

**DOUGLAS COUNTY SCHOOL DISTRICT**

***FINANCIAL STATEMENTS &  
SUPPLEMENTARY INFORMATION***

**Fiscal Year Ended  
June 30, 2018**

# DOUGLAS COUNTY SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District, Minden, Nevada (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas County School District as of June 30, 2018, 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 Grants Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter – Correction of an Error**

As discussed in Note 9 to the financial statements, errors related to the determination or classification of payments for the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*, resulting in the overstatement of amounts previously reported for deferred outflows of resources and net pension liability-related amounts for the year ended June 30, 2017 were discovered by management during the current year based on information provided by the Public Employees’ Retirement System of Nevada (PERS), included their restated Schedule of Employer Allocations for GASB 82 Implementation. Accordingly, amounts for deferred outflows of resources and net pension liability-related amounts, have resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

### **Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 13 to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

### **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 4 through 18, and the schedules related to the District’s net pension liability and net postemployment liability on pages 73 through 76 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.

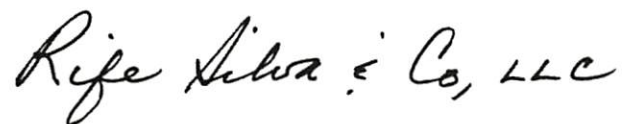
***Prior Year Partial Comparative Information***

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, 2017 and have issued our report thereon dated October 31, 2017, 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, 2017, 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 2017 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 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 November 30, 2018, 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  
November 30, 2018

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

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, 2018. We encourage readers to read the information presented here in conjunction with the District's financial statements, which follow this narrative.

### **Financial Highlights**

The District implemented two Governmental Accounting Standards Board (GASB) statements during the year, which required a significant restatement of beginning net position. The first was GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which revises the accounting for postemployment benefits other than pensions. Secondly was GASB 82, *Pension Issues*, which addressed certain issues raised subsequent to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. As a result of the implementation of these standards, beginning net position (deficit) was restated from the previously reported \$(20.0) million to \$(36.1) million. See pages 7-8 for further discussion of these statements.

### **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.



# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

### **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.

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 19 and 20 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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

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, 2018, the following are considered major funds:

- 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.

The Building and Sites Fund technically met the criteria for reporting as a major fund as of and for the year ended June 30, 2018. This was due solely to the District's sale of the former Kingsbury Middle School to a Nevada nonprofit religious corporation. The sale closed on June 22, 2018 and the full proceeds were received in July 2018. Because it was only this single transaction which qualified the fund for major fund status, the costs to make the financial reporting changes far exceeded any benefit which would inure to the users of these financial statements.

***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.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

### 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 41 – 72 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.

The negative net position can be attributed to GASB 68 and GASB 75 and the recording of a net pension and other postemployment benefits liability totaling \$95.1 million at year end.

The table below presents a comparison of the District's net position (deficit) as of June 30, 2018 compared to the prior year.

<b>DISTRICT'S NET POSITION</b>				
	<u>2018</u>	<u>2017</u>	<u>Change</u>	
	<i>(In Millions)</i>			
<b>Assets</b>				
Current and other assets	\$ 31.9	\$ 29.8	\$ 2.1	7.0%
Net capital assets	82.5	80.1	2.4	3.0%
Total Assets	<u>114.4</u>	<u>109.9</u>	<u>4.5</u>	<u>4.1%</u>
<b>Deferred Outflows of Resources</b>	<u>12.7</u>	<u>19.0</u>	<u>(6.3)</u>	<u>-33.2%</u>
<b>Liabilities</b>				
Current liabilities	10.6	10.3	0.3	2.9%
Long-term liabilities	137.8	130.2	7.6	5.8%
Total Liabilities	<u>148.4</u>	<u>140.5</u>	<u>7.9</u>	<u>5.6%</u>
<b>Deferred Inflows of Resources</b>	<u>8.9</u>	<u>8.3</u>	<u>0.6</u>	<u>7.2%</u>
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	42.4	39.0	3.4	8.7%
Restricted	13.0	15.4	(2.4)	-15.6%
Unrestricted	<u>(85.5)</u>	<u>(74.3)</u>	<u>(11.2)</u>	<u>-15.1%</u>
Total Net Position (Deficit)	<u>\$ (30.1)</u>	<u>\$ (19.9)</u>	<u>\$ (10.2)</u>	<u>-51.3%</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

A case could be made that the largest impact on the District's financial statement in 2018 had absolutely no impact on the District's financial condition; GASB 75 and GASB 68 (as amended by GASB 82) require the District to recognize a net pension and OPEB liability of \$95.1 million. As discussed below, users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension and OPEB liabilities to the reported net position and subtracting deferred outflows related to pension/OPEB. The resulting net position would be \$65 million, which is \$95 million more than the net position reported.

GASB statements are national and apply to all governmental financial reports which are prepared in accordance with generally accepted accounting principles. Under the standards required by GASB 68 and GASB 75, the pension and OPEB liability equals the District's proportionate share of each plan's collective present value of estimated future pension and OPEB benefits attributable to active and inactive employees' past service, less plan assets available to pay benefits.

GASB noted that the unfunded portion of the pension and OPEB benefit promise is a present obligation of the government – part of a bargained-for-benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Nevada, the employee shares the obligation of funding pension benefits with the employer. Contribution rates are established by State statute and are determined. Nevada's Public Employees' Retirement Act requires an adjustment in the statutory contribution rates on July 1 of each odd-numbered year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year. There is no legal means to enforce the unfunded liability of the pension and OPEB systems against the public employer.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences, are satisfied through paid time-off or termination payments. There is no repayment schedule for the pension and OPEB liabilities. Changes in pension and OPEB, contribution rates, and return on investments affect the balance of the pension and OPEB liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with the required pension and OPEB payments, State statute does not assign or identify the responsible party for the unfunded portion. In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting including an annual pension and OPEB expense for its proportionate share of each plan's change in net pension liability and OPEB liability not accounted for as deferred inflows or outflows.

As a result of implementing GASB 75 and GASB 82, the District's net position as of June 30, 2017 was restated from \$(20.0) million to \$(36.1) million.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

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:

<b>DISTRICT'S CHANGES IN NET POSITION</b>				
	<b>Governmental Activities</b>		<b>Change</b>	
	<b>2018</b>	<b>2017</b>		
<b>Revenues</b>	<i>(In Millions)</i>			
Program revenues:				
Charges for services	\$ 0.9	\$ 0.8	\$ 0.1	12.5%
Operating grants and contributions	9.3	11.5	(2.2)	-19.1%
Capital grants and contributions	0.3	0.3	-	0.0%
General revenues:				
Property taxes	22.8	21.9	0.9	4.1%
Local school support taxes	15.3	14.3	1.0	7.0%
Government service taxes	4.5	4.1	0.4	9.8%
State aid, unrestricted	17.3	16.7	0.6	3.6%
Other revenues	3.9	0.9	3.0	333.3%
Total Revenues	<u>74.3</u>	<u>70.5</u>	<u>3.8</u>	<u>5.4%</u>
<b>Expenses</b>				
Instruction	39.1	41.4	(2.3)	-5.6%
Support services	21.9	20.9	1.0	4.8%
Food service	4.0	3.7	0.3	8.1%
Facilities acq/constr/imprvmt	1.6	1.7	(0.1)	-5.9%
Interest on long-term debt	1.7	1.7	-	0.0%
Total Expenses	<u>68.3</u>	<u>69.4</u>	<u>(1.1)</u>	<u>-1.6%</u>
<b>Change in Net Position (Deficit)</b>	<u>\$ 6.0</u>	<u>\$ 1.1</u>	<u>\$ 4.9</u>	<u>445.5%</u>

### 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 20 of this report.
- ◇ Ad valorem taxes increased approximately 3.7% from the prior year due to an increase in tax collections and higher assessed valuations.
- ◇ LSST increased an approximate 6.7% from the prior year, reflective of the nearly 10% increase in the County's taxable sales over the prior year.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

- ◇ State aid not restricted to specific purposes increased by 3.6% from the prior year. This was a result of a slight increase of 1% in the total per student factor, as well as the change in Special Education funding, as noted above.

### 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, 2018, the District's governmental funds reported a combined fund balance of \$19.2 million, an increase of nearly \$2.0 million, or 11% from 2017. This increase is primarily attributable to the sale of the Kingsbury Middle School property for \$3.5 million. These proceeds are restricted to expenditures in furtherance of the District's planned capital projects.

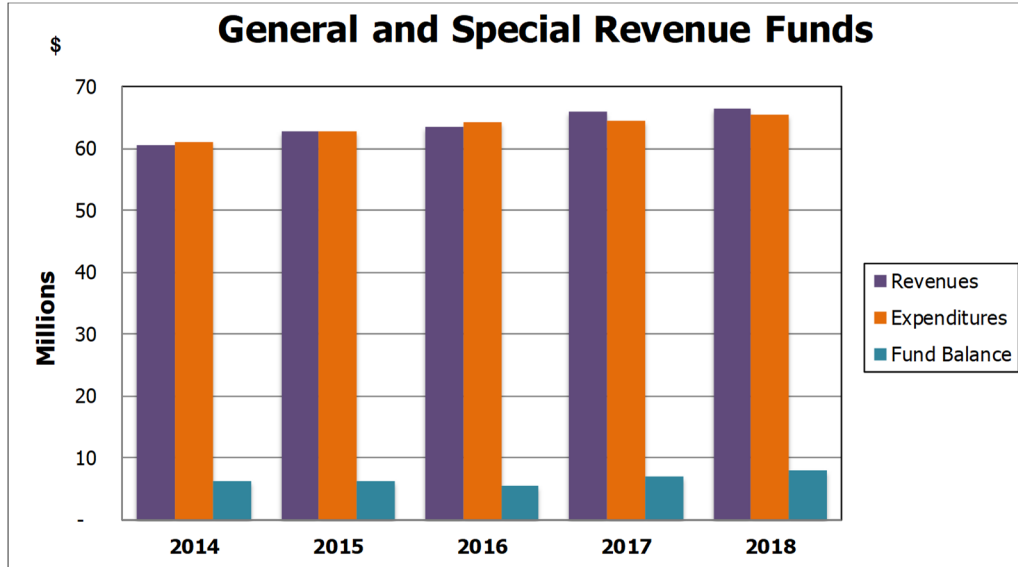
Of the total fund balance at June 30, 2018 of \$19.2 million, approximately \$15.5 million is nonspendable, restricted or assigned fund balance. The remaining \$3.7 million, or 19%, constitutes unassigned fund balance, which is available for spending at the District's discretion within the parameters of the respective fund. This unassigned fund balance represents an increase of \$428 thousand, or 19% over the June 30, 2017 unassigned fund balance.

#### *General and Special Revenue Funds*

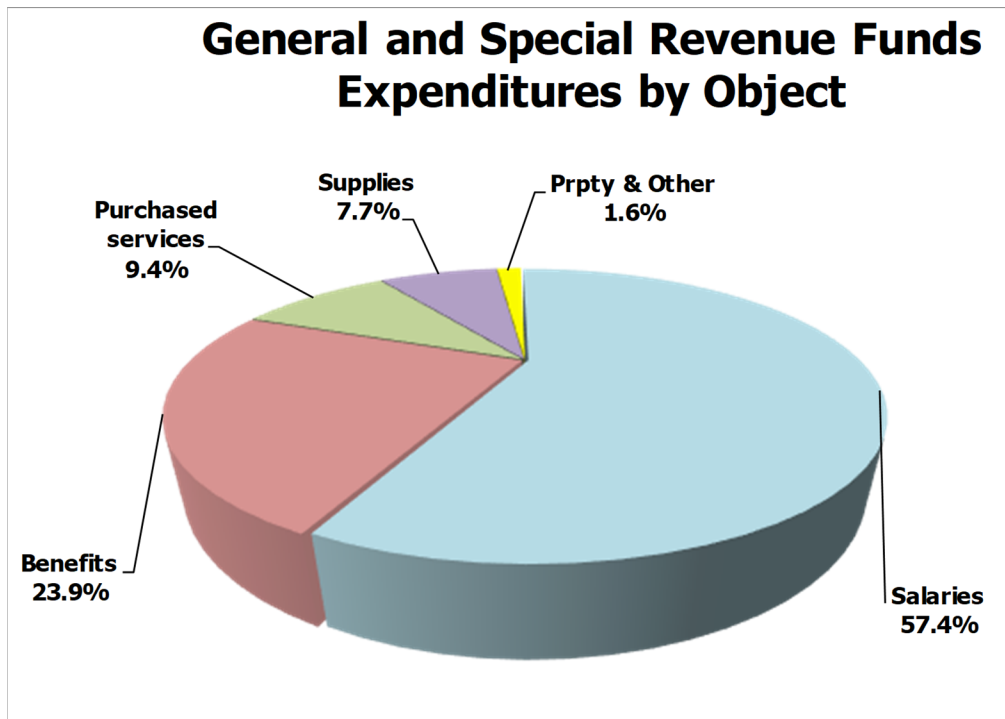
The General Fund and the special revenue funds (Special Education; CSR; Federal / State/ Local Grants; and Food Service funds) are often referred to as the District's "operating funds." The following chart compares the revenues to expenditures and fund balance for these funds for the last five years:

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018



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:



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

### *Debt Service Fund*

The June 30, 2018 fund balance of the Debt Service Fund is \$2.4 million, which together with the 2018-19 budgeted revenues of \$3.2 million exceeds the 2018-19 anticipated debt service requirements of \$3.0 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, 2018 of \$8.7 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, 2018, these funds had a combined net position of \$4.3 million, which represents approximately 54% of the funds' 2018-19 budgeted expenses of \$8.0 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

The District's capital assets as of June 30, 2018 and 2017 are as follows.

<b>Capital Assets (Net of Depreciation)</b>		
	<b>2018</b>	<b>2017</b>
	<i>(In Millions)</i>	
Land	\$ 1.3	\$ 1.4
Construction in progress	3.4	1.8
Buildings and improvements	73.8	73.4
Equipment and vehicles	4.0	3.5
	<u>\$ 82.5</u>	<u>\$ 80.1</u>



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

### *Debt Administration*

The District's debt general obligation debt was comprised of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
	<i>(In Millions)</i>	
GO bonds, net of premiums and discounts	\$ 37.4	\$ 38.7
Installment note	<u>2.7</u>	<u>3.1</u>
	<u>\$ 40.1</u>	<u>\$ 41.8</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 2018-19 fiscal year are scheduled to total \$3.5 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 57 – 59 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 \$414 million.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

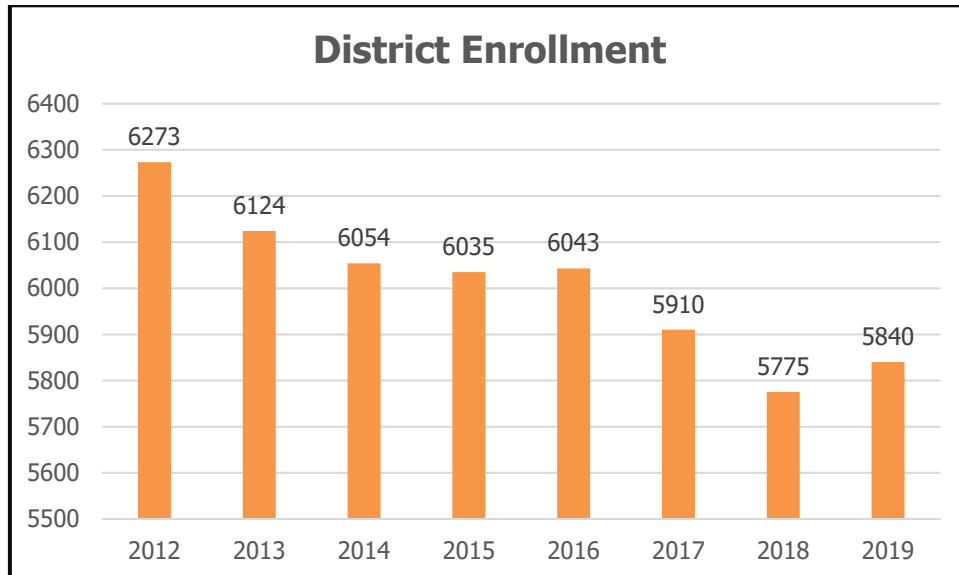
#### *Enrollment and Funding*

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 2018-19 school year had a slight increase of 1.1% from the prior year moving from 5,775 to 5,840.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018



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 2017-18 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 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, particular 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. The DSA funding is trued up at the end of the year with those modifications included.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

In 2017-18 special education funding was increased by \$223,734 due to special education being funded at the 15% of total enrollment as opposed to 13% in prior years. The additional funding allowed for a reduced transfer from the General fund, and decreasing special education needs, declining special education enrollment, staff turnover and unfilled positions provided additional savings. The District is projecting 13.4% special education enrollment in 2018-19, so will receive full State funding for each student. Due to declining enrollment, the MOE for 2018-2019 will be reduced. To maintain current expenditures, the District will be looking at increased spending for re-classification of current positions as well as increased contracted services to accommodate the specific needs of the special education population.

To protect districts during time 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 5% decline or greater from prior year enrollment.

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 LSST (sales and use tax) equal to 2.60% of taxable sales. The General Fund received \$20.0 million from property tax and \$15.3 million from sales tax for the year ended June 30, 2018. The General Fund has budgeted \$21.3 million in property tax revenue and \$15.0 million in sales tax revenue for fiscal year 2019. 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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

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. 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 \$.50 component of the total \$.75 property tax levy and since the assessed valuation of property within the District is determined prior to the beginning of the year, the District knows its property tax base prior to the outset of its operating year.

### *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 in 2017-18, but showed a decrease in ending fund balance of \$46,230. With projected costs, the District will set the rate at .90/100 for 2018-2019 to maintain a level recommended by our actuarial report.

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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

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 2019 show claims to be budgeted at the same level as 2018. Actual claims for 2018 show a decrease of (.056%) from 2017. 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 fund balance. If claims increase substantially in 2019, the Committee will need to address recommendations to the Board that would assist in maintaining the ending fund balance at the projected level.

### *Capital and Bond Funding:*

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

Approximately 29% of total GST revenues flow to the Capital Projects. 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 imposed in Douglas County at \$1,600 per new residential unit, the maximum allowed 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 – 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 to 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 as well as renovations to Carson Valley Middle School, which were completed in 2018. The bond funding was completely spent out in FY17-18.

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 \$100,000 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 10 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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

*Building 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 was able to sell the Kingsbury Middle School Site in FY17-18, and is still pursuing sale options for the detached gym, "Old School Playhouse," at Carson Valley Middle School. Proceeds from the sale of Kingsbury Middle School are solely allocated to capital projects to further support the District FMP.

### 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, 2018

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 23,546,629
Receivables	8,256,295
Inventories	140,109
Capital assets, net	82,525,382
Total Assets	114,468,415
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	12,702,856
Total Assets and Deferred Outflows	127,171,271
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	7,574,991
Unearned revenues	1,147,381
Noncurrent liabilities:	
Due within one year	1,884,849
Due in more than one year	38,858,589
Obligation for other postemployment benefits (OPEB)	22,800,585
Net pension liability	76,137,260
Total Liabilities	148,403,655
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions and OPEB	8,881,586
Total Liabilities and Deferred Inflows	157,285,241
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	42,420,743
Restricted for:	
Debt service	2,377,275
Self-insurance activities	4,269,116
Capital projects	5,098,444
Education and nutrition services	1,290,413
Unrestricted	(85,569,961)
Total Net Position (Deficit)	\$ (30,113,970)

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS		
			OPERATING	CAPITAL	
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 39,069,437	\$ 260,715	\$ 5,257,140	\$ -	\$ (33,551,582)
Support Services	21,944,104	10,498	810,364	-	(21,123,242)
Facilities Acquisition and Construction	3,987,690	-	2,258,992	-	(1,728,698)
Food Service	1,640,726	641,820	966,373	-	(32,533)
Interest and charges on long-term debt	1,684,210	-	-	342,662	(1,341,548)
Total School District	68,326,167	913,033	9,292,869	342,662	(57,777,603)

### General Revenues:

Property taxes, levied for general purposes	\$ 20,000,645
Property taxes, levied for debt service	2,773,135
Local school support taxes	15,280,822
Government service taxes for general purposes	3,210,488
Government service taxes for capital purposes	1,323,184
Other taxes and fees	540,829
Investment earnings	190,945
Other local sources	197,459
State aid not restricted to specific purposes	17,275,836
Gain on sales of property	3,019,742
Total General Revenues	63,813,085
Change in Net Position	6,035,482
<b>NET POSITION (DEFICIT), July 1, 2017, original</b>	(19,954,953)
<b>Prior period adjustment - implementation of GASB 75 and 82</b>	(16,194,499)
<b>NET POSITION (DEFICIT), July 1, 2017, as restated</b>	(36,149,452)
<b>NET POSITION (DEFICIT), June 30, 2018</b>	\$ (30,113,970)

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	GENERAL	SPECIAL	GRANTS	DEBT	CAPITAL	NON-MAJOR	TOTALS	
	FUND	EDUCATION FUND	FUND	SERVICE FUND	PROJECTS FUND	GOV'T FUNDS	GOVERNMENTAL FUNDS	
							2018	2017
<b>ASSETS</b>								
Cash and investments	\$ 6,556,539	\$ 1,320,234	\$ -	\$ 2,365,056	\$ 5,944,412	\$ 1,632,023	\$ 17,818,264	\$ 16,009,804
Deposits held by fiscal agent	148,396	-	-	2,716	22,860	-	173,972	143,045
Receivables	2,928,053	12,768	1,723,840	31,138	15,039	3,518,035	8,228,873	7,315,298
Due from other funds	469,355	-	-	-	-	-	469,355	974,335
Inventories	104,844	-	-	-	-	35,265	140,109	178,085
Total Assets	<u>\$ 10,207,187</u>	<u>\$ 1,333,002</u>	<u>\$ 1,723,840</u>	<u>\$ 2,398,910</u>	<u>\$ 5,982,311</u>	<u>\$ 5,185,323</u>	<u>\$ 26,830,573</u>	<u>\$ 24,620,567</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 3,514,752	\$ 634,412	\$ 435,809	\$ -	\$ 840,195	\$ 264,073	\$ 5,689,241	\$ 5,278,464
Retainage payable	-	-	101,163	-	43,672	-	144,835	63,565
Due to other funds	434,131	-	469,355	-	-	-	903,486	1,389,521
Unearned revenues	-	-	717,513	-	-	-	717,513	500,932
Total Liabilities	<u>3,948,883</u>	<u>634,412</u>	<u>1,723,840</u>	<u>-</u>	<u>883,867</u>	<u>264,073</u>	<u>7,455,075</u>	<u>7,232,482</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	<u>156,042</u>	<u>-</u>	<u>-</u>	<u>21,635</u>	<u>-</u>	<u>-</u>	<u>177,677</u>	<u>164,605</u>
<b>FUND BALANCES</b>								
Nonspendable	104,844	-	-	-	-	35,265	140,109	178,085
Restricted	-	-	-	2,377,275	5,098,444	4,885,985	12,361,704	11,406,039
Assigned	2,264,788	698,590	-	-	-	-	2,963,378	2,334,720
Unassigned	3,732,630	-	-	-	-	-	3,732,630	3,304,636
Total Fund Balance	<u>6,102,262</u>	<u>698,590</u>	<u>-</u>	<u>2,377,275</u>	<u>5,098,444</u>	<u>4,921,250</u>	<u>19,197,821</u>	<u>17,223,480</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 10,207,187</u>	<u>\$ 1,333,002</u>	<u>\$ 1,723,840</u>	<u>\$ 2,398,910</u>	<u>\$ 5,982,311</u>	<u>\$ 5,185,323</u>	<u>\$ 26,830,573</u>	<u>\$ 24,620,567</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2018

<b>Fund Balance - Governmental Funds</b>	\$	19,197,821
<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		157,606,781
Less accumulated depreciation		(75,081,399)
		82,525,382
<p>Deferred outflows related to pension payments made subsequent to the measurement date.</p>		
		12,702,856
<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>		
		177,677
<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		(37,175,000)
Bond premium		(250,627)
Bond discount		19,988
Accrued interest payable		(423,953)
Note payable		(2,699,000)
Compensated absences		(638,799)
		(41,167,391)
<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>		
		(23,070,629)
<p>Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities.</p>		
		(76,137,260)
<p>Deferred inflows related to pension investment returns and changes in assumptions are not reported in governmental funds.</p>		
		(8,611,542)
<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>		
		4,269,116
<b>Net Position (Deficit) - Governmental Activities</b>	<b>\$</b>	<b>(30,113,970)</b>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	GENERAL FUND	SPECIAL EDUCATION FUND	GRANTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOV'T FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2018	2017
<b>REVENUES</b>								
Local sources	\$ 39,206,004	\$ 12,651	\$ 2,402,594	\$ 2,758,949	\$ 1,770,377	\$ 669,487	\$ 46,820,062	\$ 42,565,279
State sources	13,802,093	3,473,743	2,211,328	-	-	1,554,402	21,041,566	23,738,224
Federal sources	-	-	2,161,936	342,662	-	962,609	3,467,207	4,239,420
Total Revenues	53,008,097	3,486,394	6,775,858	3,101,611	1,770,377	3,186,498	71,328,835	70,542,923
<b>EXPENDITURES</b>								
Regular programs	23,223,660	-	1,864,632	-	-	1,540,957	26,629,249	27,526,211
Special programs	-	7,386,753	872,336	-	-	-	8,259,089	8,197,511
Vocational programs	843,819	-	593,694	-	-	-	1,437,513	1,424,320
Adult education	-	-	120,037	-	-	-	120,037	129,006
Extra and Co-Curricular	529,309	-	-	-	-	-	529,309	504,412
Other instructional programs	1,639,952	136,770	255,803	-	-	-	2,032,525	2,353,264
Community service	-	-	-	-	-	-	-	12,309
Undistributed Expenditures:								
Student support	2,515,678	-	406,700	-	-	-	2,922,378	2,709,244
Instructional staff support	1,186,674	-	258,601	-	-	-	1,445,275	1,393,169
General administration	620,788	-	-	-	-	-	620,788	508,560
School administration	4,532,689	-	-	-	-	-	4,532,689	4,460,265
Central services	1,858,376	-	-	-	-	-	1,858,376	2,037,145
Operation and maintenance	6,903,401	-	-	-	-	-	6,903,401	6,514,568
Student transportation	3,298,899	-	-	-	-	-	3,298,899	3,147,480
Other support	152,659	-	145,063	-	446,823	-	744,545	395,847
Food service	-	-	-	-	-	1,600,844	1,600,844	1,639,553
Facilities construction/ acquisition/improvements	110,649	-	2,258,992	-	3,729,605	395,785	6,495,031	3,192,842

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, 2018  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	GENERAL	SPECIAL	GRANTS	DEBT	CAPITAL	NON-MAJOR	TOTAL	
	FUND	EDUCATION	FUND	SERVICE	PROJECTS	GOV'T	GOVERNMENTAL FUNDS	
		FUND	FUND	FUND	FUND	FUNDS	2018	2017
Debt Service:								
Principal	\$ 446,000	\$ -	\$ -	\$ 1,305,000	\$ -	\$ -	\$ 1,751,000	\$ 1,752,000
Interest	68,265	-	-	1,615,056	-	-	1,683,321	1,731,676
Fiscal agent charges	-	-	-	5,550	-	-	5,550	5,550
Total Expenditures	<u>47,930,818</u>	<u>7,523,523</u>	<u>6,775,858</u>	<u>2,925,606</u>	<u>4,176,428</u>	<u>3,537,586</u>	<u>72,869,819</u>	<u>69,634,932</u>
Revenues Over (Under)								
Expenditures	<u>5,077,279</u>	<u>(4,037,129)</u>	<u>-</u>	<u>176,005</u>	<u>(2,406,051)</u>	<u>(351,088)</u>	<u>(1,540,984)</u>	<u>907,991</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from sale of property	16,502	-	-	-	-	3,536,799	3,553,301	-
Transfers (to) from other funds	<u>(4,300,000)</u>	<u>4,300,000</u>	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(4,283,498)</u>	<u>4,300,000</u>	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>	<u>3,536,799</u>	<u>3,553,301</u>	<u>-</u>
Net Change in Fund Balances	793,781	262,871	-	76,005	(2,306,051)	3,185,711	2,012,317	907,991
<b>FUND BALANCES, July 1</b>	5,306,714	435,719	-	2,301,270	7,404,495	1,775,282	17,223,480	16,273,732
Increase (decrease) in reserve for inventories	<u>1,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,743)</u>	<u>(37,976)</u>	<u>41,757</u>
<b>FUND BALANCES, June 30</b>	<u>\$ 6,102,262</u>	<u>\$ 698,590</u>	<u>\$ -</u>	<u>\$ 2,377,275</u>	<u>\$ 5,098,444</u>	<u>\$ 4,921,250</u>	<u>\$ 19,197,821</u>	<u>\$ 17,223,480</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,974,341</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.	2,932,636
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.	(19,188)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported on the disposals.	(533,559)
Certain revenues are recorded in the fund statements when received. In the Statement of Activities, revenues are recognized when earned.	13,072
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.	1,751,000
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.	(86,652)
Change in pension expense related to deferred items.	(431,531)
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.	416,763
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.	(5,249)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 6,035,482</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, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Ad valorem taxes	\$ 19,865,941	\$ 19,865,941	\$ 20,009,208	\$ 143,267	\$ 19,299,200
Local school support tax	14,712,860	14,712,860	15,280,822	567,962	14,324,890
Governmental services tax	2,947,737	2,947,737	3,210,488	262,751	2,924,894
Franchise tax	85,000	85,000	156,269	71,269	90,923
Out-of-state tuition	265,000	265,000	260,715	(4,285)	278,731
Earnings on investments	45,000	45,000	91,043	46,043	53,159
Other	184,400	159,400	197,459	38,059	248,034
Total Local Sources	38,105,938	38,080,938	39,206,004	1,125,066	37,219,831
State Sources:					
Distributive school account	13,708,117	14,386,911	13,802,093	(584,818)	13,456,581
Federal Sources:					
In lieu of tax	2,000	2,000	-	(2,000)	-
E-rate funds	30,000	20,000	-	(20,000)	29,015
Total Federal Sources	32,000	22,000	-	(22,000)	29,015
Total Revenues	51,846,055	52,489,849	53,008,097	518,248	50,705,427
<b>EXPENDITURES</b>					
Regular Programs:					
Salaries	15,458,803	16,451,615	15,609,566	842,049	14,711,601
Benefits	6,487,770	6,651,534	6,533,406	118,128	6,200,529
Purchased services	187,416	167,776	125,205	42,571	103,870
Supplies	910,341	968,917	888,986	79,931	922,246
Property	61,000	67,056	59,188	7,868	60,438
Other	7,860	8,766	7,309	1,457	4,749
	23,113,190	24,315,664	23,223,660	1,092,004	22,003,433
Vocational Programs:					
Salaries	564,513	580,173	559,211	20,962	552,383
Benefits	252,407	256,825	246,575	10,250	240,826
Purchased services	8,050	1,000	1,628	(628)	3,947
Supplies	45,550	44,785	32,937	11,848	46,249
Other	2,047	3,500	3,469	31	578
	872,567	886,283	843,820	42,463	843,983

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, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Extra and Co-Curricular Activities:					
Co-Curricular Activities:					
Salaries	\$ 132,000	\$ 146,154	\$ 131,031	\$ 15,123	\$ 121,341
Benefits	4,153	4,153	3,208	945	2,949
Purchased services	11,800	8,557	9,453	(896)	5,600
Supplies	14,500	12,625	12,626	(1)	10,855
Other	3,000	5,024	4,569	455	2,543
	<u>165,453</u>	<u>176,513</u>	<u>160,887</u>	<u>15,626</u>	<u>143,288</u>
Athletics:					
Salaries	241,315	248,315	247,508	807	237,824
Benefits	11,230	12,100	13,161	(1,061)	12,875
Purchased services	95,400	81,284	82,823	(1,539)	81,640
Supplies	27,962	17,578	8,689	8,889	20,071
Other	12,100	17,365	16,241	1,124	8,714
	<u>388,007</u>	<u>376,642</u>	<u>368,422</u>	<u>8,220</u>	<u>361,124</u>
Total Extra-and Co-Curricular Activities	<u>553,460</u>	<u>553,155</u>	<u>529,309</u>	<u>23,846</u>	<u>504,412</u>
Other Instructional Programs:					
Salaries	1,073,463	1,096,440	1,064,932	31,508	1,022,064
Benefits	440,296	451,720	430,566	21,154	434,611
Purchased services	131,400	133,797	118,111	15,686	125,784
Supplies	54,830	54,143	25,443	28,700	38,016
Other	1,500	1,500	900	600	825
	<u>1,701,489</u>	<u>1,737,600</u>	<u>1,639,952</u>	<u>97,648</u>	<u>1,621,300</u>
Undistributed Expenditures:					
Student Support:					
Salaries	1,750,322	1,775,908	1,740,720	35,188	1,676,570
Benefits	721,954	748,199	723,822	24,377	697,748
Purchased services	23,620	12,874	7,747	5,127	17,932
Supplies	38,118	36,464	26,408	10,056	27,171
Property	5,000	6,000	6,000	-	5,000
Other	1,770	11,430	10,981	449	1,468
	<u>2,540,784</u>	<u>2,590,875</u>	<u>2,515,678</u>	<u>75,197</u>	<u>2,425,889</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, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>Instructional Staff Support:</b>					
Salaries	\$ 768,592	\$ 798,292	\$ 783,171	\$ 15,121	\$ 734,140
Benefits	323,287	330,748	324,470	6,278	303,357
Purchased services	107,184	114,152	36,507	77,645	27,796
Supplies	57,175	56,079	41,686	14,393	44,224
Other	700	770	841	(71)	990
	<u>1,256,938</u>	<u>1,300,041</u>	<u>1,186,675</u>	<u>113,366</u>	<u>1,110,507</u>
<b>General Administration:</b>					
Salaries	225,045	248,351	238,577	9,774	232,454
Benefits	122,357	107,703	103,192	4,511	115,277
Purchased services	233,550	229,150	232,853	(3,703)	122,004
Supplies	23,800	26,200	25,214	986	22,779
Other	22,000	24,000	20,952	3,048	16,034
	<u>626,752</u>	<u>635,404</u>	<u>620,788</u>	<u>14,616</u>	<u>508,548</u>
<b>School Administration:</b>					
Salaries	3,005,965	3,159,318	3,064,322	94,996	2,998,672
Benefits	1,252,395	1,266,041	1,258,856	7,185	1,248,147
Purchased services	187,605	165,914	134,582	31,332	174,049
Supplies	52,675	63,123	72,465	(9,342)	38,080
Other	2,200	2,600	2,464	136	1,317
	<u>4,500,840</u>	<u>4,656,996</u>	<u>4,532,689</u>	<u>124,307</u>	<u>4,460,265</u>
<b>Central Services:</b>					
Salaries	1,021,535	1,049,010	1,009,076	39,934	1,084,911
Benefits	396,026	394,495	386,089	8,406	409,811
Purchased services	276,880	209,370	173,216	36,154	255,055
Supplies	177,950	208,926	187,974	20,952	182,172
Property	117,000	90,734	90,734	-	90,103
Other	13,700	15,900	11,287	4,613	15,093
	<u>2,003,091</u>	<u>1,968,435</u>	<u>1,858,376</u>	<u>110,059</u>	<u>2,037,145</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, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>Operation and Maintenance:</b>					
Salaries	\$ 2,584,375	\$ 2,591,973	\$ 2,477,298	\$ 114,675	\$ 2,464,655
Benefits	1,029,928	1,015,835	986,353	29,482	1,010,489
Purchased services	1,700,393	1,629,445	1,548,063	81,382	1,541,930
Supplies	1,592,866	1,584,775	1,647,647	(62,872)	1,280,230
Property	192,500	211,961	244,001	(32,040)	216,800
Other	370	409	39	370	464
	<u>7,100,432</u>	<u>7,034,398</u>	<u>6,903,401</u>	<u>130,997</u>	<u>6,514,568</u>
<b>Student Transportation:</b>					
Salaries	1,675,792	1,798,810	1,643,718	155,092	1,600,197
Benefits	837,079	821,274	787,331	33,943	782,095
Purchased services	136,944	95,067	89,324	5,743	92,943
Supplies	466,543	501,157	439,570	61,587	342,321
Property	336,000	338,377	338,377	-	329,727
Other	400	706	579	127	197
	<u>3,452,758</u>	<u>3,555,391</u>	<u>3,298,899</u>	<u>256,492</u>	<u>3,147,480</u>
<b>Other Support:</b>					
Salaries	90,000	110,000	89,078	20,922	62,177
Benefits	36,706	16,706	18,309	(1,603)	13,619
Purchased services	20,000	40,000	31,263	8,737	35,391
Supplies	10,000	10,000	2,665	7,335	21,081
Other	9,600	9,600	11,344	(1,744)	9,075
	<u>166,306</u>	<u>186,306</u>	<u>152,659</u>	<u>33,647</u>	<u>141,343</u>
<b>Site Improvement:</b>					
Purchased services	5,000	136,000	110,649	25,351	1,064
<b>Debt Service:</b>					
Principal	446,000	446,000	446,000	-	422,000
Interest	68,265	68,265	68,265	-	77,895
	<u>514,265</u>	<u>514,265</u>	<u>514,265</u>	<u>-</u>	<u>499,895</u>
Total Undistributed Expenditures	22,167,166	22,578,111	21,694,079	884,032	20,846,704
Contingency	484,184	500,708	-	500,708	-
Total Expenditures	<u>48,892,056</u>	<u>50,571,521</u>	<u>47,930,820</u>	<u>2,640,701</u>	<u>45,819,832</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, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Revenues Over (Under) Expenditures	\$ 2,953,999	\$ 1,918,328	\$ 5,077,277	\$ 3,158,949	\$ 4,885,595
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of fixed assets	8,000	8,000	16,502	8,502	-
Transfers to other funds	(4,861,000)	(4,700,000)	(4,300,000)	400,000	(4,261,000)
	(4,853,000)	(4,692,000)	(4,283,498)	408,502	(4,261,000)
Net Change in Fund Balance	(1,899,001)	(2,773,672)	793,779	3,567,451	624,595
<b>FUND BALANCE, July 1</b>	4,126,529	5,306,715	5,306,714	(1)	4,658,644
Increase (Decrease) in Reserve for Inventories	-	-	1,767	1,767	23,475
<b>FUND BALANCE, June 30</b>	<u>\$ 2,227,528</u>	<u>\$ 2,533,043</u>	<u>\$ 6,102,260</u>	<u>\$ 3,569,217</u>	<u>\$ 5,306,714</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, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ 4,000	\$ 4,000	\$ 12,651	\$ 8,651	\$ 5,770
State Sources:					
State appropriation	3,250,009	3,473,743	3,473,743	-	3,250,009
<b>Total Revenues</b>	<b>3,254,009</b>	<b>3,477,743</b>	<b>3,486,394</b>	<b>8,651</b>	<b>3,255,779</b>
<b>EXPENDITURES</b>					
Special Programs:					
Instruction:					
Salaries	4,052,827	4,040,407	3,783,977	256,430	3,778,679
Benefits	1,888,859	1,776,920	1,733,757	43,163	1,751,832
Purchased services	2,025	1,113	1,060	53	1,704
Supplies	9,413	14,813	14,365	448	5,639
	5,953,124	5,833,253	5,533,159	300,094	5,537,854
Other Direct Support:					
Salaries	583,270	703,353	704,905	(1,552)	537,661
Benefits	199,249	253,556	251,998	1,558	198,211
Purchased services	605,618	628,368	391,609	236,759	541,602
Supplies	35,000	44,500	25,376	19,124	26,776
Other	16,000	7,550	233	7,317	232
	1,439,137	1,637,327	1,374,121	263,206	1,304,482
Student Transportation:					
Salaries	346,637	364,300	350,959	13,341	321,186
Benefits	105,972	105,723	98,761	6,962	89,807
Purchased services	-	-	-	-	438
Supplies	40,654	40,650	29,753	10,897	415
	493,263	510,673	479,473	31,200	411,846
<b>Total Special Programs</b>	<b>7,885,524</b>	<b>7,981,253</b>	<b>7,386,753</b>	<b>594,500</b>	<b>7,254,182</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, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other Instructional Programs:					
Gifted and Talented:					
Salaries	\$ 185,766	\$ 136,070	\$ 91,745	\$ 44,325	\$ 186,694
Benefits	80,945	76,706	44,196	32,510	80,820
Supplies	1,833	834	829	5	955
Total Other Instructional	268,544	213,610	136,770	76,840	268,469
Contingency	81,541	81,949	-	81,949	-
Total Expenditures	8,235,609	8,276,812	7,523,523	753,289	7,522,651
Revenues Over (Under) Expenditures	(4,981,600)	(4,799,069)	(4,037,129)	761,940	(4,266,872)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	4,861,000	4,700,000	4,300,000	(400,000)	4,261,000
Net Change in Fund Balance	(120,600)	(99,069)	262,871	361,940	(5,872)
<b>FUND BALANCE, July 1</b>	436,653	435,719	435,719	-	441,591
<b>FUND BALANCE, June 30</b>	\$ 316,053	\$ 336,650	\$ 698,590	\$ 361,940	\$ 435,719

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GRANTS FUND - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Grants from:					
Local sources	\$ 2,980,129	\$ 2,929,278	\$ 2,402,594	\$ (526,684)	\$ 571,844
State sources	3,541,768	3,123,806	2,211,328	(912,478)	4,225,010
Federal sources	3,074,782	2,309,965	2,161,936	(148,029)	2,869,380
Total Revenues	9,596,679	8,363,049	6,775,858	(1,587,191)	7,666,234
<b>EXPENDITURES</b>					
Regular Programs:					
Salaries	1,173,369	918,057	886,358	31,699	1,766,145
Benefits	438,298	359,243	347,206	12,037	759,418
Purchased services	112,515	133,034	130,228	2,806	118,670
Supplies	411,205	522,587	477,043	45,544	908,457
Property	-	-	-	-	28,946
Other	46,045	24,602	23,797	805	61,118
Total Regular Programs	2,181,432	1,957,523	1,864,632	92,891	3,642,754
Special Programs:					
Salaries	653,027	700,534	495,232	205,302	529,944
Benefits	310,421	308,996	240,686	68,310	247,792
Purchased services	263,026	441,526	100,780	340,746	114,394
Supplies	220,186	242,244	11,004	231,240	18,937
Other	48,393	53,171	24,634	28,537	32,262
Total Special Programs	1,495,053	1,746,471	872,336	874,135	943,329
Vocational Programs:					
Salaries	128,689	40,391	41,270	(879)	88,215
Benefits	50,220	17,069	13,647	3,422	31,223
Purchased services	209,245	189,760	178,153	11,607	72,023
Supplies	270,360	283,133	241,655	41,478	297,876
Property	36,346	111,275	111,275	-	81,739
Other	24,740	8,627	7,694	933	9,261
Total Vocational Programs	719,600	650,255	593,694	56,561	580,337

Continued on next page.

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GRANTS FUND - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>Adult Education:</b>					
Salaries	\$ 90,813	\$ 84,491	\$ 80,036	\$ 4,455	\$ 81,906
Benefits	34,730	34,297	33,520	777	33,028
Purchased services	4,500	3,500	2,687	813	3,043
Supplies	13,197	5,518	3,794	1,724	10,809
Other	-	4,250	-	4,250	220
<b>Total Adult Education</b>	<b>143,240</b>	<b>132,056</b>	<b>120,037</b>	<b>12,019</b>	<b>129,006</b>
<b>Other Instructional Programs:</b>					
Salaries	177,261	95,205	94,883	322	136,738
Benefits	57,267	46,537	46,322	215	48,318
Purchased services	148,314	82,494	82,494	-	254,767
Supplies	11,512	31,307	31,249	58	22,831
Other	8,413	855	855	-	841
<b>Total Other Instructional</b>	<b>402,767</b>	<b>256,398</b>	<b>255,803</b>	<b>595</b>	<b>463,495</b>
<b>Community Service Programs:</b>					
Salaries	2,679	5,804	-	5,804	1,604
Benefits	164	490	-	490	98
Purchased services	5,000	2,500	-	2,500	-
Supplies	16,700	31,976	-	31,976	10,607
	<b>24,543</b>	<b>40,770</b>	<b>-</b>	<b>40,770</b>	<b>12,309</b>
<b>Undistributed Expenditures:</b>					
<b>Student Support:</b>					
Salaries	218,277	277,369	284,273	(6,904)	162,332
Benefits	90,656	113,374	105,420	7,954	59,832
Purchased services	50,982	1,580	2,531	(951)	11,418
Supplies	14,459	8,356	7,451	905	48,970
Other	7,059	9,827	7,025	2,802	803
	<b>381,433</b>	<b>410,506</b>	<b>406,700</b>	<b>3,806</b>	<b>283,355</b>

Continued on next page.

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GRANTS FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Instructional Staff Support:					
Salaries	\$ 37,766	\$ 41,229	\$ 27,049	\$ 14,180	\$ 31,846
Benefits	3,769	1,664	1,141	523	1,818
Purchased services	214,882	229,496	216,517	12,979	193,027
Supplies	52,555	14,621	12,373	2,248	54,967
Other	1,573	909	1,521	(612)	1,004
	<u>310,545</u>	<u>287,919</u>	<u>258,601</u>	<u>29,318</u>	<u>282,662</u>
General Administration:					
Salaries	14,049	14,049	-	14,049	-
Supplies	1,722	1,709	-	1,709	12
	<u>15,771</u>	<u>15,758</u>	<u>-</u>	<u>15,758</u>	<u>12</u>
Central Services:					
Supplies	-	30,000	-	30,000	-
Other Support:					
Salaries	14,080	17,598	20,815	(3,217)	14,517
Benefits	-	-	124	(124)	-
Purchased services	82,264	80,297	48,628	31,669	8,069
Supplies	71,782	64,357	60,461	3,896	11,643
Property	-	14,216	13,337	879	-
Other	-	-	1,698	(1,698)	-
	<u>168,126</u>	<u>176,468</u>	<u>145,063</u>	<u>31,405</u>	<u>34,229</u>
Facilities Acquisition and Construction:					
Site Improvement:					
Purchased services	260,000	2,509,988	2,114,021	395,967	286,328
Building Improvements:					
Purchased services	2,501,000	10,975	7,030	3,945	15,687
Supplies	1,669	21	-	21	-
	<u>2,502,669</u>	<u>10,996</u>	<u>7,030</u>	<u>3,966</u>	<u>15,687</u>

Continued on next page.

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GRANTS FUND - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other Facilities Construction:					
Purchased services	\$ 991,500	\$ 137,941	\$ 137,941	\$ -	\$ 735,013
Supplies	-	-	-	-	109,644
Property	-	-	-	-	148,074
	<u>991,500</u>	<u>137,941</u>	<u>137,941</u>	<u>-</u>	<u>992,731</u>
Total Facilities Acquisition and Construction	<u>3,754,169</u>	<u>2,658,925</u>	<u>2,258,992</u>	<u>399,933</u>	<u>1,294,746</u>
Total Undistributed Expenditures	<u>4,630,044</u>	<u>3,579,576</u>	<u>3,069,356</u>	<u>510,220</u>	<u>1,895,004</u>
Total Expenditures	<u>9,596,679</u>	<u>8,363,049</u>	<u>6,775,858</u>	<u>1,587,191</u>	<u>7,666,234</u>
Net Change in Fund Balance	-	-	-	-	-
<b>FUND BALANCE, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See accompanying notes.*



# DOUGLAS COUNTY SCHOOL DISTRICT

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## PROPRIETARY FUNDS STATEMENT OF NET POSITION

JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 5,554,393	\$ 5,472,719
Receivables	27,422	43,666
Due from other funds	434,131	415,186
Total Assets	<u>6,015,946</u>	<u>5,931,571</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued expenses	66,561	30,955
Unearned revenue	429,868	396,068
Pending claims	1,250,401	1,230,183
Total Current Liabilities	<u>1,746,830</u>	<u>1,657,206</u>
<b>NET POSITION</b>		
Restricted	<u>\$ 4,269,116</u>	<u>\$ 4,274,365</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2018	2017
<b>OPERATING REVENUES</b>		
Insurance premiums	\$ 6,945,438	\$ 6,981,922
Insurance proceeds and other	924,365	530,494
Other	15,302	50,507
Total Operating Revenues	<u>7,885,105</u>	<u>7,562,923</u>
<b>OPERATING EXPENSES</b>		
Claims expense	6,924,322	6,511,567
Purchased services	1,011,002	955,149
Other	11,986	41,401
Total Operating Expenses	<u>7,947,310</u>	<u>7,508,117</u>
Operating Income (Loss)	(62,205)	54,806
<b>NONOPERATING REVENUES</b>		
Earnings on investments	<u>56,956</u>	<u>36,706</u>
Change in Net Position	(5,249)	91,512
<b>NET POSITION, July 1</b>	<u>4,274,365</u>	<u>4,182,853</u>
<b>NET POSITION, June 30</b>	<u>\$ 4,269,116</u>	<u>\$ 4,274,365</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from insurance premiums	\$ 6,983,575	\$ 7,528,827
Cash received from insurance proceeds and other	934,357	700,017
Cash paid for claims expense	(6,904,104)	(6,543,758)
Cash paid for services and supplies	(987,383)	(988,115)
Net cash provided by operating activities	26,445	696,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	55,229	32,466
Net Increase in Cash and Investments	81,674	729,437
<b>CASH AND INVESTMENTS, July 1</b>	5,472,719	4,743,282
<b>CASH AND INVESTMENTS, June 30</b>	\$ 5,554,393	\$ 5,472,719
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (62,205)	\$ 54,806
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Change in assets and liabilities:		
Receivables	17,972	119,016
Premiums due from other funds	(18,945)	762,510
Accounts payable	35,605	(20,353)
Unearned revenues	33,800	(215,606)
Pending claims	20,218	(3,402)
Total Adjustments	88,650	642,165
Net cash provided by operating activities	\$ 26,445	\$ 696,971

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## STATEMENT OF AGENCY ASSETS AND LIABILITIES

JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>STUDENT ACTIVITY FUNDS</u>	
	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and investments	<u>\$ 937,960</u>	<u>\$ 939,827</u>
<b>LIABILITIES</b>		
Due to student groups	<u>\$ 937,960</u>	<u>\$ 939,827</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

### *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, 2018

### **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, 2018

### **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, 2018

### 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, 2018, 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, 2018

*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, 2018

### 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, 2017, 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.

### Implementation of New Accounting Pronouncements

As of July 1, 2017, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation is intended to improve the usefulness of information about postemployment benefits other than pensions (OPEB) and improve the accounting and financial reporting of OPEB from the employers' perspective. The disclosures required by this standard can be found at Note 10 and the effect of the standard's implementation on beginning net position is disclosed in Note 13.

### 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>
Class Size Reduction Fund	<u>\$ 3,103</u>	354.481

### 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, 2018, the District had the following amounts reported as cash and investments:

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

District-Wide Balances:

Pooled cash	\$ 7,012,818
Food services	91,444
Self-insurance claims accounts	88,395
Deposits held with fiscal agent	173,972
Local Government Investment Pool	16,180,000
	<u>23,546,629</u>

Fiduciary Fund Balances:

Cash held by Student Activity Funds	<u>937,960</u>
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Total Cash and Investments \$ 24,484,589

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)	\$ 329,923
Uninsured but collateralized by securities held in the name of the Office of the State Treasurer/Nevada Collateral Pool	<u>10,719,516</u>
	<u>\$ 11,049,439</u>

As of June 30, 2018, the District had \$16,180,000 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, 2018

*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, 2018:

	Taxes Receivable	Due from Other Gov't.	Other	Total Receivables
<i>Major Governmental Funds:</i>				
General	\$ 208,788	\$ 2,656,577	\$ 62,688	\$ 2,928,053
Special Education	-	-	12,768	12,768
Federal and State Grants	-	1,723,840	-	1,723,840
Debt Service	31,138	-	-	31,138
Capital Projects	-	15,039	-	15,039
<i>Other Governmental Funds</i>	-	34,688	3,483,347	3,518,035
Total Governmental Funds	<u>\$ 239,926</u>	<u>\$ 4,430,144</u>	<u>\$ 3,558,803</u>	<u>\$ 8,228,873</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, 2018

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, 2018 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Fund:		
General Fund	\$ 469,355	\$ 434,131
Nonmajor Governmental Fund:		
Federal and State Grants Fund	-	469,355
Internal Service Funds:		
Self Insurance Health Fund	414,735	-
Workers' Comp. Self-Insurance Fund	19,396	-
	<u>\$ 903,486</u>	<u>\$ 903,486</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, 2018 were as follows:

	Transfers	
	<u>To</u>	<u>From</u>
General Fund	\$ -	\$ 4,300,000
Special Education Fund	4,300,000	-
Debt Service Fund	-	100,000
Capital Projects Fund	100,000	-
	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

### NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017	Additions / Transfers	Deletions / Transfers	Balance June 30, 2018
<b>Nondepreciable Capital Assets</b>				
Land	\$ 1,413,439	\$ -	\$ (140,000)	\$ 1,273,439
Construction in progress	1,767,259	6,247,681	(4,641,485)	3,373,455
	<u>3,180,698</u>	<u>6,247,681</u>	<u>(4,781,485)</u>	<u>4,646,894</u>
<b>Depreciable Capital Assets</b>				
Buildings and improvements	139,953,620	4,641,485	(2,775,807)	141,819,298
Equipment and vehicles	10,252,786	1,030,027	(142,224)	11,140,589
	<u>150,206,406</u>	<u>5,671,512</u>	<u>(2,918,031)</u>	<u>152,959,887</u>
<b>Total Capital Assets</b>	<u>153,387,104</u>	<u>11,919,193</u>	<u>(7,699,516)</u>	<u>157,606,781</u>
Less accumulated depreciation for:				
Buildings and improvements	66,460,333	3,867,114	(2,382,248)	67,945,199
Equipment and vehicles	6,800,466	477,958	(142,224)	7,136,200
	<u>73,260,799</u>	<u>4,345,072</u>	<u>(2,524,472)</u>	<u>75,081,399</u>
<b>Governmental Activities, Capital Assets, net</b>	<u>\$ 80,126,305</u>	<u>\$ 7,574,121</u>	<u>\$ (5,175,044)</u>	<u>\$ 82,525,382</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Depreciation expense was allocated to the following functions/programs:

***Instruction:***

Regular	\$	99,728
Special		29,189
Vocational		29,513
Other		3,729
		<u>162,159</u>

***Support:***

Student	\$	4,626
General administration		-
School administration		-
Central services		54,798
Operations and maintenance		81,313
Student transportation		146,375
Facilities construction and improvement		3,895,801
		<u>4,182,913</u>

***Summary:***

Instruction		162,159
Support		4,182,913
Total Depreciation Expense		<u>\$ 4,345,072</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

### 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, 2018:

	Balance July 1, 2017	Additions of New Debt	Retirements, Repayments and Reductions	Balance June 30, 2018	Due Within One Year
General Obligation Bonds	\$38,480,000	\$ -	\$ (1,305,000)	\$37,175,000	\$ 1,415,000
Plus: Bond Premiums	284,812	-	(34,185)	250,627	34,185
Less: Bond Discounts	(30,324)	-	10,336	(19,988)	(10,336)
Total Bonds Payable	38,734,488	-	(1,328,849)	37,405,639	1,438,849
Compensated Absences	552,147	86,652	-	638,799	-
Installment Note Payable	3,145,000	-	(446,000)	2,699,000	446,000
	<u>\$42,431,635</u>	<u>\$ 86,652</u>	<u>\$ (1,774,849)</u>	<u>\$40,743,438</u>	<u>\$ 1,884,849</u>

Total interest expense for the year ended June 30, 2018 was \$1,684,210.

The District was, in accordance with NRS 387.400, within the legal debt limit at June 30, 2018.

General Obligation Bonds payable consist of the following at June 30, 2018:

Issue	Date Issued	Date of Final Maturity	Original Interest Rate %	Amount Issued	Balance June 30, 2018
Building Bonds	2/11/2009	7/1/2028	3.0 - 4.0	\$ 3,500,000	\$ 2,435,000
Improvement Bonds (BABs)	3/25/2010	4/1/2030	4.9 - 6.1	12,625,000	12,625,000
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	8,195,000
Improvement Bonds	10/16/2013	4/1/2034	3.0 - 4.0	8,500,000	7,260,000
Improvement Bonds	2/19/2015	4/1/2035	2.0 - 3.25	5,000,000	4,660,000
					<u>\$ 37,175,000</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The annual requirements to amortize all General Obligation Debt outstanding as of June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Expected Interest Subsidy	Total Requirements
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	1,980,000	1,302,261	(300,161)	2,982,100
2024 - 2028	12,285,000	5,060,634	(1,077,910)	16,267,724
2029 - 2033	9,770,000	2,087,033	(81,157)	11,775,876
2034 - 2038	4,265,000	699,270	-	4,964,270
2039 - 2042	2,420,000	191,471	-	2,611,471
	<u>\$ 37,175,000</u>	<u>\$ 15,275,388</u>	<u>\$ (2,841,214)</u>	<u>\$ 49,609,174</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, 2018 are as noted on the following page.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

The annual requirements to amortize the outstanding installment note payable as of June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
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
2023	507,000	15,751	522,751
2024	319,000	3,589	322,589
	<u>\$ 2,699,000</u>	<u>\$ 191,309</u>	<u>\$ 2,890,309</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

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### **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, 2018:



# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

	Major Funds				Other Gov't Funds	Total Governmental Funds
	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund		
Nonspendable:						
Inventories	\$ 104,844	\$ -	\$ -	\$ -	\$ 35,265	\$ 140,109
Restricted for:						
Debt service	-	-	2,377,275	-	-	2,377,275
Property renovations/upgrades	-	-	-	5,098,444	3,630,837	8,729,281
Child nutrition services	-	-	-	-	299,751	299,751
Education services	-	-	-	-	955,397	955,397
Assigned to:						
Education services	2,264,788	698,590	-	-	-	2,963,378
Unassigned	3,732,630	-	-	-	-	3,732,630
Governmental Fund Balances	<u>\$6,102,262</u>	<u>\$698,590</u>	<u>\$2,377,275</u>	<u>\$5,098,444</u>	<u>\$4,921,250</u>	<u>\$ 19,197,821</u>

### 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.

#### 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, and on or after July 1, 2015. 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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

2.5% multiplier, and for regular members entering PERS on or after July 1, 2015, there is a 2.25% 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.

### **Vesting**

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. Regular members who entered the System on or after July 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 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. Members become fully vested as to benefits upon completion of five years of service.

### **Contributions**

Contribution provisions are specified by state statute and may be amended only by action of the State legislature. Contribution rates are based on biennial actuarial valuations and are 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 District's contributions to the Plan were \$4,983,219 and \$4,989,279 (restated) for the years ended June 30, 2018 and 2017.

### **PERS Investment Policy**

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The following was the PERS Board's adopted policy target asset allocation as of June 30, 2017:

<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>	

### Net Pension Liability

At June 30, 2018, the District reported a liability of \$76,137,260 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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 the District's share of contributions in the PERS pension plan relative to the total contributions of all participating reporting units and members. At June 30, 2017, the District's proportion of the regular plan was .57247%, which was a decrease from its .58846% proportion measured as of June 30, 2016.

### 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 7.5%. 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 (6.50%) or 1.00 percentage point higher (8.50%) than the current discount rate of 7.50%.

	<u>1% Decrease in Discount Rate (6.50%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
Net Pension Liability	<u>\$ 115,098,280</u>	<u>\$ 76,137,260</u>	<u>\$ 43,779,523</u>

### 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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Investment rate of return	7.5% per year.
Salary increases	4.25% to 9.15% depending on service.
Inflation rate	2.75% per year.
Payroll growth	5.00% per year, including inflation.
Productivity pay increase	0.50%
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2017 funding actuarial valuation.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, 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.

Changes in assumptions include changes in the inflation rate and Consumer Price Index from 3.5% to 2.75%; change in the investment rate of return from 8.00% to 7.50%; change in the productivity pay increase from 0.75% to 0.50%; and, changes in projected salary increases. Lastly, the mortality rates are now based on the Headcount-Weighted RP-2014 Mortality Tables rather than the RP-2000 Mortality Tables.

### Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the District recognized pension expense of \$5,563,891. As of June 30, 2018, the District 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, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,996,144
Changes in assumptions	5,050,983	
Net difference between projected and actual earnings on pension plan assets	494,346	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	2,174,308	3,615,398
The District's contributions subsequent to the measurement date	4,983,219	-
	<u>\$ 12,702,856</u>	<u>\$ 8,611,542</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, 2019. 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
2019	\$ (139,578)
2020	(139,578)
2021	(139,578)
2022	(139,578)
2023	(139,578)
Thereafter	(194,015)
	<u>\$ (891,905)</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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.

Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which was effective for fiscal years beginning after June 15, 2016, makes changes to the financial reporting for OPEB plans administered through trusts which meet certain criteria. PEBP is administered by the State of Nevada and is not considered a "plan" for GASB 74 purposes. (However, to enhance the understanding of this footnote, this PEBP program may be referred to as a "plan.") Any assets accumulated for OPEB purposes are to be reported as assets of the employer. As of June 30, 2018, \$4.7 million of assets have been accumulated in the District's Self Insurance Health Fund. These assets are restricted for employee benefits and are not subject to the claims of the District's creditors.

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 \$766,650 during the year on behalf of 268 participating retirees.

##### *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

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

issued for this plan. The District has elected to pay the implicit cost of postemployment benefits on the *pay-as-you-go* basis.

Plan membership consisted of 740 active plan members and 46 retirees as of September 1, 2016, the date of the latest 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.

### Actuarial Methods and Assumptions

The District's net OPEB liability for each plan was measured as of June 30, 2018, and the total OPEB liabilities used to calculate their respective net OPEB liability were determined by actuarial valuations for each plan as of September 1, 2016, with the amounts rolled forward to June 30, 2018.

The total OPEB liability in the actuarial valuation for each plan was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

	<u>District</u>	<u>PEBP</u>
Inflation	2.75%	2.75%
Salary increases	4%	N/A
Discount rate		
As of June 30, 2017	3.53%	3.53%
As of June 30, 2018	3.89%	3.89%
Healthcare inflation		
Initial	7.00%	6.50%
Ultimate	5.00%	5.00%

Mortality rates used were those based on the June 30, 2015 report of Nevada PERS and were adjusted by applying the MacLeod Watts Scale 2017 on a generational basis from 2015 forward.

### Sensitivity of the OPEB Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the net OPEB liabilities of the District's plan and PEBP, as well as what the liabilities would be if they were calculated using a discount rate that is 1% lower (2.89%) or 1% higher (4.89%).

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

<u>Net OPEB Liability</u>	<u>1% Decrease in Discount Rate to 2.89%</u>	<u>Current Discount Rate 3.89%</u>	<u>1% Increase in Discount Rate to 4.89%</u>
District	\$ 9,908,830	\$ 8,728,778	\$ 77,547,047
PEBP	<u>15,767,844</u>	<u>14,071,807</u>	<u>12,652,368</u>
	<u>\$ 25,676,674</u>	<u>\$ 22,800,585</u>	<u>\$ 90,199,415</u>

The following presents the net OPEB liabilities of the District's Plan and PEBP, as well as what the liabilities would be if they were calculated using a 1% decrease and a 1% increase in the healthcare cost trend rate.

<u>Net OPEB Liability</u>	<u>1% Decrease in Current Trend</u>	<u>Current Trend</u>	<u>1% Increase in Current Trend</u>
District	\$ 7,351,595	\$ 8,728,778	\$ 11,189,986
PEBP	<u>12,494,836</u>	<u>14,071,807</u>	<u>15,927,590</u>
	<u>\$ 19,846,431</u>	<u>\$ 22,800,585</u>	<u>\$ 27,117,576</u>

### OPEB Expense and Deferred Outflows of Resources and Inflows Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$675,051 for the District Plan and \$(62,893) for PEBP. As of June 30, 2018, the District reported deferred inflows of \$270,044 and \$-0- for the District Plan and PEBP, respectively, and deferred outflows of \$-0- for both plans.

The deferred inflows of \$270,044 for the District Plan will be recognized as a component of OPEB expense, ratably at the rate of \$(28,459) per year through 2028.

### 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, 2018

### *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, 2017 and 2018 are shown on the following page.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The changes in the claims liability for the years ended June 30, 2017 and 2018 are:

	<b>Self-Insurance Funds</b>		
	<b>Health Fund</b>	<b>Workers' Compensation</b>	<b>Total</b>
Claims liability, July 1, 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
Current year claims and changes in estimates	6,636,580	287,742	6,924,322
Claim payments	(6,629,362)	(274,742)	(6,904,104)
Claims liability, June 30, 2018	\$ 744,401	\$ 506,000	\$ 1,250,401

### 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.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### *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. The fund balance of this fund has been restricted in these financial statements, as discussed in Note 8.

### *Construction Commitments*

The District has active construction projects as of June 30, 2018 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.

### **NOTE 13 – PRIOR PERIOD ADJUSTMENT / ADOPTION OF GASB STATEMENT NO. 75**

During 2018, the District identified amounts in the June 30, 2017 financial statements related to certain contribution payments which according to GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*, are deemed to be in satisfaction of employee contribution requirements. The Public Employee's Retirement System of Nevada (PERS) provided Nevada governments with a restated Schedule of Employer Allocations for GASB 82 Implementation, which sets forth the amounts to determine the previous overstatement of the balances reported for deferred outflows of resources and net pension liability-related amounts as of June 30, 2017.

As of July 1, 2017, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of this standard requires governments to calculate and report the cost, obligations, deferred outflows of resources, and deferred inflows of resources associated with other postemployment benefits in their financial statements, including additional footnote disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning total OPEB liability and deferred outflows and inflows of resources related to the OPEB liability.

# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

	Governmental Activities
Net position (deficit) as of June 30, 2017, as previously reported	\$ (19,954,953)
Restatement of pension related amounts, as per GASB 82	<u>(3,109,013)</u>
Net position (deficit) as of June 30, 2017, restated for correction of error	(23,063,966)
Change in OPEB liability, as per GASB 75	<u>(13,085,486)</u>
Net position (deficit) as of July 1, 2017, as restated	<u>\$ (36,149,452)</u>

### NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2020.

In June 2017, the Governmental Accounting Standards Board issued GASS Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2021.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2019.

# DOUGLAS COUNTY SCHOOL DISTRICT

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REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NPL  
 (NET PENSION LIABILITY)  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA  
 LAST TEN FISCAL YEARS\*

Plan Year Ended	2017	2016	2015	2014
District's proportion of the Net Pension Liability	0.57247%	0.58846%	0.60910%	0.57980%
District's proportionate share of the Net Pension Liability	\$ 76,137,260	\$ 79,189,924	\$ 69,799,991	\$ 60,291,529
District's covered employee payroll	\$ 35,305,799	\$ 35,363,059	\$ 35,561,565	\$ 32,383,611
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	215.65%	223.93%	196.28%	186.18%
Plan fiduciary net position as a percentage of the Total Pension Liability	74.42%	72.20%	75.10%	76.30%

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

	Determined for the Year Ended June 30,			
	2018	2017 <i>(As Restated)</i>	2016 <i>(As previously reported)</i>	2015
Statutorily required contribution	\$ 4,983,219	\$ 4,989,279	\$ 8,912,739	\$ 8,393,174
Contributions in relation to the statutorily required contribution	<u>4,983,219</u>	<u>4,989,279</u>	<u>8,912,739</u>	<u>8,393,174</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 35,305,799	\$ 35,363,059	\$ 35,561,565	\$ 32,383,611
Contributions as a percentage of covered employee payroll	14.11%	14.11%	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

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS\*

	2018		
	District	PEBP	Total
<b>Total OPEB Liability</b>			
Service cost	\$ 487,581	\$ -	\$ 487,581
Interest	315,670	512,486	828,156
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	(398,244)	(575,379)	(973,623)
Benefit payments	(262,271)	(766,650)	(1,028,921)
Net change in Total OPEB Liability	142,736	(829,543)	(686,807)
Total OPEB Liability, beginning	8,586,042	14,901,350	23,487,392
<b>Total OPEB Liability, ending</b>	<b>8,728,778</b>	<b>14,071,807</b>	<b>22,800,585</b>
<b>Plan Fiduciary Net Position</b>			
Employer contributions	262,271	766,650	1,028,921
Net investment income	-	-	-
Benefit payments	(262,271)	(766,650)	(1,028,921)
Net change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position, beginning	-	-	-
<b>Plan Fiduciary Net Position, ending</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>District's Net OPEB Liability</b>	<b>\$ 8,728,778</b>	<b>\$ 14,071,807</b>	<b>\$ 22,800,585</b>
Covered payroll	\$ 35,338,249	N/A	N/A
District's net OPEB liability as a percentage of covered payroll	24.70%	N/A	N/A

\*GASB Statement No. 75 requires ten years of information to be presented. However, until all 10 years of data is available the District presents information for those years for which the information is available.

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# DOUGLAS COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Ad valorem taxes	\$ 2,724,475	\$ 2,724,475	\$ 2,751,500	\$ 27,025	\$ 2,658,414
Earnings on investments	-	-	7,449	7,449	-
Total Local Sources	2,724,475	2,724,475	2,758,949	34,474	2,658,414
Federal Sources:					
In lieu of tax	275	275	-	(275)	-
Bond interest subsidy	367,536	367,536	342,662	(24,874)	343,418
Total Federal sources	367,811	367,811	342,662	(25,149)	343,418
Total Revenues	3,092,286	3,092,286	3,101,611	9,325	3,001,832
<b>EXPENDITURES</b>					
Debt Service:					
Principal	1,305,000	1,305,000	1,305,000	-	1,330,000
Interest	1,615,057	1,615,057	1,615,056	1	1,653,781
Fiscal agent charges	6,000	6,000	5,550	450	5,550
Total Expenditures	2,926,057	2,926,057	2,925,606	451	2,989,331
Revenues Over (Under)					
Expenditures	166,229	166,229	176,005	9,776	12,501
<b>OTHER FINANCING (USES)</b>					
Transfer to other funds	(100,000)	(100,000)	(100,000)	-	(1,300,000)
Net Change in Fund Balance	66,229	66,229	76,005	9,776	(1,287,499)
<b>FUND BALANCE, July 1</b>	1,789,215	2,301,270	2,301,270	-	3,588,769
<b>FUND BALANCE, June 30</b>	\$ 1,855,444	\$ 2,367,499	\$ 2,377,275	\$ 9,776	\$ 2,301,270

# DOUGLAS COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Governmental services tax	\$ 1,218,398	\$ 1,218,398	\$ 1,323,184	\$ 104,786	\$ 1,208,611
Residential construction tax	234,600	234,600	384,560	149,960	327,556
Earnings on investments	15,000	15,000	62,633	47,633	39,010
<b>Total Revenues</b>	<b>1,467,998</b>	<b>1,467,998</b>	<b>1,770,377</b>	<b>302,379</b>	<b>1,575,177</b>
<b>EXPENDITURES</b>					
Other Support:					
Purchased services	-	23,510	10,177	13,333	7,811
Supplies	485,000	306,203	423,977	(117,774)	189,300
Property	55,000	135,000	11,654	123,346	7,740
Other	-	1,100	1,015	85	2,201
	<b>540,000</b>	<b>465,813</b>	<b>446,823</b>	<b>18,905</b>	<b>207,052</b>
Facilities Acquisition and Construction:					
Building Improvements:					
Purchased services	3,600,000	2,848,124	3,416,365	(568,241)	357,233
Other	-	-	-	-	3,400
	<b>3,600,000</b>	<b>2,848,124</b>	<b>3,416,365</b>	<b>(568,241)</b>	<b>360,633</b>
Site Improvements:					
Purchased services	2,050,000	2,928,440	142,486	2,785,954	121,514
Supplies	-	-	40,187	(40,187)	-
	<b>2,050,000</b>	<b>2,928,440</b>	<b>182,673</b>	<b>2,745,767</b>	<b>121,514</b>
Other Facilities Construction:					
Purchased services	-	148,000	130,567	17,433	33,997
<b>Total Facilities Acquisition and Construction</b>	<b>5,650,000</b>	<b>5,924,564</b>	<b>3,729,605</b>	<b>2,194,959</b>	<b>516,144</b>
<b>Total Expenditures</b>	<b>6,190,000</b>	<b>6,390,377</b>	<b>4,176,428</b>	<b>2,213,864</b>	<b>723,196</b>
Revenues Over (Under) Expenditures	(4,722,002)	(4,922,379)	(2,406,051)	2,516,243	851,981

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, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OTHER FINANCING SOURCES</b>					
Transfer from other funds	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ 1,300,000
Net Change in Fund Balance	(4,622,002)	(4,822,379)	(2,306,051)	2,516,243	2,151,981
<b>FUND BALANCE, July 1</b>	6,119,247	7,404,495	7,404,495	-	5,252,514
<b>FUND BALANCE, June 30</b>	\$ 1,497,245	\$ 2,582,116	\$ 5,098,444	\$ 2,516,243	\$ 7,404,495

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	TOTALS	BUILDING AND SITES	BOND	TOTALS	2018	2017
<b>ASSETS</b>								
Cash and investments	\$ 366,304	\$ 1,080,598	\$ 1,446,902	\$ 148,867	\$ 36,254	\$ 185,121	\$ 1,632,023	\$ 2,146,423
Receivables	34,688	1,377	36,065	3,481,970	-	3,481,970	3,518,035	150,564
Inventories	35,265	-	35,265	-	-	-	35,265	75,008
<b>Total Assets</b>	<b>\$ 436,257</b>	<b>\$ 1,081,975</b>	<b>\$ 1,518,232</b>	<b>\$ 3,630,837</b>	<b>\$ 36,254</b>	<b>\$ 3,667,091</b>	<b>\$ 5,185,323</b>	<b>\$ 2,371,995</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	101,241	126,578	227,819	-	36,254	36,254	264,073	561,467
Retainage payable	-	-	-	-	-	-	-	35,246
<b>Total Liabilities</b>	<b>101,241</b>	<b>126,578</b>	<b>227,819</b>	<b>-</b>	<b>36,254</b>	<b>36,254</b>	<b>264,073</b>	<b>596,713</b>
<b>FUND BALANCES</b>								
Nonspendable	35,265	-	35,265	-	-	-	35,265	75,008
Restricted	299,751	955,397	1,255,148	3,630,837	-	3,630,837	4,885,985	1,700,274
<b>Total Fund Balances</b>	<b>335,016</b>	<b>955,397</b>	<b>1,290,413</b>	<b>3,630,837</b>	<b>-</b>	<b>3,630,837</b>	<b>4,921,250</b>	<b>1,775,282</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 436,257</b>	<b>\$ 1,081,975</b>	<b>\$ 1,518,232</b>	<b>\$ 3,630,837</b>	<b>\$ 36,254</b>	<b>\$ 3,667,091</b>	<b>\$ 5,185,323</b>	<b>\$ 2,371,995</b>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	TOTALS	BUILDING AND SITES	BOND	TOTALS	2018	2017
<b>REVENUES</b>								
Local sources	\$ 643,437	\$ 12,995	\$ 656,432	\$ 12,046	\$ 1,009	\$ 13,055	\$ 669,487	\$ 534,243
State sources	3,764	1,550,638	1,554,402	-	-	-	1,554,402	2,806,624
Federal sources	962,609	-	962,609	-	-	-	962,609	997,607
Total Revenues	1,609,810	1,563,633	3,173,443	12,046	1,009	13,055	3,186,498	4,338,474
<b>EXPENDITURES</b>								
Regular programs	-	1,540,957	1,540,957	-	-	-	1,540,957	1,880,024
Undistributed Expenditures:								
Other support	-	-	-	-	-	-	-	13,223
Food service	1,600,844	-	1,600,844	-	-	-	1,600,844	1,639,553
Facilities acquisition/constructor	-	-	-	-	395,785	395,785	395,785	1,380,888
Total Expenditures	1,600,844	1,540,957	3,141,801	-	395,785	395,785	3,537,586	4,913,688
Revenues Over (Under)								
Expenditures	8,966	22,676	31,642	12,046	(394,776)	(382,730)	(351,088)	(575,214)
<b>OTHER FINANCING SOURCES</b>								
Proceeds from sale of property	-	-	-	3,536,799	-	3,536,799	3,536,799	-

Continued on next page.

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	TOTALS	BUILDING AND SITES	BOND	TOTALS	2018	2017
Net Change in Fund Balances	\$ 8,966	\$ 22,676	\$ 31,642	\$ 3,548,845	\$ (394,776)	\$ 3,154,069	\$ 3,185,711	\$ (575,214)
<b>FUND BALANCES, July 1</b>	365,793	932,721	1,298,514	81,992	394,776	476,768	1,775,282	2,332,214
Increase (decrease) in reserve for inventories	(39,743)	-	(39,743)	-	-	-	(39,743)	18,282
<b>FUND BALANCES, June 30</b>	<u>\$ 335,016</u>	<u>\$ 955,397</u>	<u>\$ 1,290,413</u>	<u>\$ 3,630,837</u>	<u>\$ -</u>	<u>\$ 3,630,837</u>	<u>\$ 4,921,250</u>	<u>\$ 1,775,282</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, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ 1,200	\$ 1,200	\$ 1,617	\$ 417	\$ 1,677
Daily sales	500,000	506,808	641,820	135,012	509,763
Total Local Sources	501,200	508,008	643,437	135,429	511,440
State Sources - Grants	4,400	4,400	3,764	(636)	4,324
Federal Sources - Grants	851,000	851,000	962,609	111,609	997,607
Total Revenues	1,356,600	1,363,408	1,609,810	246,402	1,513,371
<b>EXPENDITURES</b>					
Salaries	662,113	666,842	663,554	3,288	673,863
Benefits	275,205	279,430	276,685	2,745	269,907
Purchased services	16,150	9,800	8,534	1,266	10,553
Supplies	641,100	647,480	651,093	(3,613)	684,589
Other	2,030	2,000	978	1,022	641
Total Food Service	1,596,598	1,605,552	1,600,844	4,708	1,639,553
Contingency	25,000	25,000	-	25,000	-
Total Expenditures	1,621,598	1,630,552	1,600,844	29,708	1,639,553
Net Change in Fund Balance	(264,998)	(267,144)	8,966	276,110	(126,182)
<b>FUND BALANCE, July 1</b>	332,676	365,793	365,793	-	473,693
Increase (decrease) in reserve for inventories	-	-	(39,743)	(39,743)	18,282
<b>FUND BALANCE, June 30</b>	\$ 67,678	\$ 98,649	\$ 335,016	\$ 236,367	\$ 365,793

# DOUGLAS COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ 5,000	\$ 5,000	\$ 12,995	\$ 7,995	\$ 9,139
State Sources:					
Special appropriations	1,646,260	1,466,167	1,550,638	84,471	2,802,300
Total Revenues	1,651,260	1,471,167	1,563,633	92,466	2,811,439
<b>EXPENDITURES</b>					
Regular Programs:					
Salaries	1,107,791	1,068,118	1,067,684	434	1,303,618
Benefits	485,240	469,736	473,273	(3,537)	576,406
Total Expenditures	1,593,031	1,537,854	1,540,957	(3,103)	1,880,024
Revenues Over (Under)					
Expenditures	58,229	(66,687)	22,676	89,363	931,415
<b>OTHER FINANCING SOURCES</b>					
Transfers (to) other funds	-	(864,729)	-	864,729	-
Net Change in Fund Balance	58,229	(931,416)	22,676	95,569	931,415
<b>FUND BALANCE, July 1</b>	63,319	932,721	932,721	-	1,306
<b>FUND BALANCE, June 30</b>	\$ 121,548	\$ 1,305	\$ 955,397	\$ 95,569	\$ 932,721



# DOUGLAS COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ 100	\$ 55,600	\$ 1,548	\$ (54,052)	\$ 609
Other	2,400	2,400	10,498	8,098	1,230
Total Revenues	2,500	58,000	12,046	(45,954)	1,839
<b>EXPENDITURES</b>					
Building Improvement:					
Purchased services	-	136,992	-	136,992	-
Revenues Over (Under)					
Expenditures	2,500	(78,992)	12,046	(182,946)	1,839
<b>OTHER FINANCING SOURCES</b>					
Proceeds from property sale	-	-	3,536,799	3,536,799	-
Net Change in Fund Balance	2,500	(78,992)	3,548,845	3,627,837	1,839
<b>FUND BALANCE, July 1</b>	1,308	81,992	81,992	-	80,153
<b>FUND BALANCE, June 30</b>	\$ 3,808	\$ 3,000	\$ 3,630,837	\$ 3,627,837	\$ 81,992

# DOUGLAS COUNTY SCHOOL DISTRICT

BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2018  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)*

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local Sources:					
Earnings on investments	\$ -	\$ -	\$ 1,009	\$ 1,009	\$ 11,825
<b>EXPENDITURES</b>					
Other Support:					
Salaries	-	-	-	-	9,588
Benefits	-	-	-	-	3,635
	-	-	-	-	13,223
Facilities Acquisition and Construction:					
Site Improvement:					
Purchased services	-	394,776	395,785	(1,009)	324,574
Building Improvement:					
Purchased services	-	-	-	-	1,056,314
Total Facilities Acquisition and Construction	-	394,776	395,785	(1,009)	1,380,888
Total Expenditures	-	394,776	395,785	(1,009)	1,394,111
Net Change in Fund Balance	-	(394,776)	(394,776)	-	(1,382,286)
<b>FUND BALANCE, July 1</b>	-	394,776	394,776	-	1,777,062
<b>FUND BALANCE, June 30</b>	\$ -	\$ -	\$ -	\$ -	\$ 394,776

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
 COMBINING STATEMENT OF FUND NET POSITION  
 JUNE 30, 2018  
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>SELF- INSURANCE HEALTH FUND</u>	<u>WORKERS' COMP SELF INSURANCE FUND</u>	<u>TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>	
			<u>2018</u>	<u>2017</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 4,229,258	\$ 1,325,135	\$ 5,554,393	\$ 5,472,719
Receivables	19,656	7,766	27,422	43,666
Due from other funds	414,735	19,396	434,131	415,186
Total Assets	4,663,649	1,352,297	6,015,946	5,931,571
 <b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued expenses	3,962	62,599	66,561	30,955
Unearned revenue	429,868	-	429,868	396,068
Pending claims	744,401	506,000	1,250,401	1,230,183
Total Current Liabilities	1,178,231	568,599	1,746,830	1,657,206
 <b>NET POSITION</b>				
Restricted	\$ 3,485,418	\$ 783,698	\$ 4,269,116	\$ 4,274,365

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
COMBINING STATEMENT OF  
REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS	
			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2018	2017
<b>OPERATING REVENUES</b>				
Insurance premiums	\$ 6,651,392	\$ 294,046	\$ 6,945,438	\$ 6,981,922
Insurance proceeds	924,365	-	924,365	530,494
Other	-	15,302	15,302	50,507
Total Operating Revenues	<u>7,575,757</u>	<u>309,348</u>	<u>7,885,105</u>	<u>7,562,923</u>
<b>OPERATING EXPENSES</b>				
Claims expense	6,636,580	287,742	6,924,322	6,511,567
Purchased services	928,939	82,063	1,011,002	955,149
Other	11,986	-	11,986	41,401
Total Operating Expenses	<u>7,577,505</u>	<u>369,805</u>	<u>7,947,310</u>	<u>7,508,117</u>
Operating Income (Loss)	(1,748)	(60,457)	(62,205)	54,806
<b>NONOPERATING REVENUES</b>				
Earnings on investments	<u>42,729</u>	<u>14,227</u>	<u>56,956</u>	<u>36,706</u>
Change in Net Position	40,981	(46,230)	(5,249)	91,512
<b>NET POSITION, July 1</b>	<u>3,444,437</u>	<u>829,928</u>	<u>4,274,365</u>	<u>4,182,853</u>
<b>NET POSITION, June 30</b>	<u>\$ 3,485,418</u>	<u>\$ 783,698</u>	<u>\$ 4,269,116</u>	<u>\$ 4,274,365</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS	
			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS 2018	2017
<b>CASH FROM OPERATING ACTIVITIES</b>				
Cash received from insurance premiums	\$ 6,689,807	\$ 293,768	\$ 6,983,575	\$ 7,528,827
Cash received from insurance and other	924,365	9,992	934,357	700,017
Cash paid for claims	(6,629,362)	(274,742)	(6,904,104)	(6,543,758)
Cash paid for services and supplies	(943,780)	(43,603)	(987,383)	(988,115)
Net cash provided (used) by operating activities	41,030	(14,585)	26,445	696,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	41,414	13,815	55,229	32,466
Net Increase in Cash and Investments	82,444	(770)	81,674	729,437
<b>CASH AND INVESTMENTS, July 1</b>	<u>4,146,814</u>	<u>1,325,905</u>	<u>5,472,719</u>	<u>4,743,282</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 4,229,258</u>	<u>\$ 1,325,135</u>	<u>\$ 5,554,393</u>	<u>\$ 5,472,719</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>				
Operating income (loss)	\$ (1,748)	\$ (60,457)	\$ (62,205)	\$ 54,806
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Change in assets and liabilities:				
Receivables	23,282	(5,310)	17,972	119,016
Premiums due from other funds	(18,667)	(278)	(18,945)	762,510
Accounts payable and accrued expenses	(2,855)	38,460	35,605	(20,353)
Unearned revenue	33,800	-	33,800	(215,606)
Pending claims	7,218	13,000	20,218	(3,402)
Total Adjustments	42,778	45,872	88,650	642,165
Net cash provided (used) by operating activities	\$ 41,030	\$ (14,585)	\$ 26,445	\$ 696,971

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, 2018

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

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 6,988,920	\$ 6,988,920	\$ 6,651,392	\$ (337,528)	\$ 6,688,236
Insurance proceeds	-	-	924,365	924,365	530,494
Total Operating Revenues	6,988,920	6,988,920	7,575,757	586,837	7,218,730
<b>OPERATING EXPENSES</b>					
Claims expense	6,785,381	6,735,381	6,636,580	98,801	6,232,408
Purchased services	786,243	850,000	928,939	(78,939)	855,059
Other	31,030	31,030	11,986	19,044	41,401
Total Operating Expenses	7,602,654	7,616,411	7,577,505	38,906	7,128,868
Operating Income (Loss)	(613,734)	(627,491)	(1,748)	625,743	89,862
<b>NONOPERATING REVENUES</b>					
Earnings on investments	22,930	22,930	42,729	19,799	27,792
Change in Net Position	(590,804)	(604,561)	40,981	645,542	117,654
<b>NET POSITION, July 1</b>	2,712,009	3,444,437	3,444,437	-	3,326,783
<b>NET POSITION, June 30</b>	\$ 2,121,205	\$ 2,839,876	\$ 3,485,418	\$ 645,542	\$ 3,444,437

# DOUGLAS COUNTY SCHOOL DISTRICT

## SELF-INSURANCE HEALTH FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2018

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

	2018 BUDGET		2018	2017	
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 6,988,920	\$ 6,988,920	\$ 6,689,807	\$ (299,113)	\$ 7,202,091
Cash received from insurance and other	-	-	924,365	924,365	647,080
Cash paid for claims	(6,785,381)	(6,735,381)	(6,629,362)	106,019	(6,310,811)
Cash paid for services and supplies	(817,273)	(881,030)	(943,780)	(62,750)	(889,643)
Net cash provided (used) by operating activities	(613,734)	(627,491)	41,030	668,521	648,717
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	22,930	22,930	41,414	18,484	24,585
Net Increase (Decrease) in Cash	(590,804)	(604,561)	82,444	687,005	673,302
<b>CASH AND INVESTMENTS, July 1</b>	<u>2,858,738</u>	<u>4,146,814</u>	<u>4,146,814</u>	<u>-</u>	<u>3,473,512</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 2,267,934</u>	<u>\$ 3,542,253</u>	<u>\$ 4,229,258</u>	<u>\$ 687,005</u>	<u>\$ 4,146,814</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (613,734)	\$ (627,491)	\$ (1,748)	\$ 625,743	\$ 89,862
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	23,282	23,282	116,586
Premiums due from other funds	-	-	(18,667)	(18,667)	729,460
Accounts payable and accrued exp.	-	-	(2,855)	(2,855)	6,817
Deferred revenues	-	-	33,800	33,800	(215,606)
Pending claims	-	-	7,218	7,218	(78,402)
Total Adjustments	-	-	42,778	42,778	558,855
Net cash provided (used) by operations	<u>\$ (613,734)</u>	<u>\$ (627,491)</u>	<u>\$ 41,030</u>	<u>\$ 668,521</u>	<u>\$ 648,717</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, 2018

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

	2018 BUDGET		2018		2017
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 295,000	\$ 295,000	\$ 294,046	\$ (954)	\$ 293,686
Other	10,000	10,000	15,302	5,302	50,507
Total Operating Revenues	305,000	305,000	309,348	4,348	344,193
<b>OPERATING EXPENSES</b>					
Claims expense	329,645	355,000	287,742	67,258	279,159
Purchased services	-	-	82,063	(82,063)	100,090
Total Operating Expenses	329,645	355,000	369,805	(14,805)	379,249
Operating Income (Loss)	(24,645)	(50,000)	(60,457)	19,153	(35,056)
<b>NONOPERATING REVENUES</b>					
Earnings on investments	7,500	7,500	14,227	6,727	8,914
Change in Net Position	(17,145)	(42,500)	(46,230)	25,880	(26,142)
<b>NET POSITION, July 1</b>	839,070	829,928	829,928	-	856,070
<b>NET POSITION, June 30</b>	\$ 821,925	\$ 787,428	\$ 783,698	\$ (3,730)	\$ 829,928



# DOUGLAS COUNTY SCHOOL DISTRICT

## WORKERS' COMPENSATION SELF-INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2018

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

	2018 BUDGET		2018	2017	
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 295,000	\$ 295,000	\$ 293,768	\$ (1,232)	\$ 326,736
Cash received from other sources	10,000	10,000	9,992	(8)	52,937
Cash paid for claims	-	-	(274,742)	(274,742)	(232,947)
Cash paid for services and supplies	(329,645)	(355,000)	(43,603)	311,397	(98,472)
Net cash provided (used) by operating activities	(24,645)	(50,000)	(14,585)	35,415	48,254
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	7,500	7,500	13,815	6,315	7,881
Net Increase (Decrease) in Cash	(17,145)	(42,500)	(770)	41,730	56,135
<b>CASH AND INVESTMENTS, July 1</b>	<u>1,252,770</u>	<u>1,325,905</u>	<u>1,325,905</u>	<u>-</u>	<u>1,269,770</u>
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 1,235,625</u>	<u>\$ 1,283,405</u>	<u>\$ 1,325,135</u>	<u>\$ 41,730</u>	<u>\$ 1,325,905</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (24,645)	\$ (50,000)	\$ (60,457)	\$ (10,457)	\$ (35,056)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	(5,310)	(5,310)	2,430
Premiums due from other funds	-	-	(278)	(278)	33,050
Accounts payable and accrued exp.	-	-	38,460	38,460	(27,170)
Pending claims	-	-	13,000	13,000	75,000
Total Adjustments	-	-	45,872	45,872	83,310
Net cash provided (used) by operations	<u>\$ (24,645)</u>	<u>\$ (50,000)</u>	<u>\$ (14,585)</u>	<u>\$ 35,415</u>	<u>\$ 48,254</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## STUDENT ACTIVITY AGENCY FUNDS SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - BY SCHOOL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
<b>Student Activity Funds</b>				
Douglas High School (HS)	\$ 407,566	\$ 920,751	\$ 907,086	\$ 421,231
George Whittell HS	84,169	109,896	113,132	80,933
ASPIRE Academy HS	32,774	24,332	28,436	28,670
Carson Valley Middle School (MS)	110,641	113,434	123,040	101,035
Pau-Wa-Lu MS	37,033	128,862	123,369	42,526
Scarselli Elementary School (ES)	45,131	69,291	62,149	52,273
Minden ES	56,237	88,460	89,535	55,162
Piñon Hills ES	49,422	97,508	104,569	42,361
Jacks Valley ES	43,250	77,602	75,317	45,535
C.C. Meneley ES	36,884	80,410	77,069	40,225
Gardnerville ES	34,161	32,215	38,840	27,536
Zephyr Cove ES	2,559	14,491	16,577	473
	<u>\$ 939,827</u>	<u>\$ 1,757,252</u>	<u>\$ 1,759,119</u>	<u>\$ 937,960</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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2018.

**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.

*Rife Silva & Co, LLC*

Reno, Nevada  
November 30, 2018

**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, 2018. 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, 2018.

## 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  
November 30, 2018

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2018

(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	18-639-03	\$ 736,682
IDEA - District Improvement Grant	84.027	18-641-03	22,203
IDEA - Special Projects	84.027	18-667-03	78,433
IDEA - Preschool	84.173	18-665-03	57,222
Total Special Education Cluster			<u>894,540</u>
Title I, Part A - Grants to Local Educational Agencies	84.010	18-633-03	649,272
Title I, Part D - Neglected and Delinquent Children	84.010	18-650-03	57,708
Career and Technical Education (Perkins IV)	84.048	18-631-03	51,894
Corrections (Perkins)	84.048	18-635-03	20,828
School Climate Transformation Grant	84.184F	18-682-03	7,915
McKinney-Vento Homeless Assistance	84.196A	18-688-03	50,903
Title III, Part A - English Language Acquisition	84.365A	18-658-03	26,802
Title III, Part A - English Language Acquisition Immigrant	84.365A	18-659-03	16,800
Title II, Part A - Teacher/Principal Training & Recruiting	84.367	18-709-03	89,375
<b>Total U.S. Department of Education</b>			<u>1,866,037</u>

Continued on next page.

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2018

(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	18-698-03	\$ 282,561
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through the State of Nevada Department of Agriculture:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	149,232
National School Lunch Program	10.555	N/A	654,699
National School Lunch Program - Commodities	10.555	N/A	131,601
Total Child Nutrition Cluster			935,532
Fresh Fruit and Vegetables Program	10.582	N/A	27,077
NSLP Equipment Grant	10.579	N/A	13,337
<b>Total U.S. Department of Agriculture</b>			975,946
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,124,544</b>

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

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## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2018

### 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, 2018. 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, 2018.

### NOTE 3 – INDIRECT COST RATE

The Douglas County School District has elected to use a 2.89% 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, 2018

### 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 program for the year ended June 30, 2018 was:

Title I, Part A – Grants to Local Educational Agencies (CFDA: 84.010)

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, 2018**

### **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**

A potential statute violation which was noted was deemed to meet the exception in NAC 354.481.

### **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.