is primarily attributable to the combined effect in the General and Special Education funds of expenditures coming in at \$1.5 million, or 3% less than FY16.

Of the total fund balance at June 30, 2017 of \$17.2 million, approximately \$13.5 million is nonspendable, restricted or assigned fund balance. The remaining \$3.3 million, or 19%, constitutes unassigned fund balance, which is available for spending at the District’s discretion within the parameters of the respective fund. This unassigned fund balance represents an increase of \$538 thousand, or 19% over the June 30, 2016 unassigned fund balance.

#### *General and Special Revenue Funds*

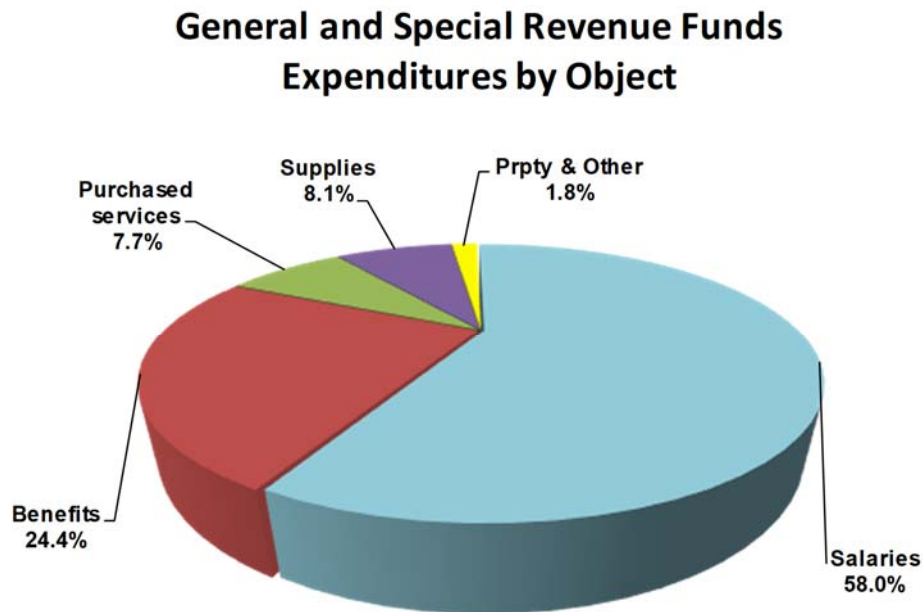
The General Fund and the special revenue funds (Special Education; CSR; Federal / State/ Local Grants; and Food Service funds) are often referred to as the District’s “operating funds.” The following chart compares the revenues to expenditures and fund balance for these funds for the last five years:



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

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, 2017 fund balance of the Debt Service Fund is \$2.3 million, which together with the 2017-18 budgeted revenues of \$3.1 million exceeds the 2017-18 anticipated debt service requirements of \$2.6 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, 2017 of \$9.0 million, which is restricted by NRS 387.328 to be used 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, 2017, these funds had a combined net position of \$4.3 million, which represents approximately 54% of the funds' 2017-18 budgeted expenses of \$7.9 million.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

The District's capital assets as of June 30, 2017 and 2016 are as follows.

<b>Capital Assets (Net of Depreciation)</b>		
	<u>2017</u>	<u>2016</u>
	<i>(In Millions)</i>	
Land	\$ 1.4	\$ 1.4
Construction in progress	1.8	0.3
Buildings and improvements	73.4	75.4
Equipment and vehicles	<u>3.5</u>	<u>2.8</u>
	<u>\$ 80.1</u>	<u>\$ 79.9</u>

#### *Debt Administration*

The District's debt general obligation debt was comprised of the following as of June 30, 2017 and 2016:

<b>Outstanding GO Bonds / Installment Note</b>		
	<u>2017</u>	<u>2016</u>
	<i>(In Millions)</i>	
GO bonds, net of premiums and discounts	\$ 38.7	\$ 40.1
Installment note	<u>3.1</u>	<u>3.6</u>
	<u>\$ 41.8</u>	<u>\$ 43.7</u>

The last bond rating was completed January 2015. The District maintained an AA- rating with a stable outlook from Standard and Poor's (S&P). Principal and interest payments on the General Obligation Bonds and the note payable for the 2017-18 fiscal year are scheduled to total \$3.4 million, less the expected interest subsidy of \$368 thousand on the Build America bonds for a net cash outlay requirement of \$3.1 million. Additional detail on the District's debt can be found on pages 56 – 58 of the financial statements.

The District is limited by state statutes as to the amount of general obligation debt it can have outstanding. The limit is equal to 15% of the District's total assessed property valuation. Based on the District's most current assessed value, the District's statutory general obligation debt limit is \$405 million.

# DOUGLAS COUNTY SCHOOL DISTRICT

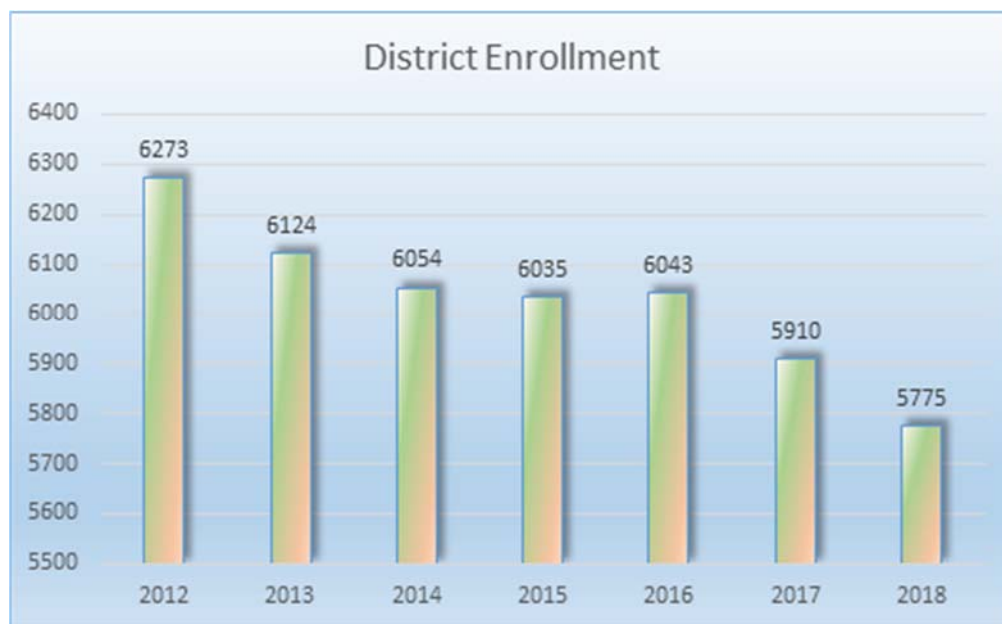
## MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

### ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

#### *Enrollment and Funding*

Nevada’s school districts are budgeted and 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 based on prior year audited numbers and approved grant funds.

Provided below is a chart which depicts a trend of declining student enrollment. The District’s unaudited enrollment for the current 2017-18 school year declined 2.3% from the prior year, moving from 5,910 students down to 5,775 students.



Nevada’s school districts are highly dependent on the economic condition of the State. Nevada’s formula for school district funding guarantees the majority of operating revenue by making up any shortfall in ad valorem or LSST collections. For the 2016-17 school year, the District (as did all Nevada’s school districts) received full funding in accordance with the state budget.

A large percentage of revenues received by the District is provided through the State Distributive School Account (DSA) monies or basic support guarantee for school districts. These revenues are based on an average daily enrollment (ADE). Total funding is trued up at year-end with the total ADE. The formula weights pre-kindergarten (pre-k) at 0.6, while kindergarten through twelfth grades are given a weight of



# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

1.0. 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 the already noted trend of declining weighted enrollment, and therefore a corresponding reduction of DSA revenues. The District saw significant enrollment growth, particularly in the Valley based school sites through school year 1999. However, since 1999, enrollment has fluctuated – some years increasing, but generally most years reflecting decreasing enrollment. With the methodology for enrollment changing to an average daily attendance (ADE), state funding can fluctuate either up or down depending on current enrollment.

A Task Force recommendation resulted in a change to the financial support of school districts by implementing a funding formula that takes into account the needs of special populations such as pupils from low-income families, pupils with disabilities and/or limited proficiency in the English language. There will be slight additional funding for these particular group, which will be allocated to the districts in 2017-18.

Through 2016-17, special education was held at the same funding as was previously given to the District in 2015-16. Several factors went into decreasing special education needs, which decreased our maintenance of effort (MOE) for special education funding. The factors that can reduce potential expenditures are declining special education enrollment, savings due to staff turnover and a reduction in positions. The Nevada formula for special education students has been funded in prior years at 13% of total enrollment. The District's special education population was approximately 15% of our total enrollment, so funding remained at the level that was received for 2015-16. In 2017-18, the Nevada formula will be contributing up to 15% for special education students. The District is projecting 14.6% special education enrollment, so we anticipate receiving full funding for each student.

To protect districts during times of declining enrollment, State law had contained a "hold-harmless" provision which provided that the guaranteed level of funding was based on the higher of the current or the previous year's enrollment (unless the decline in enrollment was more than 5%, in which case the funding was based on the higher of the current or the previous two year's enrollment). However, the "hold harmless" provisions of the DSA formula were eliminated except in cases of a 5% or greater decline from the prior year enrollment.

Additionally, the DSA formula will no longer be weighted as the State has continued to place more emphasis and provide more funding for Full-Day Kindergarten (FDK) programs. State funding was, in effect, a separate grant to fund FDK in 2016-17. In 2017-18, weighted factors will be removed for kindergarten, and each student enrolled will count as 1.0 fully funded.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

The ever-changing landscape of the DSA formula will continue to be reviewed with potential for extensive impact and changes to funding for this District. There is no assurance that such amendments will not result in reduced funding to the District.

Local Sources - The General Fund's local operating revenue sources are comprised largely of a County-wide seventy-five cent ad valorem (property tax) and the LSST (sales and use tax) equal to 2.60% of taxable sales. The General Fund received \$19.3 million from property tax and \$14.3 million from sales tax for the year ended June 30, 2017. The General Fund has budgeted \$19.8 million in property tax revenue and \$14.7 million in sales tax revenue for fiscal year 2018. Other local operating sources to the General Fund include governmental services taxes, tuition receipts, earnings on investments, and utility franchise fees.

State Sources of Funding - State revenue sources consist of payments from the State distributive school account (the "DSA") received pursuant to the Nevada Plan for School Finance (the "School Finance Plan"). The revenue for the DSA is received from the following five sources: (a) State General Fund Appropriation; (b) a portion of the annual excise tax of \$250 for each slot machine operated in the State; (c) sales tax currently at a rate of 2.60% on out-of-state sales that cannot be attributed to a particular county; (d) revenue from mineral leases on federal land; and (e) interest earned on the Permanent School Fund established by the State Constitution.

Each school district's share of State aid is set by the State legislature for the biennium in accordance with a formula set forth in the School Finance Plan. The School Finance Plan was adopted by the Nevada legislature in 1967 to compensate for wide local variations in resources and in cost per pupil. It is designed to provide reasonable equal educational opportunity and can be expressed in a formula partially on a per-pupil basis and partially on a per-program basis. The formula in the School Finance Plan contains four basic calculations: equalized basic support ratios, wealth adjustment factors, transportation allotments, and guaranteed basic support.

Additionally, the School Finance Plan provides a substantial guarantee of revenue support for the District's General Fund budget. The effect of this guarantee is that approximately 66 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. However, funding appears to be on the rise if still substantially inadequate when compared to neighboring states. Of the remaining District General Fund revenue, approximately two-thirds is based on the remaining \$0.50 component of the total \$0.75 property tax levy and since 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, 2017

### *Proprietary Funds:*

The District operates two proprietary funds: one for Workers' Compensation and the other for Health Insurance. Both funds are "self-funded" meaning the District, not an outside entity, assumes the financial risk for funding the plans. In practicality, this means the District pays for each workers' compensation or health insurance out-of-pocket claim as they are incurred rather than paying a fixed premium to an insurance carrier. The District purchases "Stop Loss" insurance for both plans to help minimize its risk. "Stop Loss" insurance is a mechanism that limits the amount of money the District would have to pay on catastrophic claims exceeding predetermined levels.

Workers' Compensation Funding: The District's Workers' Compensation Fund has been funded by an overhead rate of \$0.785/ \$100 in salary earnings by both permanent and temporary employees.

Each year, an actuarial review is conducted of the District's plan to evaluate the funding, taking into account historical and trend data as well as projected claims. Actuarial and accounting guidance indicates that the fund should have sufficient reserves to accommodate claims costs with some margin for unexpected adverse loss experience. The District's long-term funding policy is to maintain the fund at the 85% confidence level. The most recent actuarial review indicated the funding to be above the 90% confidence level.

Health Insurance Funding: For purposes of this discussion, health insurance includes medical, dental, optical, and life and AD&D insurances. Plan participants include employees, board members, retirees and spouses and/or dependents of any eligible member. Presently, the District pays 100% of the premium payment set at \$585 per month for each eligible employee.

The District's self-insurance fund is subject to negotiated contract language. Currently, all negotiated contracts provide for a monthly premium amount to be paid by the District for health insurance. Additionally, a committee made up of various bargaining group representatives meets monthly to review claims data and the financial health of the self-insurance fund. The Committee makes recommendations to the Board of Trustees pertaining to premium holidays, plan benefits, third party administrator, and stop-loss insurance, among other factors.

Projections for calendar and plan year 2018 show claims to be budgeted at the same level as 2017. Actual claims for 2017 show a decrease of 7.5% from 2016. The Committee has established that an average of 3 months of incurred but not reported (IBNR) claims be maintained in the health insurance fund as an ending balance. If claims increase substantially in 2018, the Committee will need to address recommendations to the Board that would assist in maintaining the ending fund balance at the recommended level.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

### *Capital and Bond Funding:*

Capital Projects Funding - The Capital Projects Fund generally receives two sources of revenue – Government Services Tax (GST), and Residential Construction Tax (RCT).

Approximately 29% of total GST revenues flow to the Capital Projects Fund. 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 \$.10 per \$100 in property tax revenues.

RCT revenue is currently imposed in Douglas County at \$1,600 per new residential unit, the maximum authorized by NRS 387.331. This tax is approved through June 2019, at which time the District will need to resubmit a request for continuation of the levy.

Bond Funding - The bond expenditures have been guided by the Facilities' Master Plan (FMP) which was approved by the Board of Trustees in April 2010 but has been revised through various board decisions over the last several years. The first Phase of the FMP increased capacity at four of the District's elementary schools. Moving the sixth grade to the middle schools and moving the ninth grade to Douglas High School has decreased the need for additions to the Valley elementary schools. Additionally, the District has completed the modernization and capacity additions to Douglas High School. Renovations to Carson Valley Middle School will be completed in 2018. Continuation of the FMP will be dependent on the ability to raise the necessary capital funding.

New and Proposed Capital Funding – Several new and proposed alternatives are available to the District for additional funding. Nevada Revised Statute 350.020(5) allows for the reserve level in the debt service fund to decrease from 100% to 50%, providing approximately \$1.3 million in one-time funds to be transferred to the Capital Projects Fund. Additionally, the Board of Trustees extended the authority of a "rollover" question for an additional ten year period after current authorization expires in 2018. This option provides approximately \$1 million over the course of the ten year extension in Pay-As-You-Go cash. Continued effort will be made to provide additional revenue from taxes for ongoing capital project needs.

Buildings and Sites Funding – This fund is designated to receive all monies from rental or sale of District's real property per NRS 393.320 and is restricted to capital related expenditures only. The District is currently pursuing sale options for the Kingsbury Middle School site, and potentially the detached gym, "Old School Playhouse," at Carson Valley Middle School. Proceeds would be solely allocated to capital projects to further support of the District's FMP.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017**

### **REQUESTS FOR INFORMATION**

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2017

(With Partial Comparative Information as of June 30, 2016)

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and investments	\$ 21,625,568	\$ 23,777,522
Receivables	7,358,964	5,166,423
Inventories	178,085	136,328
Capital assets, net	80,126,305	79,857,046
Total Assets	109,288,922	108,937,319
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	18,996,116	12,312,011
Total Assets and Deferred Outflows	128,285,038	121,249,330
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	7,007,932	7,876,360
Unearned revenues	897,000	953,665
Noncurrent liabilities:		
Due within one year	1,774,849	1,563,814
Due in more than one year	40,656,786	42,688,604
Obligation for other postemployment benefits	10,401,906	9,806,423
Net pension liability	79,189,924	69,799,991
Total Liabilities	139,928,397	132,688,857
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	8,311,594	9,589,287
Total Liabilities and Deferred Inflows	148,239,991	142,278,144
<b>NET POSITION (DEFICIT)</b>		
Net investment in capital assets	39,014,796	37,978,771
Restricted for:		
Debt service	2,301,270	3,588,769
Employee benefits	4,274,365	4,182,853
Capital projects	7,486,487	5,332,667
Child nutrition services	365,793	416,967
Other	932,721	1,306
Unrestricted	(74,330,385)	(72,530,147)
Total Net Position (Deficit)	\$ (19,954,953)	\$ (21,028,814)

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 41,384,426	\$ 278,731	\$ 8,561,222	\$ -	\$ (32,544,473)
Support Services	20,898,422	1,230	612,566	-	(20,284,626)
Facilities Acquisition and Construction	3,771,924	-	1,294,746	343,418	(2,133,760)
Food Service	1,667,093	509,763	1,001,931	-	(155,399)
Interest on long-term debt	1,709,338	-	-	-	(1,709,338)
Total School District	69,431,203	789,724	11,470,465	343,418	(56,827,596)
<b>General Revenues:</b>					
					\$ 19,265,923
					2,653,831
					14,324,890
					2,924,894
					1,208,611
					447,494
					121,190
					248,034
					16,706,590
					57,901,457
					1,073,861
					<b>NET POSITION (DEFICIT), July 1, 2016</b>
					(21,028,814)
					<b>NET POSITION (DEFICIT), June 30, 2017</b>
					\$ (19,954,953)

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	GENERAL	SPECIAL	FEDERAL	DEBT	CAPITAL	NON-MAJOR	TOTALS	
	FUND	EDUCATION	AND STATE	SERVICE	PROJECTS	GOV'T	GOVERNMENTAL FUNDS	
		FUND	GRANTS	FUND	FUND	FUNDS	2017	2016
<b>ASSETS</b>								
Cash and investments	\$ 3,492,726	\$ 884,302	\$ -	\$ 2,121,238	\$ 7,365,115	\$ 2,146,423	\$ 16,009,804	\$ 18,848,727
Deposits held by fiscal agent	111,748	-	-	2,785	28,512	-	143,045	185,513
Receivables	4,019,256	780	2,819,094	201,027	124,577	150,564	7,315,298	5,007,982
Due from other funds	974,335	-	-	-	-	-	974,335	578,058
Inventories	103,077	-	-	-	-	75,008	178,085	136,328
Total Assets	<u>\$ 8,701,142</u>	<u>\$ 885,082</u>	<u>\$ 2,819,094</u>	<u>\$ 2,325,050</u>	<u>\$ 7,518,204</u>	<u>\$ 2,371,995</u>	<u>\$ 24,620,567</u>	<u>\$ 24,756,608</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 2,814,637	\$ 449,363	\$ 1,353,679	\$ -	\$ 99,318	\$ 561,467	\$ 5,278,464	\$ 6,032,042
Retainage payable	-	-	13,928	-	14,391	35,246	63,565	150,622
Due to other funds	415,186	-	974,335	-	-	-	1,389,521	1,755,755
Unearned revenues	-	-	477,152	23,780	-	-	500,932	341,991
Total Liabilities	<u>3,229,823</u>	<u>449,363</u>	<u>2,819,094</u>	<u>23,780</u>	<u>113,709</u>	<u>596,713</u>	<u>7,232,482</u>	<u>8,280,410</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	<u>164,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,605</u>	<u>202,466</u>
<b>FUND BALANCES</b>								
Nonspendable	103,077	-	-	-	-	75,008	178,085	136,328
Restricted	-	-	-	2,301,270	7,404,495	1,700,274	11,406,039	11,115,465
Assigned	1,899,001	435,719	-	-	-	-	2,334,720	2,255,789
Unassigned	3,304,636	-	-	-	-	-	3,304,636	2,766,150
Total Fund Balance	<u>5,306,714</u>	<u>435,719</u>	<u>-</u>	<u>2,301,270</u>	<u>7,404,495</u>	<u>1,775,282</u>	<u>17,223,480</u>	<u>16,273,732</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 8,701,142</u>	<u>\$ 885,082</u>	<u>\$ 2,819,094</u>	<u>\$ 2,325,050</u>	<u>\$ 7,518,204</u>	<u>\$ 2,371,995</u>	<u>\$ 24,620,567</u>	<u>\$ 24,756,608</u>

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2017

<b>Fund Balance - Governmental Funds</b>	\$	17,223,480
<p>Amounts reported for governmental activities in the Statement of Net Position (Deficit) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>		
Governmental capital assets	153,387,104	
Less accumulated depreciation	<u>(73,260,799)</u>	80,126,305
<p>Deferred outflows related to pension payments made subsequent to the measurement date.</p>		
		18,996,116
<p>The fund financial statements include a deferred inflow for property taxes which have not been collected. The government-wide financial statements recognize tax revenue in the period for which it is levied.</p>		
		164,605
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:</p>		
General obligation bonds payable	(38,480,000)	
Bond premium	(284,812)	
Bond discount	30,324	
Accrued interest payable	(404,765)	
Note payable	(3,145,000)	
Compensated absences	<u>(552,147)</u>	(42,836,400)
<p>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.</p>		
		(10,401,906)
<p>Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities.</p>		
		(79,189,924)
<p>Deferred inflows related to pension investment returns and changes in assumptions are not reported in governmental funds.</p>		
		(8,311,594)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. Net position of the internal service funds are reported with governmental activities.</p>		
		<u>4,274,365</u>
<b>Net Position (Deficit) - Governmental Activities</b>	<b>\$</b>	<b><u>(19,954,953)</u></b>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2017  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	GENERAL FUND	SPECIAL EDUCATION FUND	FEDERAL AND STATE GRANTS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOV'T FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2017	2016
<b>REVENUES</b>								
Local sources	\$ 37,219,831	\$ 5,770	\$ 571,844	\$ 2,658,414	\$ 1,575,177	\$ 534,243	\$ 42,565,279	\$ 42,276,954
State sources	13,456,581	3,250,009	4,225,010	-	-	2,806,624	23,738,224	20,889,515
Federal sources	29,015	-	2,869,380	343,418	-	997,607	4,239,420	4,742,214
Total Revenues	50,705,427	3,255,779	7,666,234	3,001,832	1,575,177	4,338,474	70,542,923	67,908,683
<b>EXPENDITURES</b>								
Regular programs	22,003,433	-	3,642,754	-	-	1,880,024	27,526,211	27,338,197
Special programs	-	7,254,182	943,329	-	-	-	8,197,511	9,198,053
Vocational programs	843,983	-	580,337	-	-	-	1,424,320	1,700,356
Adult education	-	-	129,006	-	-	-	129,006	119,500
Extra and Co-Curricular	504,412	-	-	-	-	-	504,412	499,105
Other instructional programs	1,621,300	268,469	463,495	-	-	-	2,353,264	2,140,813
Community service	-	-	12,309	-	-	-	12,309	9,875
Undistributed Expenditures:								
Student support	2,425,889	-	283,355	-	-	-	2,709,244	2,491,589
Instructional staff support	1,110,507	-	282,662	-	-	-	1,393,169	1,213,309
General administration	508,548	-	12	-	-	-	508,560	564,339
School administration	4,460,265	-	-	-	-	-	4,460,265	4,409,486
Central services	2,037,145	-	-	-	-	-	2,037,145	2,015,689
Operation and maintenance	6,514,568	-	-	-	-	-	6,514,568	6,913,432
Student transportation	3,147,480	-	-	-	-	-	3,147,480	3,217,340
Other support	141,343	-	34,229	-	207,052	13,223	395,847	975,620
Food service	-	-	-	-	-	1,639,553	1,639,553	1,644,762
Facilities construction/ acquisition/improvements	1,064	-	1,294,746	-	516,144	1,380,888	3,192,842	3,168,383

Continued on next page.

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2017  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	GENERAL FUND	SPECIAL EDUCATION FUND	FEDERAL AND STATE GRANTS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOV'T FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2017	2016
Debt Service:								
Principal	\$ 422,000	\$ -	\$ -	\$ 1,330,000	\$ -	\$ -	\$ 1,752,000	\$ 1,514,000
Interest	77,895	-	-	1,653,781	-	-	1,731,676	1,792,095
Fiscal agent charges	-	-	-	5,550	-	-	5,550	5,550
Total Expenditures	45,819,832	7,522,651	7,666,234	2,989,331	723,196	4,913,688	69,634,932	70,931,493
Revenues Over (Under)								
Expenditures	4,885,595	(4,266,872)	-	12,501	851,981	(575,214)	907,991	(3,022,810)
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of fixed assets	-	-	-	-	-	-	-	9,004
Transfers (to) from other funds	(4,261,000)	4,261,000	-	(1,300,000)	1,300,000	-	-	-
	(4,261,000)	4,261,000	-	(1,300,000)	1,300,000	-	-	9,004
Net Change in Fund Balances	624,595	(5,872)	-	(1,287,499)	2,151,981	(575,214)	907,991	(3,013,806)
<b>FUND BALANCES, July 1</b>	4,658,644	441,591	-	3,588,769	5,252,514	2,332,214	16,273,732	19,301,067
Increase (decrease) in reserve for inventories	23,475	-	-	-	-	18,282	41,757	(13,529)
<b>FUND BALANCES, June 30</b>	<b>\$ 5,306,714</b>	<b>\$ 435,719</b>	<b>\$ -</b>	<b>\$ 2,301,270</b>	<b>\$ 7,404,495</b>	<b>\$ 1,775,282</b>	<b>\$ 17,223,480</b>	<b>\$ 16,273,732</b>

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, 2017

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 949,748</b>
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.	269,258
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.	4,039
Certain revenues are recorded in the fund statements when received. In the Statement of Activities, revenues are recognized when earned.	(37,861)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	1,752,000
Any discount or premium realized at the time of incurring debt is recognized as an 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.	23,849
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.	44,934
Change in pension expense related to deferred items.	(1,428,134)
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.	(595,484)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income (expense) of the internal service funds is reported with governmental activities.	<u>91,512</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 1,073,861</u></u></b>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Ad valorem taxes	\$ 19,278,373	\$ 19,278,373	\$ 19,299,200	\$ 20,827	\$ 19,124,053
Local school support tax	15,495,430	15,495,430	14,324,890	(1,170,540)	14,570,073
Governmental services tax	3,011,592	2,848,608	2,924,894	76,286	2,816,509
Franchise tax	54,000	135,000	90,923	(44,077)	133,875
Out-of-state tuition	265,000	265,000	278,731	13,731	338,109
Earnings on investments	20,000	35,000	53,159	18,159	37,153
Other	167,400	182,400	248,034	65,634	336,045
Total Local Sources	38,291,795	38,239,811	37,219,831	(1,019,980)	37,355,817
State Sources:					
Distributive school account	13,076,075	12,477,956	13,456,581	978,625	13,518,543
Federal Sources:					
In lieu of tax	2,000	2,000	-	(2,000)	-
E-rate funds	30,000	30,000	29,015	(985)	43,384
Total Federal Sources	32,000	32,000	29,015	(2,985)	43,384
Total Revenues	51,399,870	50,749,767	50,705,427	(44,340)	50,917,744
<b>EXPENDITURES</b>					
Regular Programs:					
Salaries	15,136,645	14,737,685	14,711,601	26,084	14,775,514
Benefits	6,562,518	6,340,964	6,200,529	140,435	6,287,442
Purchased services	186,174	189,143	103,870	85,273	155,532
Supplies	918,535	1,042,031	922,246	119,785	1,008,344
Property	63,050	60,438	60,438	-	63,050
Other	7,562	4,271	4,749	(478)	8,486
	22,874,484	22,374,532	22,003,433	371,099	22,298,368
Vocational Programs:					
Salaries	580,486	564,513	552,383	12,130	589,621
Benefits	257,409	253,007	240,826	12,181	258,128
Purchased services	9,500	5,700	3,947	1,753	923
Supplies	48,000	53,647	46,249	7,398	37,464
Other	2,047	600	578	22	4,065
	897,442	877,467	843,983	33,484	890,201

Continued on next page.

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, 2017  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Extra and Co-Curricular Activities:					
Co-Curricular Activities:					
Salaries	\$ 132,000	\$ 132,000	\$ 121,341	\$ 10,659	\$ 126,836
Benefits	4,153	4,153	2,949	1,204	3,373
Purchased services	12,300	9,080	5,600	3,480	13,492
Supplies	11,600	12,419	10,855	1,564	6,309
Other	3,200	3,100	2,543	557	2,777
	<u>163,253</u>	<u>160,752</u>	<u>143,288</u>	<u>17,464</u>	<u>152,787</u>
Athletics:					
Salaries	241,315	241,315	237,824	3,491	242,594
Benefits	11,230	11,230	12,875	(1,645)	12,785
Purchased services	63,000	78,492	81,640	(3,148)	58,624
Supplies	30,000	23,007	20,071	2,936	22,753
Other	8,200	8,900	8,714	186	9,562
	<u>353,745</u>	<u>362,944</u>	<u>361,124</u>	<u>1,820</u>	<u>346,318</u>
Total Extra-and Co-Curricular Activities	<u>516,998</u>	<u>523,696</u>	<u>504,412</u>	<u>19,284</u>	<u>499,105</u>
Other Instructional Programs:					
Salaries	1,022,292	1,076,888	1,022,064	54,824	1,024,208
Benefits	427,372	440,166	434,611	5,555	420,198
Purchased services	142,600	132,357	125,784	6,573	126,650
Supplies	43,478	54,679	38,016	16,663	41,903
Other	1,000	2,000	825	1,175	1,575
	<u>1,636,742</u>	<u>1,706,090</u>	<u>1,621,300</u>	<u>84,790</u>	<u>1,614,534</u>
Undistributed Expenditures:					
Student Support:					
Salaries	1,689,823	1,741,325	1,676,570	64,755	1,651,515
Benefits	764,512	724,128	697,748	26,380	707,680
Purchased services	19,761	34,776	17,932	16,844	28,211
Supplies	42,660	35,789	27,171	8,618	17,015
Property	5,000	5,000	5,000	-	5,000
Other	1,364	1,554	1,468	86	1,707
	<u>2,523,120</u>	<u>2,542,572</u>	<u>2,425,889</u>	<u>116,683</u>	<u>2,411,128</u>

Continued on next page.

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, 2017  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>Instructional Staff Support:</b>					
Salaries	\$ 686,752	\$ 768,592	\$ 734,140	\$ 34,452	\$ 710,461
Benefits	287,199	324,157	303,357	20,800	285,271
Purchased services	116,679	107,570	27,796	79,774	39,881
Supplies	52,339	59,863	44,224	15,639	46,710
Other	650	999	990	9	734
	<u>1,143,619</u>	<u>1,261,181</u>	<u>1,110,507</u>	<u>150,674</u>	<u>1,083,057</u>
<b>General Administration:</b>					
Salaries	231,147	232,994	232,454	540	256,343
Benefits	124,919	122,956	115,277	7,679	125,423
Purchased services	237,600	228,450	122,004	106,446	147,922
Supplies	23,750	33,350	22,779	10,571	13,114
Other	18,000	17,550	16,034	1,516	21,537
	<u>635,416</u>	<u>635,300</u>	<u>508,548</u>	<u>126,752</u>	<u>564,339</u>
<b>School Administration:</b>					
Salaries	3,066,510	3,030,191	2,998,672	31,519	2,963,728
Benefits	1,249,270	1,252,855	1,248,147	4,708	1,235,400
Purchased services	191,379	195,572	174,049	21,523	141,814
Supplies	50,158	39,805	38,080	1,725	47,645
Other	2,709	1,689	1,317	372	1,646
	<u>4,560,026</u>	<u>4,520,112</u>	<u>4,460,265</u>	<u>59,847</u>	<u>4,390,233</u>
<b>Central Services:</b>					
Salaries	1,098,571	1,095,990	1,084,911	11,079	1,081,214
Benefits	444,355	418,006	409,811	8,195	414,071
Purchased services	283,880	275,230	255,055	20,175	246,135
Supplies	171,192	208,637	182,172	26,465	180,532
Property	78,475	90,103	90,103	-	74,725
Other	4,000	14,200	15,093	(893)	3,672
	<u>2,080,473</u>	<u>2,102,166</u>	<u>2,037,145</u>	<u>65,021</u>	<u>2,000,349</u>

Continued on next page.

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, 2017  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>Operation and Maintenance:</b>					
Salaries	\$ 2,645,017	\$ 2,497,032	\$ 2,464,655	\$ 32,377	\$ 2,495,070
Benefits	1,068,720	1,029,306	1,010,489	18,817	1,049,769
Purchased services	1,668,882	1,678,668	1,541,930	136,738	1,694,916
Supplies	1,703,246	1,667,855	1,280,230	387,625	1,580,721
Property	188,000	220,860	216,800	4,060	92,611
Other	500	870	464	406	345
	<u>7,274,365</u>	<u>7,094,591</u>	<u>6,514,568</u>	<u>580,023</u>	<u>6,913,432</u>
<b>Student Transportation:</b>					
Salaries	1,529,601	1,669,094	1,600,197	68,897	1,655,959
Benefits	803,415	812,692	782,095	30,597	803,340
Purchased services	132,549	129,419	92,943	36,476	97,114
Supplies	518,988	466,068	342,321	123,747	363,972
Property	220,000	336,000	329,727	6,273	296,851
Other	-	400	197	203	104
	<u>3,204,553</u>	<u>3,413,673</u>	<u>3,147,480</u>	<u>266,193</u>	<u>3,217,340</u>
<b>Other Support:</b>					
Salaries	90,000	90,000	62,177	27,823	71,542
Benefits	36,706	36,706	13,619	23,087	11,897
Purchased services	20,000	20,000	35,391	(15,391)	-
Supplies	11,000	10,000	21,081	(11,081)	-
Other	-	6,600	9,075	(2,475)	-
	<u>157,706</u>	<u>163,306</u>	<u>141,343</u>	<u>21,963</u>	<u>83,439</u>
<b>Site Improvement:</b>					
Purchased services	5,000	5,000	1,064	3,936	-
<b>Debt Service:</b>					
Principal	422,000	422,000	422,000	-	399,000
Interest	77,895	77,895	77,895	-	87,006
	<u>499,895</u>	<u>499,895</u>	<u>499,895</u>	<u>-</u>	<u>486,006</u>
Total Undistributed Expenditures	22,084,173	22,237,796	20,846,704	1,391,092	21,149,323
Contingency	479,923	477,206	-	477,206	-
Total Expenditures	<u>48,489,762</u>	<u>48,196,787</u>	<u>45,819,832</u>	<u>2,376,955</u>	<u>46,451,531</u>

Continued on next page.

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, 2017  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017	2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
Revenues Over (Under) Expenditures	\$ 2,910,108	\$ 2,552,980	\$ 4,885,595	\$ 2,332,615
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of fixed assets	8,000	8,000	-	(8,000)
Transfers to other funds	(4,731,000)	(4,861,000)	(4,261,000)	600,000
	(4,723,000)	(4,853,000)	(4,261,000)	592,000
Net Change in Fund Balance	(1,812,892)	(2,300,020)	624,595	2,924,615
<b>FUND BALANCE, July 1</b>	4,059,614	4,658,644	4,658,644	-
Increase (Decrease) in Reserve for Inventories	-	-	23,475	23,475
<b>FUND BALANCE, June 30</b>	<u>\$ 2,246,722</u>	<u>\$ 2,358,624</u>	<u>\$ 5,306,714</u>	<u>\$ 2,948,090</u>
				<u>\$ 4,658,644</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, 2017  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ 800	\$ 3,000	\$ 5,770	\$ 2,770	\$ 3,099
State Sources:					
State appropriation	3,250,009	3,250,009	3,250,009	-	3,250,009
<b>Total Revenues</b>	<b>3,250,809</b>	<b>3,253,009</b>	<b>3,255,779</b>	<b>2,770</b>	<b>3,253,108</b>
<b>EXPENDITURES</b>					
Special Programs:					
Instruction:					
Salaries	4,061,918	3,990,143	3,778,679	211,464	4,233,885
Benefits	1,967,332	1,904,452	1,751,832	152,620	1,988,590
Purchased services	-	1,136	1,704	(568)	-
Supplies	10,700	7,570	5,639	1,931	6,571
	6,039,950	5,903,301	5,537,854	365,447	6,229,046
Other Direct Support:					
Salaries	417,599	584,868	537,661	47,207	428,814
Benefits	139,259	200,166	198,211	1,955	144,194
Purchased services	604,618	624,818	541,602	83,216	804,477
Supplies	36,000	28,700	26,776	1,924	40,592
Other	16,000	3,100	232	2,868	15,867
	1,213,476	1,441,652	1,304,482	137,170	1,433,944
Student Transportation:					
Salaries	327,960	385,000	321,186	63,814	334,282
Benefits	77,938	108,400	89,807	18,593	95,953
Purchased services	-	-	438	(438)	-
Supplies	40,654	40,654	415	40,239	40,065
	446,552	534,054	411,846	122,208	470,300
<b>Total Special Programs</b>	<b>7,699,978</b>	<b>7,879,007</b>	<b>7,254,182</b>	<b>624,825</b>	<b>8,133,290</b>

Continued on next page.

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, 2017  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other Instructional Programs:					
Gifted and Talented:					
Salaries	\$ 185,526	\$ 185,766	\$ 186,694	\$ (928)	\$ 179,959
Benefits	66,234	81,125	80,820	305	77,802
Supplies	2,079	1,574	955	619	1,269
Total Other Instructional	253,839	268,465	268,469	(4)	259,030
Contingency	79,538	81,475	-	81,475	-
Total Expenditures	8,033,355	8,228,947	7,522,651	706,296	8,392,320
Revenues Over (Under) Expenditures	(4,782,546)	(4,975,938)	(4,266,872)	709,066	(5,139,212)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	4,731,000	4,861,000	4,261,000	(600,000)	4,920,000
Net Change in Fund Balance	(51,546)	(114,938)	(5,872)	109,066	(219,212)
<b>FUND BALANCE, July 1</b>	390,299	441,591	441,591	-	660,803
<b>FUND BALANCE, June 30</b>	\$ 338,753	\$ 326,653	\$ 435,719	\$ 109,066	\$ 441,591

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, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Grants from:					
Local sources	\$ 952,600	\$ 3,403,271	\$ 571,844	\$ (2,831,427)	\$ 297,071
State sources	3,191,382	4,728,920	4,225,010	(503,910)	2,485,538
Federal sources	3,972,465	3,325,449	2,869,380	(456,069)	3,264,368
Total Revenues	8,116,447	11,457,640	7,666,234	(3,791,406)	6,046,977
<b>EXPENDITURES</b>					
Regular Programs:					
Salaries	2,402,966	1,957,768	1,766,145	191,623	2,112,068
Benefits	913,876	836,541	759,418	77,123	810,527
Purchased services	93,526	120,062	118,670	1,392	71,491
Supplies	938,449	673,769	908,457	(234,688)	342,694
Property	-	28,946	28,946	-	-
Other	70,402	25,668	61,118	(35,450)	66,110
Total Regular Programs	4,419,219	3,642,754	3,642,754	-	3,402,890
Special Programs:					
Salaries	666,551	657,314	529,944	127,370	591,915
Benefits	311,561	308,996	247,792	61,204	268,591
Purchased services	197,976	278,326	114,394	163,932	121,440
Supplies	148,452	256,051	18,937	237,114	53,068
Other	39,038	49,366	32,262	17,104	29,749
Total Special Programs	1,363,578	1,550,053	943,329	606,724	1,064,763
Vocational Programs:					
Salaries	136,579	126,308	88,215	38,093	71,518
Benefits	50,531	45,900	31,223	14,677	22,342
Purchased services	139,441	127,671	72,023	55,648	81,664
Supplies	394,471	324,144	297,876	26,268	431,019
Property	111,069	81,739	81,739	-	178,752
Other	28,675	16,237	9,261	6,976	24,860
Total Vocational Programs	860,766	721,999	580,337	141,662	810,155

Continued on next page.

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, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>Adult Education:</b>					
Salaries	\$ 82,000	\$ 90,813	\$ 81,906	\$ 8,907	\$ 81,472
Benefits	35,593	34,730	33,028	1,702	27,690
Purchased services	6,600	4,734	3,043	1,691	4,379
Supplies	29,140	11,963	10,809	1,154	5,959
Other	-	1,000	220	780	-
<b>Total Adult Education</b>	<b>153,333</b>	<b>143,240</b>	<b>129,006</b>	<b>14,234</b>	<b>119,500</b>
<b>Other Instructional Programs:</b>					
Salaries	147,029	158,453	136,738	21,715	79,167
Benefits	44,458	57,267	48,318	8,949	17,908
Purchased services	119,688	263,518	254,767	8,751	74,807
Supplies	143,134	37,892	22,831	15,061	91,381
Other	6,505	841	841	-	3,986
<b>Total Other Instructional</b>	<b>460,814</b>	<b>517,971</b>	<b>463,495</b>	<b>54,476</b>	<b>267,249</b>
<b>Community Service Programs:</b>					
Salaries	2,679	1,604	1,604	-	396
Benefits	164	98	98	-	66
Purchased services	10,000	-	-	-	-
Supplies	13,000	10,607	10,607	-	9,413
	<b>25,843</b>	<b>12,309</b>	<b>12,309</b>	<b>-</b>	<b>9,875</b>
<b>Undistributed Expenditures:</b>					
<b>Student Support:</b>					
Salaries	97,016	216,618	162,332	54,286	58,811
Benefits	37,638	91,427	59,832	31,595	15,659
Purchased services	-	43,337	11,418	31,919	-
Supplies	7,802	56,529	48,970	7,559	5,991
Other	-	7,362	803	6,559	-
	<b>142,456</b>	<b>415,273</b>	<b>283,355</b>	<b>131,918</b>	<b>80,461</b>

Continued on next page.

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, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>Instructional Staff Support:</b>					
Salaries	\$ 10,647	\$ 38,666	\$ 31,846	\$ 6,820	\$ 10,180
Benefits	1,226	3,845	1,818	2,027	764
Purchased services	376,160	214,882	193,027	21,855	99,548
Supplies	31,706	52,555	54,967	(2,412)	16,927
Other	3,704	1,597	1,004	593	2,833
	<u>423,443</u>	<u>311,545</u>	<u>282,662</u>	<u>28,883</u>	<u>130,252</u>
<b>General Administration:</b>					
Salaries	20,000	14,049	-	14,049	-
Supplies	-	1,722	12	1,710	-
	<u>20,000</u>	<u>15,771</u>	<u>12</u>	<u>15,759</u>	<u>-</u>
<b>School Administration:</b>					
Salaries	-	-	-	-	12,543
Benefits	-	-	-	-	4,472
Other	-	-	-	-	2,238
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,253</u>
<b>Central Services:</b>					
Purchased services	-	-	-	-	15,340
<b>Other Support:</b>					
Salaries	14,080	14,517	14,517	-	8,106
Benefits	-	-	-	-	2,896
Purchased services	56,500	84,668	8,069	76,599	9,728
Supplies	57,699	72,140	11,643	60,497	2,231
Property	-	-	-	-	3,030
Other	-	-	-	-	287
	<u>128,279</u>	<u>171,325</u>	<u>34,229</u>	<u>137,096</u>	<u>26,278</u>
<b>Facilities Acquisition and Construction:</b>					
<b>Land Improvement:</b>					
Property	8,279	-	-	-	-
<b>Site Improvement:</b>					
Purchased services	-	2,960,000	286,328	2,673,672	-

Continued on next page.

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, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Building Improvements:					
Purchased services	\$ -	\$ 1,000	\$ 15,687	\$ (14,687)	\$ 100,961
Property	101,000	1,669	-	1,669	-
Other	9,437	-	-	-	-
	<u>110,437</u>	<u>2,669</u>	<u>15,687</u>	<u>(13,018)</u>	<u>100,961</u>
Other Facilities Construction:					
Purchased services	-	735,013	735,013	-	-
Supplies	-	109,644	109,644	-	-
Property	101,000	148,074	148,074	-	-
	<u>101,000</u>	<u>992,731</u>	<u>992,731</u>	<u>-</u>	<u>-</u>
Total Facilities Acquisition and Construction	<u>219,716</u>	<u>3,955,400</u>	<u>1,294,746</u>	<u>2,660,654</u>	<u>100,961</u>
Total Undistributed Expenditures	<u>933,894</u>	<u>4,869,314</u>	<u>1,895,004</u>	<u>2,974,310</u>	<u>372,545</u>
Total Expenditures	<u>8,217,447</u>	<u>11,457,640</u>	<u>7,666,234</u>	<u>3,791,406</u>	<u>6,046,977</u>
Net Change in Fund Balance	(101,000)	-	-	-	-
<b>FUND BALANCE, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, June 30</b>	<u>\$ (101,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## PROPRIETARY FUNDS STATEMENT OF NET POSITION

JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 5,472,719	\$ 4,743,282
Receivables	43,666	1,336,138
Due from other funds	415,186	1,177,697
Total Assets	<u>5,931,571</u>	<u>7,257,117</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued expenses	30,955	51,308
Unearned revenue	396,068	611,674
Pending claims	1,230,183	1,233,585
Total Current Liabilities	<u>1,657,206</u>	<u>1,896,567</u>
<b>NET POSITION</b>		
Restricted	<u>\$ 4,274,365</u>	<u>\$ 4,182,853</u>

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2017

*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)*

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2017	2016
<b>OPERATING REVENUES</b>		
Insurance premiums	\$ 6,981,922	\$ 6,965,137
Insurance proceeds and other	530,494	425,993
Other	50,507	13,178
Total Operating Revenues	<u>7,562,923</u>	<u>7,404,308</u>
<b>OPERATING EXPENSES</b>		
Claims expense	6,511,567	6,985,015
Purchased services	955,149	872,863
Other	41,401	52,645
Total Operating Expenses	<u>7,508,117</u>	<u>7,910,523</u>
Operating Income (Loss)	54,806	(506,215)
<b>NONOPERATING REVENUES</b>		
Earnings on investments	<u>36,706</u>	<u>21,467</u>
Change in Net Position	91,512	(484,748)
<b>NET POSITION, July 1</b>	<u>4,182,853</u>	<u>4,667,601</u>
<b>NET POSITION, June 30</b>	<u><u>\$ 4,274,365</u></u>	<u><u>\$ 4,182,853</u></u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from insurance premiums	\$ 7,528,827	\$ 6,257,128
Cash received from insurance proceeds and other	700,017	460,076
Cash paid for claims expense	(6,543,758)	(6,994,021)
Cash paid for services and supplies	(988,115)	(904,474)
Net cash provided (used) by operating activities	696,971	(1,181,291)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	32,466	21,096
Net Increase (Decrease) in Cash and Investments	729,437	(1,160,195)
<b>CASH AND INVESTMENTS, July 1</b>	4,743,282	5,903,477
<b>CASH AND INVESTMENTS, June 30</b>	\$ 5,472,719	\$ 4,743,282
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 54,806	\$ (506,215)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Receivables	119,016	18,056
Premiums due from other funds	762,510	(702,917)
Accounts payable	(20,353)	21,035
Unearned revenues	(215,606)	(2,244)
Pending claims	(3,402)	(9,006)
Total Adjustments	642,165	(675,076)
Net cash provided (used) by operating activities	\$ 696,971	\$ (1,181,291)

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## STATEMENT OF AGENCY ASSETS AND LIABILITIES

JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	<u>STUDENT ACTIVITY FUNDS</u>	
	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and investments	<u>\$ 939,827</u>	<u>\$ 827,451</u>
<b>LIABILITIES</b>		
Due to student groups	<u>\$ 939,827</u>	<u>\$ 827,451</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **Reporting Entity**

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

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

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

services, grants, contributions, and investment earnings legally restricted to support a specific program. Program revenue must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs (by function) are normally covered by general revenue.

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

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

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

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

The focus for proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the costs of these services are reported in the appropriate functional activity.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

### *General Fund*

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

### *Special Education Fund*

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

### *Federal and State Grants Fund*

The Federal and State Grants Fund is a special revenue fund which accounts for grants received by the District from federal, state *and* local sources. This fund had previously been reported as a nonmajor fund; in 2017 the fund was deemed to be a major fund.

### *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).

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

### **Proprietary Funds:**

#### *Internal Service Funds*

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

### **Fiduciary Funds:**

#### *Agency Funds*

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

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

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

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

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

### **Bond Fund (Nonmajor):**

This Bond Fund accounts for financial resources from the District's general obligation bonds to be used for site facility improvements. This fund had previously been reported as a major fund; in 2017 the fund was deemed to be a nonmajor fund.

## **Measurement Focus**

### *District-Wide Financial Statements*

The District-wide statements, as well as the proprietary fund financial statements, are prepared using the economic resources measurement focus. The agency funds (student activity funds) have no measurement focus.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

All assets and liabilities associated with the operation of the District are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net position.

### *Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the district-wide financial statements and the governmental funds financial statements.

### **Basis of Accounting**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. The District-wide financial statements and the proprietary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows, and in the presentation of expenses versus expenditures.

### *Revenues*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available generally means expected to be received within 60 days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include taxes, grants, entitlements and donations for which the revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Property taxes are recognized as revenues in the year for which they are levied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are deemed both measurable and available at fiscal year-end: investment earnings, grants and entitlements.



# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred *outflows* of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred *inflows* of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has limited items that qualify as deferred *inflows* of resources. One is that which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, certain pension-related items are reported as deferred *outflows* and deferred *inflows* on the Statement of Net Position. See Note 9 for additional information on these elements.

### *Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

### **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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### **Budgets and Budgetary Accounting**

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### **Cash and Investments**

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

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### Inventories

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

### Capital Assets

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

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

	<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, 2016, but not yet paid.

### Expenditures

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

A brief description of these program classifications follows:

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

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

### **Compensated Absences**

Teachers and certain school administrators do not receive vacation leave. For other District employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to specific maximum days/hours. Employees are allowed to accumulate sick days for future use up to certain maximums. Vested sick leave will be paid by the District to eligible employees. Payments will be made as a lump sum at the rate of \$33 per day of accumulated and vested sick leave for eligible administrators (Douglas County Administrators Association); \$30 per day of accumulated and vested sick leave for eligible classified (Douglas County Support Staff Organization) and confidential (meet and confer classification of employees) employees; and \$25 per day of accumulated and vested sick leave for all other eligible employees. 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 district-wide financial statements.

### **Use of Estimates**

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### Prior Year Information

Certain 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, 2016, 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, with the possible exception, as follows:

<u>Fund</u>	<u>Expenditures in Excess of Budget</u>	<u>NAC</u>
Workers' Compensation Self-Insurance Fund	<u>\$ 59,249</u>	354.481

Under the provisions of the Nevada Administrative Code (NAC) as noted above, the District believes the overexpenditure in the Workers' Compensation Self-Insurance Fund does is not an unlawful expenditure.

### 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 in an agency capacity by the District and cannot be used in the District's normal operations. As of June 30, 2017, the District had the following amounts reported as cash and investments:

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

District-Wide Balances:

Pooled cash	\$ 3,231,505
Food services	21,785
Self-insurance claims accounts	49,233
Deposits held with fiscal agent	143,045
Local Government Investment Pool	18,180,000
	<u>21,625,568</u>

Fiduciary Fund Balances:

Cash held by Student Activity Funds	<u>939,827</u>
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Total Cash and Investments	<u><u>\$ 22,565,395</u></u>
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The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District investments are held in the State of Nevada's Local Government Investment Pool. These investments are categorized as Level 2 investments as they are valued at fair value based on the observable market prices of the underlying assets held by the pool.

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

	<u>Bank Balance</u>
Insured (FDIC)	\$ 449,157
Uninsured but collateralized by securities held in the name of the Office of the State Treasurer/Nevada Collateral Pool	<u>4,057,178</u>
	<u><u>\$ 4,506,335</u></u>

As of June 30, 2017, the District had \$18,180,000 invested with Nevada's Local Government Investment Pool. The investment is stated at fair value with a maturity date of less than one year.

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 investment in the State Treasurer's Local Government Investment Pool is carried at market. This Pool is an unrated external investment pool.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

### NOTE 4 – RECEIVABLES

The District had the following receivables as of June 30, 2017:

	Taxes Receivable	Due from Other Gov't.	Other	Total Receivables
<i>Major Governmental Funds:</i>				
General	\$ 197,859	\$ 3,734,853	\$ 86,544	\$ 4,019,256
Special Education	-	-	780	780
Federal and State Grants	-	2,805,166	13,928	2,819,094
Debt Service	28,223	172,804	-	201,027
Capital Projects	-	119,639	4,938	124,577
<i>Other Governmental Funds</i>	-	148,761	1,803	150,564
Total Governmental Funds	<u>\$ 226,082</u>	<u>\$ 6,981,223</u>	<u>\$ 107,993</u>	<u>\$ 7,315,298</u>

### NOTE 5 – INTERFUND BALANCES AND TRANSACTIONS

From time to time, certain funds may temporarily overdraw their allocation of the pooled cash resources creating interfund receivable/payable balances. These occurrences typically arise either because the fund is a reimbursement type fund and must expend resources prior to the reimbursement or because the fund would otherwise have to liquidate investments.



# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

The cost of health and workers' compensation insurance benefits are accounted for in internal service funds which assess 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, 2017 are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Fund:		
General Fund	\$ 974,335	\$ 415,186
Nonmajor Governmental Fund:		
Federal and State Grants Fund	-	974,335
Internal Service Funds:		
Self Insurance Health Fund	396,068	-
Workers' Comp. Self-Insurance Fund	19,118	-
	<u>\$ 1,389,521</u>	<u>\$ 1,389,521</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 primarily to supplement programs that are not fully funded by general revenues through the distributive school account. Transfers made during the year ended June 30, 2017 were as follows:

	Transfers	
	To	From
General Fund	\$ -	\$ 4,261,000
Special Education Fund	4,261,000	-
Debt Service Fund	-	1,300,000
Capital Projects Fund	1,300,000	-
	<u>\$ 5,561,000</u>	<u>\$ 5,561,000</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 is shown below:

	<u>Balance July 1, 2016</u>	<u>Additions / Transfers</u>	<u>Deletions / Transfers</u>	<u>Balance June 30, 2017</u>
<b>Nondepreciable Capital Assets</b>				
Land	\$ 1,413,439	\$ -	\$ -	\$ 1,413,439
Construction in progress	<u>291,635</u>	<u>3,610,164</u>	<u>(2,134,540)</u>	<u>1,767,259</u>
	<u>1,705,074</u>	<u>3,610,164</u>	<u>(2,134,540)</u>	<u>3,180,698</u>
<b>Depreciable Capital Assets</b>				
Buildings and improvements	137,825,882	2,127,738	-	139,953,620
Equipment and vehicles	<u>9,560,480</u>	<u>896,325</u>	<u>(204,019)</u>	<u>10,252,786</u>
	<u>147,386,362</u>	<u>3,024,063</u>	<u>(204,019)</u>	<u>150,206,406</u>
<b>Total Capital Assets</b>	<u>149,091,436</u>	<u>6,634,227</u>	<u>(2,338,559)</u>	<u>153,387,104</u>
Less accumulated depreciation for:				
Buildings and improvements	62,420,834	4,039,499	-	66,460,333
Equipment and vehicles	<u>6,813,556</u>	<u>184,929</u>	<u>(198,019)</u>	<u>6,800,466</u>
	<u>69,234,390</u>	<u>4,224,428</u>	<u>(198,019)</u>	<u>73,260,799</u>
<b>Governmental Activities, Capital Assets, net</b>	<u>\$ 79,857,046</u>	<u>\$ 2,409,799</u>	<u>\$ (2,140,540)</u>	<u>\$ 80,126,305</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Depreciation expense was allocated to the following functions/programs:

***Instruction:***

Regular	\$	99,733
Special		29,190
Vocational		29,515
Other		3,730
		<u>162,168</u>

***Support:***

Student	\$	8,897
General administration		2,151
School administration		420
Central services		49,868
Operations and maintenance		78,512
Student transportation		177,323
Facilities construction and improvement		3,745,089
		<u>4,062,260</u>

***Summary:***

Instruction		162,168
Support		4,062,260
Total Depreciation Expense		<u>\$ 4,224,428</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### NOTE 7 – LONG-TERM DEBT

#### Changes in Long-Term Debt

The following is a summary of the changes in the District's long-term obligations during the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Additions of New Debt	Retirements, Repayments and Reductions	Balance June 30, 2017	Due Within One Year
General Obligation Bonds	\$39,810,000	\$ -	\$ (1,330,000)	\$38,480,000	\$ 1,305,000
Plus: Bond Premiums	318,997	-	(34,185)	284,812	34,185
Less: Bond Discounts	(40,660)	-	10,336	(30,324)	(10,336)
Total Bonds Payable	40,088,337	-	(1,353,849)	38,734,488	1,328,849
Compensated Absences	597,081	-	(44,934)	552,147	-
Installment Note Payable	3,567,000	-	(422,000)	3,145,000	446,000
	<u>\$44,252,418</u>	<u>\$ -</u>	<u>\$ (1,820,783)</u>	<u>\$42,431,635</u>	<u>\$ 1,774,849</u>

Total interest expense for the year ended June 30, 2017 was \$1,703,753.

The District was, in accordance with NRS 387.400, within the legal debt limit at June 30, 2017.

General Obligation Bonds payable consist of the following at June 30, 2017:

Issue	Date Issued	Date of Final Maturity	Original Interest Rate %	Amount Issued	Balance June 30, 2017
Building Bonds	2/11/2009	7/1/2028	3.0 - 4.0	\$ 3,500,000	\$ 2,605,000
Improvement Bonds (BABs)	3/25/2010	4/1/2030	4.9 - 6.1	12,625,000	12,625,000
Improvement Bonds	3/25/2010	4/1/2018	3.0 - 4.0	2,375,000	415,000
Improvement Bonds (QSCBs)	5/13/2010	4/1/2027	4.5 - 6.4	2,305,000	2,000,000
Improvement Bonds	12/19/2012	4/1/2042	2.0 - 3.25	9,000,000	8,400,000
Improvement Bonds	10/16/2013	4/1/2034	3.0 - 4.0	8,500,000	7,635,000
Improvement Bonds	2/19/2015	4/1/2035	2.0 - 3.25	5,000,000	4,800,000
					<u>\$ 38,480,000</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

The annual requirements to amortize all General Obligation Debt outstanding as of June 30, 2017 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Expected Interest Subsidy	Total Requirements
2018	\$ 1,305,000	\$ 1,615,056	\$ (367,536)	\$ 2,552,520
2019	1,415,000	1,574,356	(367,536)	2,621,820
2020	1,430,000	1,524,921	(358,984)	2,595,937
2021	1,750,000	1,454,854	(336,728)	2,868,126
2022	1,860,000	1,380,588	(318,738)	2,921,850
2023 - 2027	11,825,000	5,633,132	(1,298,946)	16,159,186
2028 - 2032	10,535,000	2,543,083	(160,282)	12,917,801
2033 - 2037	5,385,000	881,428	-	6,266,428
2038 - 2042	2,975,000	283,026	-	3,258,026
	<u>\$ 38,480,000</u>	<u>\$ 16,890,444</u>	<u>\$ (3,208,750)</u>	<u>\$ 52,161,694</u>

### Installment Note Payable

On June 15, 2012 the District refinanced an existing installment purchase agreement with Bank of America, which was entered into for the purpose of financing District-wide energy efficiency improvements. This refinanced note was for \$4,980,000. Payments on the note including interest at 2.25% began January 2013 and will continue until July 2023.

The annual requirements to amortize the outstanding installment note payable as of June 30, 2017 are as noted on the following page.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

The annual requirements to amortize the outstanding installment note payable as of June 30, 2017 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
2018	\$ 446,000	\$ 68,265	\$ 514,265
2019	418,000	58,388	476,388
2020	474,000	48,667	522,667
2021	485,000	37,947	522,947
2022	496,000	26,967	522,967
2021 - 2024	826,000	19,336	845,336
	<u>\$ 3,145,000</u>	<u>\$ 259,571</u>	<u>\$ 3,404,571</u>

### NOTE 8 – FUND BALANCE/NET POSITION

#### District-Wide Financial Statements

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

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

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

Unrestricted net position represents the District's available financial resources.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### Fund Financial Statements

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

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

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

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

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

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

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

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

The following is a summary of the District’s governmental fund balances as of June 30, 2017:

	Major Funds				Other Gov't Funds	Total Governmental Funds
	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund		
Nonspendable:						
Inventories	\$ 103,077	\$ -	\$ -	\$ -	\$ 75,008	\$ 178,085
Restricted for:						
Debt service	-	-	2,301,270	-	-	2,301,270
School renovations	-	-	-	7,404,495	476,768	7,881,263
Child nutrition services	-	-	-	-	290,785	290,785
Education services	-	-	-	-	932,721	932,721
Assigned to:						
Education services	1,899,001	435,719	-	-	-	2,334,720
Unassigned	3,304,636	-	-	-	-	3,304,636
<b>Governmental Fund Balances</b>	<b>\$5,306,714</b>	<b>\$435,719</b>	<b>\$2,301,270</b>	<b>\$7,404,495</b>	<b>\$1,775,282</b>	<b>\$ 17,223,480</b>

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### NOTE 9 – NEVADA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

#### Plan Description

The District contributes to the State of Nevada Public Employees Retirement System (PERS) a statewide, cost-sharing, multiple-employer defined benefit plan administered by the State of Nevada that covers substantially all employees of the District. PERS provides retirement, disability, 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. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web at <http://www.nvpers.org> or by writing to the State of Nevada Public Employees Retirement System, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

#### Contributions

Contribution provisions are specified by state statute and may be amended only by action of the state legislature. Each School District’s contribution rates are based on biennial actuarial valuations and expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member’s account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

The School District’s contributions to the plan for the years ended June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Contribution Rates for Regular Employees:		
Employer Plan	28.00%	28.00%
Employee/Employer Plan	14.50%	14.50%
Required and Actual Contributions	\$ 8,847,637	\$ 8,912,739



# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### **Benefits Provided**

Benefits provisions of the defined benefit pension plan are established by Nevada Revised Statutes (NRS or statute), which may be amended. Benefits are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001. This multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service.

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

### **Net Pension Liability, Deferrals, and Pension Expense**

At June 30, 2017, the District reported a liability of \$79,189,924 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At June 30, 2016, the District's proportion of the regular plan was .588460%.

For the year ended June 30, 2017, the District recognized pension expense of \$10,246,475 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 5,302,762
Net difference between projected and actual earnings on pension plan assets	7,361,689	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	2,786,790	3,008,832
The District's contributions subsequent to the measurement date	8,847,637	-
	<u>\$ 18,996,116</u>	<u>\$ 8,311,594</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2018	\$ (283,470)
2019	(283,470)
2020	(283,470)
2021	(283,470)
2022	(283,470)
Thereafter	(419,535)
	<u>\$ (1,836,885)</u>

### Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.0% per year.
Salary increases	4.6% to 9.75% depending on service.
Inflation rate	3.5% per year.
Payroll growth	5.0% per year, including inflation.
Mortality rates	RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females, none for males.

### Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	42%	5.50%
Private Markets	10%	6.80%
International Equity	18%	5.75%
Domestic Fixed Income	<u>30%</u>	0.25%
Total	<u>100%</u>	

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District calculated using the discount rate of 8.00%. The following also reflects what the District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (7.00%) or 1.00 percentage point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
Net Pension Liability	\$ 116,076,957	\$ 79,189,924	\$ 48,500,366

### Pension Plan Fiduciary Net Position

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

### Payable to the Pension Plan

At June 30, 2017, the District reported a payable of \$643,749 for the outstanding amount of contributions to the pension plan.

### NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

#### Plan Descriptions

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### *Douglas County School District Healthcare Plan*

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

Plan membership consisted of 740 active plan members and 46 retirees as of September 1, 2016, 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 \$906,183 during the year on behalf of 268 participating retirees.

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

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

The annual required contribution rate was 2.15% of payroll for 2017 based on the last actuarial valuation. The District is self-insured for healthcare coverage. NRS 288.150 specifies that insurance benefits are subject to mandatory bargaining. The amount employees contribute towards their insurance premium is negotiated with each association.

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

	Plan		Total
	District	PEBP	
Annual Required Contribution (ARC)	\$ 741,756	\$ 1,011,358	\$ 1,753,114
Interest on net OPEB obligation	346,275	45,982	392,257
Adjustment to ARC	(344,032)	(79,547)	(423,579)
Annual OPEB cost	743,999	977,793	1,721,792
Contributions made	(220,125)	(906,183)	(1,126,308)
Increase in net OPEB obligation	523,874	71,610	595,484
Net OPEB Obligation - July 1, 2016	8,656,877	1,149,545	9,806,422
Net OPEB Obligation - June 30, 2017	<u>\$ 9,180,751</u>	<u>\$ 1,221,155</u>	<u>\$ 10,401,906</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015-2017 were as follows:

	2017	2016	2015
Annual OPEB Cost	\$ 1,721,792	\$ 1,823,069	\$ 1,771,644
% of Annual OPEB Cost Contributed	65%	61%	62%
Net OPEB Obligation	\$ 10,401,906	\$ 9,806,423	\$ 9,096,567

### Funded Status and Funding Progress

As of September 1, 2016, 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 (UAAL) was \$22,302,578. The covered payroll was \$34,442,444 and the ratio of unfunded actuarial accrued liability to payroll was 64.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### Actuarial Methods and Assumptions

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

Significant methods and assumptions are presented below:

	<u>District</u>	<u>PEBP</u>
Actuarial Valuation Date	September 1, 2016	September 1, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Period (as of 7/1/14)	30 years	24 years
Amortization Method	Level Percent, Open Period	Level Dollar, closed period
Asset Valuation Method	No assets in trust	No assets in trust
Investment Rate of Return	4%	4%
Projected Salary Increases	4.00%	N/A
Healthcare Inflation Rate		
Initial Rate	7.5%	7.0%
Ultimate Rate	5%	5%

### NOTE 11 – RISK MANAGEMENT

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### *Self-Insurance Health Fund*

The District contributed approximately \$585 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 \$400,000. Liabilities for incurred losses to be settled by fixed or reasonably determined payments over an extended period of time are computed by an actuary and are reported at their present value using an expected future investment yield of 2.5%.

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

The changes in the claims liability for the years ended June 30, 2016 and 2017 are shown on the following page.



# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

The changes in the claims liability for the years ended June 30, 2016 and 2017 are:

	<b>Self-Insurance Funds</b>		
	<b>Health Fund</b>	<b>Workers' Compensation</b>	<b>Total</b>
Claims liability, July 1, 2015	\$ 825,591	\$ 417,000	\$ 1,242,591
Current year claims and changes in estimates	6,787,719	197,296	6,985,015
Claim payments	(6,797,725)	(196,296)	(6,994,021)
Claims liability, June 30, 2016	815,585	418,000	1,233,585
Current year claims and changes in estimates	6,232,409	307,947	6,540,356
Claim payments	(6,310,811)	(232,947)	(6,543,758)
Claims liability, June 30, 2017	\$ 737,183	\$ 493,000	\$ 1,230,183

### NOTE 12 – 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.

#### *Grants*

The District has received state and federal grants for specific purposes that are subject to audit and review by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, the District believes such disallowances, if any, will not be material.

#### *State Appropriations*

The District has received state appropriations in its Class Size Reduction Fund. The fund's balance, or a portion of its balance may be subject to reversion to the State. Although the amount, if any, has not been determined at this time, the fund balance of this fund has been restricted in these financial statements, as discussed in Note 8.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### *Construction Commitments*

The District has active construction projects as of June 30, 2017 which are being financed primarily by available cash in the District's three capital projects funds. No additional financing is required to complete these projects.

The most significant of these commitments are as follows:

CVMS - Completion of FMP	\$ 2,887,157
GWHS - Stadium project	2,473,300
GWHS & ZCES - Retrofit	29,090
District-wide - Wireless LAN for communications upgrade	217,812
Construction Manager At-Risk (CMAR) for various projects:	2,325,000
District Office - Exterior modifications	
Heritage Bldg - ADA improvements, MEP upgrades	
WHS - Single point of entry, clock/bell replacement	
ZCES - Single point of entry, flooring, fire alarm and clock/bell replacement	
PWL - Fan coil replacement, fire alarm system	
SES - Boiler and chiller replacements, fire alarm system and structural modifications	
	<hr/>
	\$ 7,932,359

# DOUGLAS COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2017

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	6/30/17	9/1/2016	\$ -	\$ 7,588,056	\$ 7,588,056	0.0%	\$ 34,442,444	22.03%
	6/30/16	9/1/2014	-	10,276,914	10,276,914	0.0%	35,790,007	28.71%
	6/30/15	9/1/2014	-	9,510,433	9,510,433	0.0%	34,413,468	27.64%
PEBP	6/30/17	9/1/2016	\$ -	\$ 14,714,522	\$ 14,714,522	0.0%	\$ -	0.0%
	6/30/16	9/1/2014	-	12,291,445	12,291,445	0.0%	-	0.0%
	6/30/15	9/1/2014	-	12,664,869	12,664,869	0.0%	-	0.0%

# DOUGLAS COUNTY SCHOOL DISTRICT

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## REQUIRED SUPPLEMENTAL INFORMATION

### SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA LAST TEN FISCAL YEARS\*

	Plan Year Ended	2016	2015	2014
District's proportion of the Net Pension Liability		0.58846%	0.60910%	0.57980%
District's proportionate share of the Net Pension Liability		\$ 79,189,924	\$ 69,799,991	\$ 60,291,529
District's covered employee payroll		\$ 35,363,059	\$ 35,561,565	\$ 32,383,611
District's proportionate share of the Net Pension Liability as a percentage of its covered payroll		223.93%	196.28%	186.18%
Plan fiduciary net position as a percentage of the Total Pension Liability		72.2%	75.1%	76.3%

\*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the District presents information for those years for which the information is available.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## REQUIRED SUPPLEMENTAL INFORMATION

### SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA LAST TEN FISCAL YEARS\*

Determined as of the Year Ended June 30,	2017	2016	2015
Statutorily required contribution	\$ 8,847,637	\$ 8,912,739	\$ 8,393,174
Contributions in relation to the statutorily required contribution	<u>\$ 8,847,637</u>	<u>\$ 8,912,739</u>	<u>\$ 8,393,174</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 35,363,059	\$ 35,561,565	\$ 32,383,611
Contributions as a percentage of covered employee payroll	25.02%	25.06%	25.92%

\*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the District presents information for those years for which the information is available.

# DOUGLAS COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2017  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Ad valorem taxes	\$ 2,649,142	\$ 2,649,142	\$ 2,658,414	\$ 9,272	\$ 2,622,465
Federal Sources:					
In lieu of tax	275	275	-	(275)	-
Bond interest subsidy	367,536	340,706	343,418	2,712	341,625
Total Federal sources	367,811	340,981	343,418	2,437	341,625
Total Revenues	3,016,953	2,990,123	3,001,832	11,709	2,964,090
<b>EXPENDITURES</b>					
Debt Service:					
Principal	1,752,000	1,752,000	1,330,000	422,000	1,115,000
Interest	1,731,677	1,731,677	1,653,781	77,896	1,705,089
Fiscal agent charges	6,000	6,000	5,550	450	5,550
Total Expenditures	3,489,677	3,489,677	2,989,331	500,346	2,825,639
Revenues Over (Under) Expenditures	(472,724)	(499,554)	12,501	512,055	138,451
<b>OTHER FINANCING (USES)</b>					
Transfer to other funds	(1,300,000)	(1,300,000)	(1,300,000)	-	(1,300,000)
Net Change in Fund Balance	(1,772,724)	(1,799,554)	(1,287,499)	512,055	(1,161,549)
<b>FUND BALANCE, July 1</b>	3,559,642	3,588,769	3,588,769	-	4,750,318
<b>FUND BALANCE, June 30</b>	\$ 1,786,918	\$ 1,789,215	\$ 2,301,270	\$ 512,055	\$ 3,588,769

# DOUGLAS COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2017  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Governmental services tax	\$ 1,083,623	\$ 1,170,000	\$ 1,208,611	\$ 38,611	\$ 1,163,782
Residential bldg permit tax	214,200	230,000	327,556	97,556	230,274
Earnings on investments	4,000	15,000	39,010	24,010	17,814
<b>Total Revenues</b>	<b>1,301,823</b>	<b>1,415,000</b>	<b>1,575,177</b>	<b>160,177</b>	<b>1,411,870</b>
<b>EXPENDITURES</b>					
Other Support:					
Purchased services	-	-	7,811	(7,811)	1,907
Supplies	266,773	199,267	189,300	9,967	347,210
Property	245,000	164,000	7,740	156,260	92,711
Other	-	-	2,201	(2,201)	1,286
	<b>511,773</b>	<b>363,267</b>	<b>207,052</b>	<b>158,416</b>	<b>443,114</b>
Building Improvements:					
Purchased services	6,090,000	2,105,000	357,233	1,747,767	792,476
Other	-	-	3,400	(3,400)	6,137
	<b>6,090,000</b>	<b>2,105,000</b>	<b>360,633</b>	<b>1,744,367</b>	<b>798,613</b>
Site Improvements:					
Purchased services	75,000	965,000	121,514	843,486	2,181
Other Facilities Construction:					
Purchased services	-	-	33,997	(33,997)	-
<b>Total Expenditures</b>	<b>6,676,773</b>	<b>3,433,267</b>	<b>723,196</b>	<b>2,712,272</b>	<b>1,243,908</b>
Revenues Over (Under)					
Expenditures	(5,374,950)	(2,018,267)	851,981	2,872,449	167,962

Continued on next page.

# DOUGLAS COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2017  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OTHER FINANCING SOURCES</b>					
Transfer from other funds	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ -	\$ 1,300,000
Net Change in Fund Balance	(4,074,950)	(718,267)	2,151,981	2,872,449	1,467,962
<b>FUND BALANCE, July 1</b>	4,743,148	5,252,514	5,252,514	-	3,784,552
<b>FUND BALANCE, June 30</b>	\$ 668,198	\$ 4,534,247	\$ 7,404,495	\$ 2,872,449	\$ 5,252,514



# DOUGLAS COUNTY SCHOOL DISTRICT

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING BALANCE SHEET

JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	TOTALS	BUILDING AND SITES	BOND	TOTALS	2017	2016
<b>ASSETS</b>								
Cash and investments	\$ 227,250	\$ 1,091,640	\$ 1,318,890	\$ 81,925	\$ 745,608	\$ 827,533	\$ 2,146,423	\$ 2,596,793
Receivables	148,761	1,038	149,799	67	698	765	150,564	121,173
Inventories	75,008	-	75,008	-	-	-	75,008	56,726
Total Assets	<u>\$ 451,019</u>	<u>\$ 1,092,678</u>	<u>\$ 1,543,697</u>	<u>\$ 81,992</u>	<u>\$ 746,306</u>	<u>\$ 828,298</u>	<u>\$ 2,371,995</u>	<u>\$ 2,774,692</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	85,226	159,957	245,183	-	316,284	316,284	561,467	319,643
Retainage payable	-	-	-	-	35,246	35,246	35,246	122,835
Total Liabilities	<u>85,226</u>	<u>159,957</u>	<u>245,183</u>	<u>-</u>	<u>351,530</u>	<u>351,530</u>	<u>596,713</u>	<u>442,478</u>
<b>FUND BALANCES</b>								
Nonspendable	75,008	-	75,008	-	-	-	75,008	56,726
Restricted	290,785	932,721	1,223,506	81,992	394,776	476,768	1,700,274	2,274,182
Assigned	-	-	-	-	-	-	-	1,306
Total Fund Balances	<u>365,793</u>	<u>932,721</u>	<u>1,298,514</u>	<u>81,992</u>	<u>394,776</u>	<u>476,768</u>	<u>1,775,282</u>	<u>2,332,214</u>
Total Liabilities and Fund Balances	<u>\$ 451,019</u>	<u>\$ 1,092,678</u>	<u>\$ 1,543,697</u>	<u>\$ 81,992</u>	<u>\$ 746,306</u>	<u>\$ 828,298</u>	<u>\$ 2,371,995</u>	<u>\$ 2,774,692</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2017  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	TOTALS	BUILDING AND SITES	BOND	TOTALS	2017	2016
<b>REVENUES</b>								
Local sources	\$ 511,440	\$ 9,139	\$ 520,579	\$ 1,839	\$ 11,825	\$ 13,664	\$ 534,243	\$ 586,632
State sources	4,324	2,802,300	2,806,624	-	-	-	2,806,624	1,635,425
Federal sources	997,607	-	997,607	-	-	-	997,607	1,092,837
Total Revenues	1,513,371	2,811,439	4,324,810	1,839	11,825	13,664	4,338,474	3,314,894
<b>EXPENDITURES</b>								
Regular programs	-	1,880,024	1,880,024	-	-	-	1,880,024	1,636,939
Undistributed Expenditures:								
Other support	-	-	-	-	13,223	13,223	13,223	422,789
Food service	1,639,553	-	1,639,553	-	-	-	1,639,553	1,644,762
Facilities acquisition/construction	-	-	-	-	1,380,888	1,380,888	1,380,888	2,266,628
Total Expenditures	1,639,553	1,880,024	3,519,577	-	1,394,111	1,394,111	4,913,688	5,971,118
Net Change in Fund Balances	(126,182)	931,415	805,233	1,839	(1,382,286)	(1,380,447)	(575,214)	(2,656,224)
<b>FUND BALANCES, July 1</b>	473,693	1,306	474,999	80,153	1,777,062	1,857,215	2,332,214	4,992,304
Increase (decrease) in reserve for inventories	18,282	-	18,282	-	-	-	18,282	(3,866)
<b>FUND BALANCES, June 30</b>	<u>\$ 365,793</u>	<u>\$ 932,721</u>	<u>\$ 1,298,514</u>	<u>\$ 81,992</u>	<u>\$ 394,776</u>	<u>\$ 476,768</u>	<u>\$ 1,775,282</u>	<u>\$ 2,332,214</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, 2017  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ 600	\$ 600	\$ 1,677	\$ 1,077	\$ 1,483
Daily sales	535,000	535,000	509,763	(25,237)	570,105
Total Local Sources	535,600	535,600	511,440	(24,160)	571,588
State Sources - Grants	5,100	4,400	4,324	(76)	4,764
Federal Sources - Grants	1,010,000	1,010,000	997,607	(12,393)	1,092,837
Total Revenues	1,550,700	1,550,000	1,513,371	(36,629)	1,669,189
<b>EXPENDITURES</b>					
Salaries	687,267	692,990	673,863	19,127	662,140
Benefits	265,700	273,977	269,907	4,070	269,390
Purchased services	19,600	20,150	10,553	9,597	5,786
Supplies	716,450	698,870	684,589	14,281	704,931
Other	2,000	5,030	641	4,389	2,515
Total Food Service	1,691,017	1,691,017	1,639,553	51,464	1,644,762
Contingency	25,000	25,000	-	25,000	-
Total Expenditures	1,716,017	1,716,017	1,639,553	76,464	1,644,762
Net Change in Fund Balance	(165,317)	(166,017)	(126,182)	39,835	24,427
<b>FUND BALANCE, July 1</b>	314,504	473,693	473,693	-	453,132
Increase (decrease) in reserve for inventories	-	-	18,282	18,282	(3,866)
<b>FUND BALANCE, June 30</b>	<b>\$ 149,187</b>	<b>\$ 307,676</b>	<b>\$ 365,793</b>	<b>\$ 58,117</b>	<b>\$ 473,693</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, 2017  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ 400	\$ 400	\$ 9,139	\$ 8,739	\$ 1,142
State Sources:					
Special appropriations	1,646,260	2,793,840	2,802,300	8,460	1,630,661
Total Revenues	1,646,660	2,794,240	2,811,439	17,199	1,631,803
<b>EXPENDITURES</b>					
Regular Programs:					
Salaries	1,117,636	1,877,833	1,303,618	574,215	1,119,522
Benefits	529,278	854,394	576,406	277,988	517,417
Total Expenditures	1,646,914	2,732,227	1,880,024	852,203	1,636,939
Net Change in Fund Balance	(254)	62,013	931,415	869,402	(5,136)
<b>FUND BALANCE, July 1</b>	2,780	1,306	1,306	-	6,442
<b>FUND BALANCE, June 30</b>	\$ 2,526	\$ 63,319	\$ 932,721	\$ 869,402	\$ 1,306

# DOUGLAS COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2017  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ 379	\$ 300	\$ 609	\$ 309	\$ 323
Other	1,200	2,400	1,230	(1,170)	2,486
Total Revenues	1,579	2,700	1,839	(861)	2,809
<b>EXPENDITURES</b>					
Building Improvement:					
Purchased services	-	81,545	-	81,545	-
Total Expenditures	-	81,545	-	81,545	-
Net Change in Fund Balance	1,579	(78,845)	1,839	82,406	2,809
<b>FUND BALANCE, July 1</b>	923	80,153	80,153	-	77,344
<b>FUND BALANCE, June 30</b>	\$ 2,502	\$ 1,308	\$ 81,992	\$ 82,406	\$ 80,153

# DOUGLAS COUNTY SCHOOL DISTRICT

BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)*

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ -	\$ 4,500	\$ 11,825	\$ 7,325	\$ 11,093
<b>EXPENDITURES</b>					
Other Support:					
Salaries	18,900	18,900	9,588	9,312	16,329
Benefits	8,100	8,100	3,635	4,465	6,180
Purchased services	-	-	-	-	57,970
Supplies	-	350,000	-	350,000	342,310
	<u>27,000</u>	<u>377,000</u>	<u>13,223</u>	<u>363,777</u>	<u>422,789</u>
Facilities Acquisition and Construction:					
Land Improvement:					
Purchased services	-	-	-	-	25,316
Building Construction:					
Purchased services	-	-	-	-	420,459
Site Improvement:					
Purchased services	25,000	375,000	324,574	50,426	1,258,723
Supplies	-	-	-	-	6,678
Property	-	-	-	-	18,250
	<u>25,000</u>	<u>375,000</u>	<u>324,574</u>	<u>50,426</u>	<u>1,283,651</u>
Building Improvement:					
Purchased services	1,234,036	1,029,562	1,056,314	(26,752)	537,202
Total Facilities Acquisition and Construction	<u>1,259,036</u>	<u>1,404,562</u>	<u>1,380,888</u>	<u>23,674</u>	<u>2,266,628</u>
Total Expenditures	<u>1,286,036</u>	<u>1,781,562</u>	<u>1,394,111</u>	<u>387,451</u>	<u>2,689,417</u>
Net Change in Fund Balance	(1,286,036)	(1,777,062)	(1,382,286)	394,776	(2,678,324)
<b>FUND BALANCE, July 1</b>	<u>1,286,036</u>	<u>1,777,062</u>	<u>1,777,062</u>	<u>-</u>	<u>4,455,386</u>
<b>FUND BALANCE, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,776</u>	<u>\$ 394,776</u>	<u>\$ 1,777,062</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
 COMBINING STATEMENT OF FUND NET POSITION  
 JUNE 30, 2017  
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	<u>SELF- INSURANCE HEALTH FUND</u>	<u>WORKERS' COMP SELF INSURANCE FUND</u>	<u>TOTALS</u> GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			<u>2017</u>	<u>2016</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 4,146,814	\$ 1,325,905	\$ 5,472,719	\$ 4,743,282
Receivables	41,623	2,043	43,666	158,441
Due from other funds	396,068	19,118	415,186	1,177,697
Total Assets	<u>4,584,505</u>	<u>1,347,066</u>	<u>5,931,571</u>	<u>6,079,420</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued expenses	6,817	24,138	30,955	51,308
Unearned revenue	396,068	-	396,068	611,674
Pending claims	737,183	493,000	1,230,183	1,233,585
Total Current Liabilities	<u>1,140,068</u>	<u>517,138</u>	<u>1,657,206</u>	<u>1,896,567</u>
<b>NET POSITION</b>				
Restricted	<u>\$ 3,444,437</u>	<u>\$ 829,928</u>	<u>\$ 4,274,365</u>	<u>\$ 4,182,853</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
COMBINING STATEMENT OF  
REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS	
			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS 2017	2016
<b>OPERATING REVENUES</b>				
Insurance premiums	\$ 6,688,236	\$ 293,686	\$ 6,981,922	\$ 6,965,137
Insurance proceeds	530,494	-	530,494	425,993
Other	-	50,507	50,507	13,178
Total Operating Revenues	<u>7,218,730</u>	<u>344,193</u>	<u>7,562,923</u>	<u>7,404,308</u>
<b>OPERATING EXPENSES</b>				
Claims expense	6,232,408	279,159	6,511,567	6,985,015
Purchased services	855,059	100,090	955,149	872,863
Other	41,401	-	41,401	52,645
Total Operating Expenses	<u>7,128,868</u>	<u>379,249</u>	<u>7,508,117</u>	<u>7,910,523</u>
Operating Income (Loss)	89,862	(35,056)	54,806	(506,215)
<b>NONOPERATING REVENUES</b>				
Earnings on investments	<u>27,792</u>	<u>8,914</u>	<u>36,706</u>	<u>21,467</u>
Change in Net Position	117,654	(26,142)	91,512	(484,748)
<b>NET POSITION, July 1</b>	<u>3,326,783</u>	<u>856,070</u>	<u>4,182,853</u>	<u>4,667,601</u>
<b>NET POSITION, June 30</b>	<u>\$ 3,444,437</u>	<u>\$ 829,928</u>	<u>\$ 4,274,365</u>	<u>\$ 4,182,853</u>

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS	
			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS 2017	2016
<b>CASH FROM OPERATING ACTIVITIES</b>				
Cash received from insurance premiums	\$ 7,202,091	\$ 326,736	\$ 7,528,827	\$ 6,257,128
Cash received from insurance and other	647,080	52,937	700,017	460,076
Cash paid for claims	(6,310,811)	(232,947)	(6,543,758)	(6,994,021)
Cash paid for services and supplies	(889,643)	(98,472)	(988,115)	(904,474)
Net cash provided (used) by operating activities	648,717	48,254	696,971	(1,181,291)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	24,585	7,881	32,466	21,096
Net Increase in Cash and Investments	673,302	56,135	729,437	(1,160,195)
<b>CASH AND INVESTMENTS, July 1</b>	<u>3,473,512</u>	<u>1,269,770</u>	<u>4,743,282</u>	<u>5,903,477</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 4,146,814</u>	<u>\$ 1,325,905</u>	<u>\$ 5,472,719</u>	<u>\$ 4,743,282</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>				
Operating income (loss)	\$ 89,862	\$ (35,056)	\$ 54,806	\$ (506,215)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Change in assets and liabilities:				
Receivables	116,586	2,430	119,016	18,056
Premiums due from other funds	729,460	33,050	762,510	(702,917)
Accounts payable and accrued expenses	6,817	(27,170)	(20,353)	21,035
Unearned revenue	(215,606)	-	(215,606)	(2,244)
Pending claims	(78,402)	75,000	(3,402)	(9,006)
Total Adjustments	558,855	83,310	642,165	(675,076)
Net cash provided (used) by operating activities	<u>\$ 648,717</u>	<u>\$ 48,254</u>	<u>\$ 696,971</u>	<u>\$ (1,181,291)</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## SELF-INSURANCE HEALTH FUND SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017	2016	
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 6,073,800	\$ 6,988,920	\$ 6,688,236	\$ (300,684)	\$ 6,668,156
Insurance proceeds	-	-	530,494	530,494	425,993
Total Operating Revenues	6,073,800	6,988,920	7,218,730	229,810	7,094,149
<b>OPERATING EXPENSES</b>					
Claims expense	6,027,000	6,785,381	6,232,408	552,973	6,787,719
Purchased services	829,125	786,243	855,059	(68,816)	767,842
Other	65,030	55,000	41,401	13,599	52,645
Total Operating Expenses	6,921,155	7,626,624	7,128,868	497,756	7,608,206
Operating Income (Loss)	(847,355)	(637,704)	89,862	727,566	(514,057)
<b>NONOPERATING REVENUES</b>					
Earnings on investments	11,000	22,930	27,792	4,862	16,385
Change in Net Position	(836,355)	(614,774)	117,654	732,428	(497,672)
<b>NET POSITION, July 1</b>	3,762,485	3,326,783	3,326,783	-	3,824,455
<b>NET POSITION, June 30</b>	\$ 2,926,130	\$ 2,712,009	\$ 3,444,437	\$ 732,428	\$ 3,326,783

# DOUGLAS COUNTY SCHOOL DISTRICT

SELF-INSURANCE HEALTH FUND  
SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 6,073,800	\$ 6,988,920	\$ 7,202,091	\$ 213,171	\$ 5,988,954
Cash received from insurance and other	-	-	647,080	647,080	446,898
Cash paid for claims	(6,027,000)	(6,785,381)	(6,310,811)	474,570	(6,797,725)
Cash paid for services and supplies	(894,155)	(841,243)	(889,643)	(48,400)	(820,487)
Net cash provided (used) by operating activities	(847,355)	(637,704)	648,717	1,286,421	(1,182,360)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	11,000	22,930	24,585	1,655	16,385
Net Increase (Decrease) in Cash	(836,355)	(614,774)	673,302	1,288,076	(1,165,975)
<b>CASH AND INVESTMENTS, July 1</b>	<u>4,577,517</u>	<u>3,473,512</u>	<u>3,473,512</u>	<u>-</u>	<u>4,639,487</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 3,741,162</u>	<u>\$ 2,858,738</u>	<u>\$ 4,146,814</u>	<u>\$ 1,288,076</u>	<u>\$ 3,473,512</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (847,355)	\$ (637,704)	\$ 89,862	\$ 727,566	\$ (514,057)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	116,586	116,586	20,906
Premiums due from other funds	-	-	729,460	729,460	(676,959)
Accounts payable and accrued exp.	-	-	6,817	6,817	-
Deferred revenues	-	-	(215,606)	(215,606)	(2,244)
Pending claims	-	-	(78,402)	(78,402)	(10,006)
Total Adjustments	-	-	558,855	558,855	(668,303)
Net cash provided (used) by operations	<u>\$ (847,355)</u>	<u>\$ (637,704)</u>	<u>\$ 648,717</u>	<u>\$ 1,286,421</u>	<u>\$ (1,182,360)</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## WORKERS' COMPENSATION SELF-INSURANCE FUND SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017		2016
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 288,000	\$ 288,000	\$ 293,686	\$ 5,686	\$ 296,981
Other	2,000	10,000	50,507	40,507	13,178
Total Operating Revenues	290,000	298,000	344,193	46,193	310,159
<b>OPERATING EXPENSES</b>					
Claims expense	-	-	279,159	(279,159)	197,296
Purchased services	320,000	320,000	100,090	219,910	105,021
Total Operating Expenses	320,000	320,000	379,249	(59,249)	302,317
Operating Income (Loss)	(30,000)	(22,000)	(35,056)	(13,056)	7,842
<b>NONOPERATING REVENUES</b>					
Earnings on investments	2,000	5,000	8,914	3,914	5,082
Change in Net Position	(28,000)	(17,000)	(26,142)	(9,142)	12,924
<b>NET POSITION, July 1</b>	650,146	856,070	856,070	-	843,146
<b>NET POSITION, June 30</b>	\$ 622,146	\$ 839,070	\$ 829,928	\$ (9,142)	\$ 856,070

# DOUGLAS COUNTY SCHOOL DISTRICT

## WORKERS' COMPENSATION SELF-INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2017

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017 BUDGET		2017	2016	
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 288,000	\$ 288,000	\$ 326,736	\$ 38,736	\$ 268,174
Cash received from other sources	2,000	10,000	52,937	42,937	13,178
Cash paid for claims	-	-	(232,947)	(232,947)	(196,296)
Cash paid for services and supplies	(320,000)	(320,000)	(98,472)	221,528	(83,987)
Net cash provided (used) by operating activities	(30,000)	(22,000)	48,254	70,254	1,069
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	2,000	5,000	7,881	2,881	4,711
Net Increase (Decrease) in Cash	(28,000)	(17,000)	56,135	73,135	5,780
<b>CASH AND INVESTMENTS, July 1</b>	1,070,990	1,269,770	1,269,770	-	1,263,990
<b>CASH AND INVESTMENTS, June 30</b>	\$ 1,042,990	\$ 1,252,770	\$ 1,325,905	\$ 73,135	\$ 1,269,770
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (30,000)	\$ (22,000)	\$ (35,056)	\$ (13,056)	\$ 7,842
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	2,430	2,430	(2,850)
Premiums due from other funds	-	-	33,050	33,050	(25,958)
Accounts payable and accrued exp.	-	-	(27,170)	(27,170)	21,035
Pending claims	-	-	75,000	75,000	1,000
Total Adjustments	-	-	83,310	83,310	(6,773)
Net cash provided (used) by operations	\$ (30,000)	\$ (22,000)	\$ 48,254	\$ 70,254	\$ 1,069

# DOUGLAS COUNTY SCHOOL DISTRICT

## STUDENT ACTIVITY AGENCY FUNDS SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - BY SCHOOL YEAR ENDED JUNE 30, 2017

	<u>BALANCE</u> <u>JULY 1, 2016</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2017</u>
<b>Student Activity Funds</b>				
Douglas High School (HS)	\$ 353,931	\$ 1,026,064	\$ 972,429	\$ 407,566
George Whittell HS	71,163	147,749	134,743	84,169
ASPIRE Academy HS	24,052	31,314	22,592	32,774
Carson Valley Middle School (MS)	106,801	118,983	115,143	110,641
Pau-Wa-Lu MS	33,271	141,039	137,277	37,033
Scarselli Elementary School (ES)	35,984	74,333	65,186	45,131
Minden ES	44,927	80,672	69,362	56,237
Piñon Hills ES	46,038	130,744	127,360	49,422
Jacks Valley ES	40,921	79,318	76,989	43,250
C.C. Meneley ES	35,932	80,604	79,652	36,884
Gardnerville ES	32,156	40,603	38,598	34,161
Zephyr Cove ES	2,275	9,006	8,722	2,559
	<u>\$ 827,451</u>	<u>\$ 1,960,429</u>	<u>\$ 1,848,053</u>	<u>\$ 939,827</u>

**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2017.

**Internal Control over Financial Reporting**

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

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

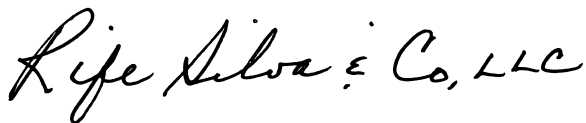
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Compliance and Other Matters

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

## Purpose of this Report

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

A handwritten signature in cursive script that reads "Rife Silva & Co, LLC".

Reno, Nevada  
October 31, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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

We have audited the Douglas County School District's (the District) compliance with the types of compliance requirements described in the *OMB 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, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

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

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

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

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

*Rife Silva & Co, LLC*

Reno, Nevada  
October 31, 2017

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2017

(Page 1 of 2)

FEDERAL GRANTOR / PASS-THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed through the State of Nevada Department of Education</i>			
Individuals with Disabilities Education Act (IDEA) - Special Education Cluster:			
IDEA, Part B - Grants to States	84.027	17-639-03	\$ 784,695
IDEA - District Improvement Grant	84.027	17-641-03	15,912
IDEA - Special Projects	84.027	17-667-03	126,253
IDEA - Preschool	84.173	17-665-03	57,222
Total Special Education Cluster			<u>984,082</u>
Title I, Part A - Grants to Local Educational Agencies	84.010	17-633-03	664,904
Title I, Part D - Neglected and Delinquent Children	84.010	17-650-03	63,520
Career and Technical Education (Perkins IV)	84.048	17-631-03	57,620
Corrections (Perkins)	84.048	17-635-03	15,740
School Climate Transformation Grant	84.184F	17-682-03	41,262
McKinney-Vento Homeless Assistance	84.196A	17-688-03	52,775
Title III, Part A - English Language Acquisition	84.365A	17-658-03	84,726
Title III, Part A - English Language Acquisition Immigrant	84.365A	17-659-03	16,000
Title II, Part A - Teacher/Principal Training & Recruiting	84.367	17-709-03	169,315
Title I, Part E - Striving Readers Comprehensive Literacy	84.371	17-657-03	<u>521,386</u>
<b>Total U.S. Department of Education</b>			<u>2,671,330</u>

Continued on next page.

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2017

(Page 2 of 2)

FEDERAL GRANTOR / PASS-THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through the State of Nevada Department of Education</i>			
Project Aware	93.243	17-698-03	\$ 198,051
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
<i>Passed through the State of Nevada Department of Agriculture:</i>			
School Breakfast Program	10.553	N/A	160,383
National School Lunch Program	10.555	N/A	732,248
National School Lunch Program - Commodities	10.555	N/A	82,129
Total Child Nutrition Cluster			<u>974,760</u>
<i>Passed through the State of Nevada Department of Agriculture:</i>			
Fresh Fruit and Vegetables Program	10.582	N/A	<u>22,847</u>
<b>Total U.S. Department of Agriculture</b>			<u>997,607</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 3,866,988</u></u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2017

### 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, 2017. 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, 2017.

### NOTE 3 – INDIRECT COST RATE

The Douglas County School District has elected to use a 2.58% indirect cost rate approved by the Nevada Department of Education.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

### A. SUMMARY OF AUDIT RESULTS

#### *Financial Statements*

Type of auditors' report issued:	Unmodified
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:	Unmodified
Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)	No

#### *Major Programs*

The major programs for the year ended June 30, 2017 were:

- Special Education Cluster (CFDA: 84.027 and 84.173)
- Project Aware (CFDA: 93.243)

The threshold for distinguishing Types A and B programs was \$750,000.

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

### B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

None.

# **DOUGLAS COUNTY SCHOOL DISTRICT**

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## **INDEPENDENT AUDITORS' COMMENTS**

**JUNE 30, 2017**

### **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**

The over-expenditure noted for the year ended June 30, 2016 did not appear to be a violation of NRS 354.626(1).

### **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.