

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

**June 30, 2014**

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## TABLE OF CONTENTS JUNE 30, 2014

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>District-Wide Financial Statements</b>	
Statement of Net Position	20
Statement of Activities	21
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds	23
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	25
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	27
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	28
<i>Major Special Revenue Fund:</i>	
Special Education Fund	33
Statement of Net Position – Proprietary Funds	35
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37
Statement of Agency Assets and Liabilities	38
<b>Notes to the Financial Statements</b>	<b>39</b>
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Schedule of Funding Progress	68

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## TABLE OF CONTENTS

JUNE 30, 2014

### COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

#### **Major Governmental Funds**

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual:

Debt Service Fund 69

Capital Projects Fund 70

Bond Fund 71

#### **Nonmajor Governmental Funds**

Combining Balance Sheet 72

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances 73

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

Budget and Actual:

Federal and State Grants Fund 75

Food Service Fund 78

Class Size Reduction Fund 79

Building and Sites Fund 80

#### **Proprietary Funds – Internal Service Funds**

Combining Statement of Net Position 81

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position 82

Combining Statement of Cash Flows 83

#### *Self Insurance Health Fund*

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

Budget and Actual 84

Schedule of Cash Flows – Budget and Actual 85

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

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

Budget and Actual 86

Schedule of Cash Flows – Budget and Actual 87

#### **Agency Fund**

##### *Student Activity Agency Funds*

Schedule of Cash Receipts and Disbursements – By School 88

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## TABLE OF CONTENTS

JUNE 30, 2014

### COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	89
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	91
Schedule of Expenditures of Federal Awards	93
Notes to the Schedule of Expenditures of Federal Awards	95
Schedule of Findings and Questioned Costs	96
Independent Accountants' Report – Nevada Revised Statutes	97
Independent Auditors' Comments	98



## 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, 2014, 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, 2014, and the respective changes in its financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

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

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*The Bullard Macy Group*

Reno, Nevada  
October 30, 2014

# DOUGLAS COUNTY SCHOOL DISTRICT

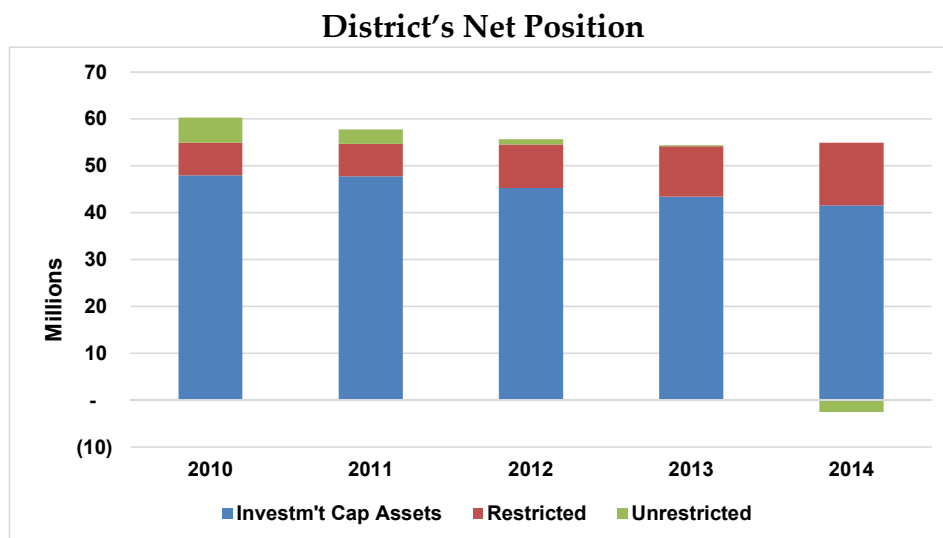
## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

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, 2014. We encourage readers to read the information presented here in conjunction with the District's financial statements, which follow this narrative.

### Financial Highlights

- The District's net position decreased slightly as a result of this year's operations. On a district-wide basis including all governmental activities, the assets of Douglas County School District exceeded its liabilities resulting in total net position at the close of the fiscal year of \$52.3 million. This represents a decrease of 3.2% from the prior fiscal year.
- As of June 30, 2014, the District's governmental funds reported combined ending fund balances of \$30.0 million, an increase of \$6.1 million from the prior year. This increase is comprised of proceeds from an \$8.7 million bond issue which is being used to fund renovations at Douglas High School. Bond proceeds are restricted from being spent for regular District operations.
- The General Fund reported a net decrease in fund balance of \$189 thousand, which is approximately 13% greater than the decrease in 2013 of \$168 thousand. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$5.1 million.

The following provides a graphical representation of the District's net position by category as of June 30, 2014 and the preceding four years.



# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

### Overview of the Financial Statements

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

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

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

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

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

### District-wide Financial Statements

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

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 20 through 22 of this report.

### **Fund Financial Statements**

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

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

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 it's classification as major or nonmajor

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

can change. The District has nine individual governmental funds. For the year ended June 30, 2014, the following are considered major funds:

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

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

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

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

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements are on pages 39 – 66 of this report.

# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

### 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 (79%) reflects the District's investment in capital assets (e.g. land, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

The table below presents a comparison of the District's net position as of June 30, 2014 and 2013:

DISTRICT'S NET POSITION				
	2014	2013	Change	
<b>Assets</b>				
Current and other assets	\$ 46,772,757	\$ 38,404,315	\$ 8,368,442	21.8%
Net capital assets	68,091,818	67,171,809	920,009	1.4%
Total Assets	114,864,575	105,576,124	9,288,451	8.8%
<b>Liabilities</b>				
Current liabilities	12,984,751	10,450,788	2,533,963	24.2%
Long-term liabilities	49,551,363	40,739,309	8,812,054	21.6%
Total Liabilities	62,536,114	51,190,097	11,346,017	22.2%
<b>Net Position</b>				
Net Investment in Capital Assets	41,538,577	43,390,833	(1,852,256)	-4.3%
Restricted	13,339,087	10,785,262	2,553,825	23.7%
Unrestricted	(2,549,203)	209,932	(2,759,135)	-1314.3%
Total Net Position	\$ 52,328,461	\$ 54,386,027	\$ (2,057,566)	-3.8%

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



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

### DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities	
	2014	2013
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 906,165	\$ 901,433
Operating grants and contributions	7,557,133	8,275,055
Capital grants and contributions	351,049	381,368
General revenues:		
Property taxes	20,811,016	20,967,181
Local school support taxes	13,715,285	13,450,302
Government service taxes	3,335,153	3,082,446
State aid not restricted to specific purposes	17,697,623	14,908,091
Other revenues	590,701	472,190
Total Revenues	64,964,125	62,438,066
<b>Expenses</b>		
Instruction:		
Regular instruction	27,910,969	27,018,682
Special instruction	6,885,445	6,652,508
Vocational instruction	778,530	687,305
Adult instruction	222,892	75,049
Other instruction	2,507,420	2,332,558
Support services:		
Student support	3,330,959	2,999,686
Instructional support	1,249,440	1,336,442
General administration	613,968	453,148
School administration	4,206,175	3,875,688
Central services	1,827,755	1,256,569
Operation and maintenance	6,487,418	6,201,229
Student transportation	3,638,297	3,571,880
Other support	1,163,375	605,830
Facilities	2,430,027	3,864,460
Food service	1,789,391	1,487,013
Interest on long-term debt	1,613,700	1,295,400
Total Expenses	66,655,761	63,713,447
<b>Change in Net Position</b>	<b>\$ (1,691,636)</b>	<b>\$ (1,275,381)</b>

# DOUGLAS COUNTY SCHOOL DISTRICT

---

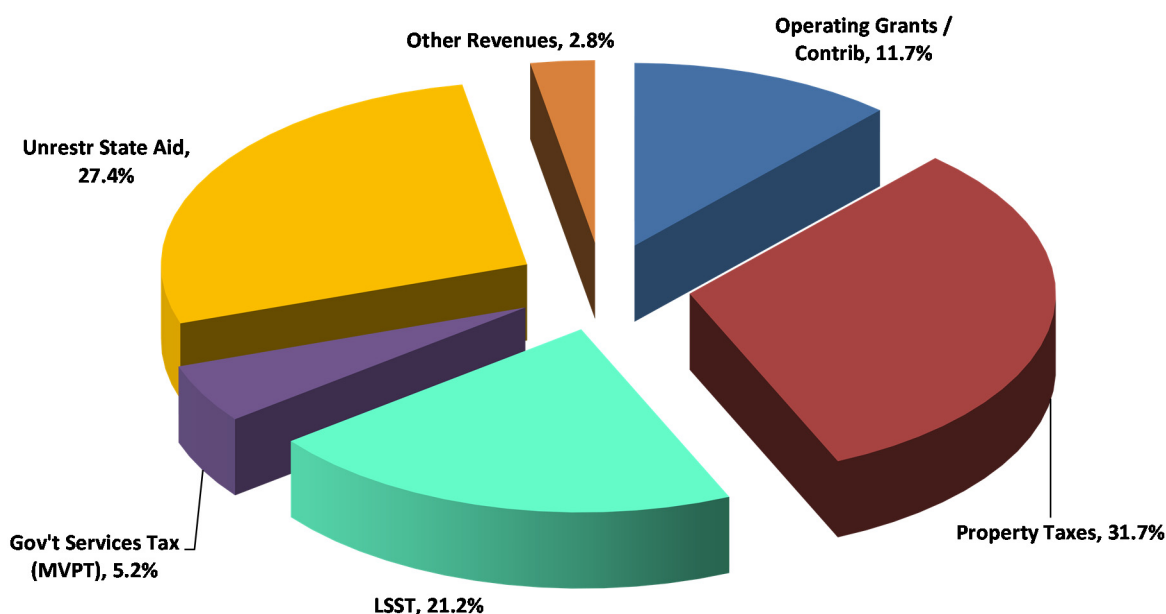
## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

### 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 80% of total revenues.
- ◇ Ad valorem taxes decreased 2% from the prior year due to the continued decrease in tax collections and assessed valuations.
- ◇ LSST increased 2% from the prior year due to an increase in taxable sales.
- ◇ State aid not restricted to specific purposes increased 19% from the prior year primarily due to net positive equilibrium between legislated funding increases – in both DSA per pupil funding and Special Education unit funding – and declining enrollment.

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

### Primary Governmental Revenues



# DOUGLAS COUNTY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

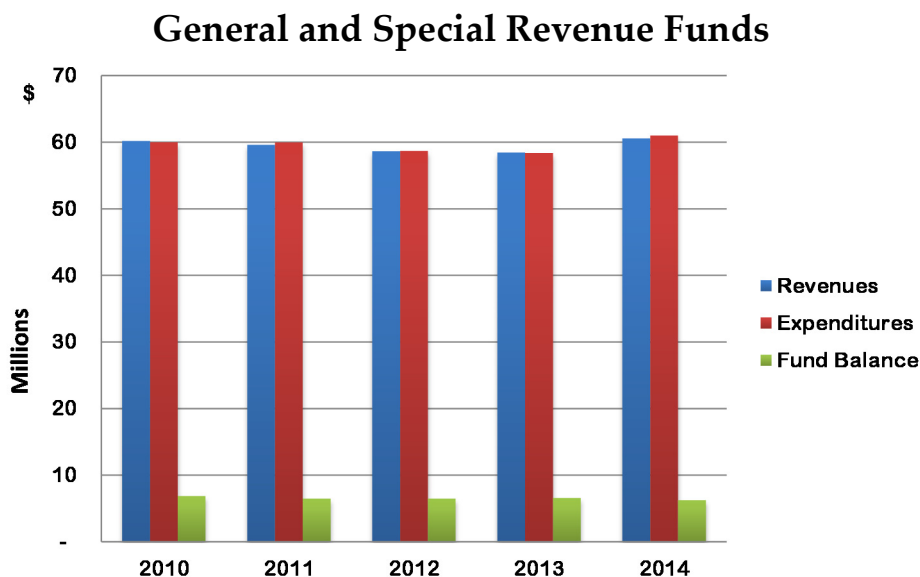
Douglas County School District uses fund accounting and budgetary integration to ensure and demonstrate compliance with finance-related legal requirements.

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, 2014, the District's governmental funds reported a combined fund balance of \$30.0 million, an increase of over 26% from last year. Of this total, approximately \$25 million is nonspendable, restricted or assigned fund balance. The remaining \$5.0 million, or 17%, constitutes unassigned fund balance, which is available for spending at the District's discretion within the parameters of the respective fund. Additional detail can be found on pages 23 and 57-58 of these statements.

#### *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:

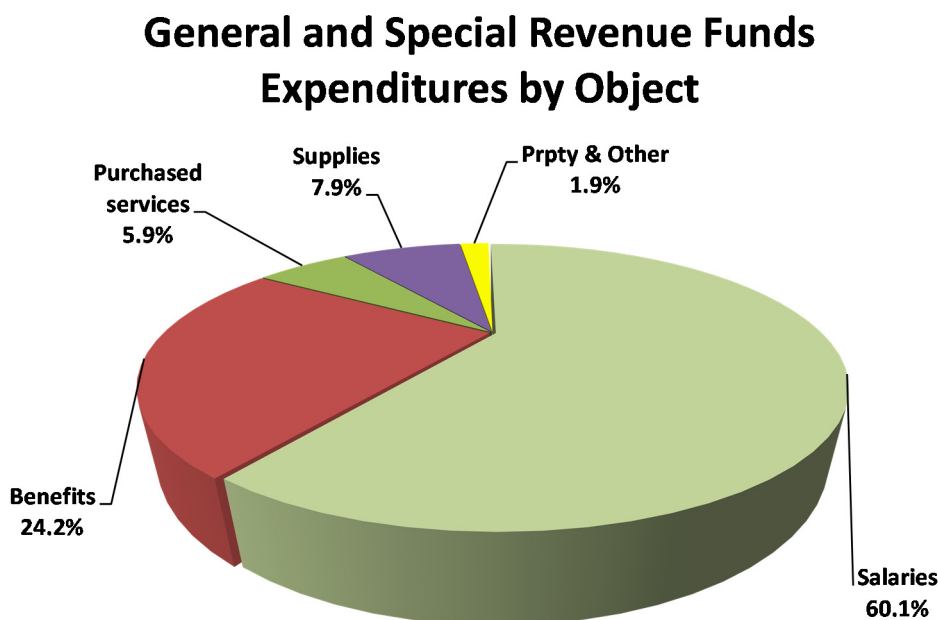


# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

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



### *Debt Service Fund*

The June 30, 2014 fund balance of the Debt Service Fund is \$4.6 million, which together with the 2014-15 budgeted revenues of \$2.9 million exceeds the 2014-15 anticipated debt service requirements of \$2.8 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, 2014 of \$19.2 million, which is restricted by NRS 387.328 to be used to accumulate resources for major capital acquisitions and improvements.

### *Internal Service Funds*

The District has two internal service funds – the Self-Insurance Health Fund and the Workers' Compensation Self-Insurance Fund. As of June 30, 2014, these funds had a combined net position of \$5.0 million, which represents approximately 65% of the funds' 2014-15 budgeted expenses.

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

### BUDGETARY HIGHLIGHTS

Nevada's school districts are funded in large part based on student enrollment at the end of the first school month. State statutes require all school districts to amend their general fund budgets after "count day" enrollment is known. Throughout the year, the District also amends their budget for other known adjustments, such as opening fund balance amounts and approved grant funds.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

The District's capital assets as of June 30, 2014 and 2013 are as follows:

#### Capital Assets (Net of Depreciation)

	2014	2013
Land	\$ 1,413,439	\$ 1,413,439
Construction in progress	4,437,919	1,730,862
Buildings	60,086,116	62,177,465
Equipment	2,154,344	1,850,043
	<u>\$ 68,091,818</u>	<u>\$ 67,171,809</u>

Additional detail can be found on page 52 of these statements. Commitments with respect to unfinished capital projects are discussed on page 65.

#### *Debt Administration*

The District's debt general obligation debt was comprised of the following as of June 30, 2014 and 2013:

#### Outstanding General Obligation Debt

	2014	2013
General obligation bonds, net of premium and discount	\$ 37,442,942	\$ 29,230,736
Note payable	4,346,000	4,670,000
	<u>\$ 41,788,942</u>	<u>\$ 33,900,736</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

The last bond rating was completed September 2013. The District maintained an AA- rating with a stable outlook from Standard and Poor's (S&P). Additional detail on the District's debt can be found on pages 54 – 56 of the financial statements.

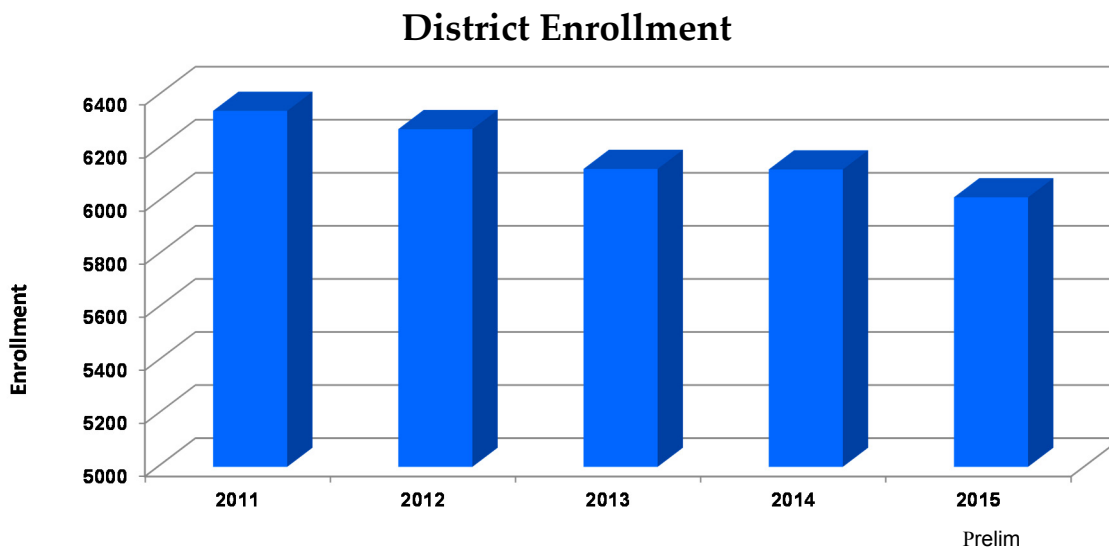
Principal and interest payments on the General Obligation Bonds and the note payable for the 2014-15 fiscal year are scheduled to total \$3.3 million, less the expected interest subsidy of \$381 thousand on the Build America bonds for a net cash outlay requirement of \$2.9 million.

The District is limited by state statutes as to the amount of general obligation debt it can have outstanding. The limit is equal to 15% of the District's total assessed property valuation. Based on the District's most current assessed value, the District's statutory general obligation debt limit is \$347 million. As of June 30, 2014, the District had \$37.4 million of general obligation debt and \$4.3 million of installment purchase agreements outstanding.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

#### *Enrollment and Funding*

Provided below is a chart which depicts a trend of declining student enrollment. The District's enrollment for the current year declined 1% from the prior year, and during the five year period of school year 2010-11 through the current year, declined 5.1%, or 326 students.



# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

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 2013-14 school year, the District (as did all Nevada's school districts) received funding in accordance with the 2013 biennial state budget.

A large percentage of revenues received by the District are provided through the State Distributive School Account (DSA) monies or basic support guarantee for school districts. These revenues are based on a weighted average per pupil within total enrollment. Due to the significance of the revenue and basis of funding there are several concerns regarding the future of DSA funding for the District.

The first concern is a decline in weighted enrollment, and therefore a corresponding reduction of DSA revenues. DCSD saw significant enrollment growth, particularly in the Valley based school sites through school year 1999. However, since 1999, enrollment has fluctuated – some years increasing, but generally most years reflecting decreasing enrollment. In 2012-13, weighted enrollment declined by 2.5%, or 152.8 students, from the previous year, and marginally declined in the 2013-14 school year by 0.2% or 12 students. Uncertified numbers reflect a continued drop for 2014-15 with weighted enrollment dropping by 49.6 students from the previous year, or 0.8% decline.

The second concern is the stability of these DSA monies. The State has revised its revenue projections multiple times in the last several bienniums due to economic shortfalls with each revision resulting in fewer revenues to offset inflationary and / or increased operating expenditures. In turn, these reductions have filtered to the K-12 arena through revisions and reductions in the DSA through decreases in State Guaranteed Funds. The District has covered State imposed reductions of more than \$5.3 million from 2007 to 2013 through reductions in personnel, efficiency measures, and a cumulative diminution in the general fund ending fund. The 2013 Legislative Session provided a 3.3% increase statewide with each school district varying based on local revenues and attributes. The District will continue to monitor and evaluate further reductions in personnel and expenditures if needed.

Additionally, although the current School Finance Plan (see "State Sources of Funding" below) was designed with intended stability in mind, SB500 from the 2013 Legislative Session has resulted in a Task Force recommendation to change the financial support of school district 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. As a

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

result, the 2015 Legislative Session will likely bring changes to the DSA formula, and may impact other state-directed revenue sources as well.

Local Sources - The General Fund's local operating revenue sources are comprised largely of a county-wide seventy-five cent ad valorem (property tax) and the LSST (sales and use tax) equal to 2.60% of taxable sales. The LSST tax rate was increased from 2.25% to 2.60% starting in fiscal year 2010, and is currently scheduled to return to 2.25% after June 30, 2015. The General Fund received \$18.0 million from property tax and \$13.7 million from sales tax for the year ended June 30, 2014. The General Fund has budgeted \$18.6 million in property tax revenue and \$14.4 million in sales tax revenue for fiscal year 2015. Other local operating sources to the General Fund include governmental services taxes, tuition receipts, earnings on investments, and utility franchise fees.

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

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

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



# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

Additionally, the School Finance Plan provides a substantial guarantee of revenue support for the District's General Fund budget. Under the Plan, the District is generally protected from fluctuations in receipts of the 2.60 percent sales tax (see "Local Sources" above) and from fluctuations in receipts with respect to a portion (\$.25) of the property tax levy (see "Local Sources" above) for operating purposes by virtue of the State's guarantee of such receipts from those tax sources to the District. The effect of this guarantee is that approximately 66 percent of the District's budgeted General Fund revenue is fixed as a State obligation and is, therefore, not subject to revenue fluctuations during the course of the school year. However, the State has experienced substantial budget shortfalls in several of the past budget years and has been unable to fulfill the guarantee; the Legislature has reduced overall school funding in special and regular sessions in the last several years. Of the remaining District General Fund revenue, approximately two-thirds is based on the remaining \$0.50 component of the total \$0.75 property tax levy and since the assessed valuation of property within the District is determined prior to the beginning of the school year, the District knows its property tax base prior to the outset of its operating year.

### *Capital and Bond Funding:*

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

Presently, Douglas County provides a breakdown to the District that indicates which portion of the GST flows to the General Fund (approx 71% of total GST revenues), and which portion flows to the Capital Projects Fund (approx 29% of total GST revenues). Per NRS 371, the "debt service" portion of GST is dependent on having a debt service tax rate. Currently, the District's debt service tax rate is \$0.10 per \$100 in property tax revenues.

RCT revenue that helps to sustain the District's Capital Projects Fund comes from a privilege tax on Residential Building Permits. RCT is currently imposed in Douglas County at \$1,600 per new residential unit, the maximum authorized by NRS 387.331. Douglas County Commission and Department of Taxation has approved the levy of this tax through June 2015 at which time the District will need to resubmit a request for continuation of the levy.

Bond Funding - Due to the November 2008 voter approved continuation of this tax, the \$0.10 per \$100 in property tax revenues is secure through 2018. The approved "Roll-Over" or "Continuation" Bond will provide an expected \$43 million + in capital funding to improve, equip, acquire and construct school facilities without increasing the District's existing tax levy. Many of the proposed

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

projects will provide operational and energy efficiencies which will in turn benefit the District's General Fund in reduced operations and maintenance expenses.

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

Installment Purchase Agreement Funding - Additionally, the District engaged in a \$5 Million, 15 year Installment Purchase Agreement (IPA) in May 2008 with an Energy Services Performance Contract (ESPC) with Ameresco, an Energy Services Contractor. An ESPC is an alternative way to fund major capital projects and still remain budget neutral. An ESPC bundles together several energy conservation measures that in turn generates savings in utilities, operations, and maintenance that pay for the IPA. The Final Commissioning of the project was concluded in October 2009. Savings of \$33,273, \$30,142, and \$33,360 beyond the original projections for the first three years of the contract were reported through annual measurement and verification cost savings reports in March 2011, March 2012, and March 2013 respectively.

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

In terms of pollution reduction, this energy conservation project is equivalent to:

- Removing 764 cars from the road (one vehicle produces the equivalent of 5.3 tons of carbon monoxide per year, according to the U.S. Environmental Protection Agency).
- Powering 298 homes per year (The average home utilizes 1,000 kilowatt hours per month).

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

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

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

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

*Buildings and Sites Funding* – This fund is designated to receive all moneys from rental or sale of District's real property per NRS 393.320 and is restricted to capital related expenditures only. The District is currently pursuing leasing and/or sale options for the Kingsbury Middle School Site. Proceeds would be allocated to projects to further support of the District's Facilities' Master Plan.

### REQUESTS FOR INFORMATION

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	GOVERNMENTAL ACTIVITIES	
	2014	2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 19,144,503	\$ 19,270,748
Receivables		
Taxes	359,087	437,139
Other	129,890	663,406
Due from other governments	5,752,626	3,421,215
Inventories	188,437	191,334
Deferred bond issuance costs	-	365,930
Total Current Assets	25,574,543	24,349,772
<b>Noncurrent Assets</b>		
Restricted cash	21,198,214	14,054,543
Capital assets		
Land and construction in progress	5,851,358	3,144,301
Other capital assets, net of depreciation	62,240,460	64,027,508
	89,290,032	81,226,352
Total Assets	114,864,575	105,576,124
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	9,526,874	7,447,652
Pending claims	1,146,695	1,021,091
Unearned revenues	861,490	1,119,102
Current maturities of long-term obligations	1,449,692	862,943
Total Current Liabilities	12,984,751	10,450,788
<b>Noncurrent Liabilities</b>		
Pending claims	312,000	167,000
Accrued compensated absences	474,502	470,823
Obligation for other postemployment benefits	8,425,611	7,063,693
General obligation bonds, net	36,373,250	28,691,793
Note payable, net	3,966,000	4,346,000
	49,551,363	40,739,309
Total Liabilities	62,536,114	51,190,097
<b>NET POSITION</b>		
Net investment in capital assets	41,538,577	43,390,833
Restricted for:		
Debt service	4,632,353	3,802,693
Employee benefits	4,358,625	3,645,823
Capital projects	3,923,367	3,336,746
Child nutrition services	412,636	-
Other	12,106	-
Unrestricted	(2,549,203)	209,932
Total Net Position	\$ 52,328,461	\$ 54,386,027

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES)	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION	
					2014	2013
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular instruction	\$ 27,910,969	\$ 349,597	\$ 4,688,626	\$ -	\$ (22,872,746)	\$ (21,791,152)
Special instruction	6,885,445	-	1,044,504	-	(5,840,941)	(5,322,244)
Vocational instruction	778,530	-	138,460	-	(640,070)	(520,230)
Adult instruction	222,892	-	180,956	-	(41,936)	-
Other instruction	2,507,420	-	158,167	-	(2,349,253)	(2,285,316)
Total instruction	38,305,256	349,597	6,210,713	-	(31,744,946)	(29,918,942)
Support services:						
Student support	3,330,959	-	68,349		(3,262,610)	(2,879,218)
Instructional staff support	1,249,440	-	47,379		(1,202,061)	(1,181,221)
General administration	613,968	-	67,688		(546,280)	(453,094)
School administration	4,206,175	-			(4,206,175)	(3,813,906)
Central services	1,827,755	-			(1,827,755)	(1,256,569)
Operation and maintenance of plant	6,487,418	-			(6,487,418)	(6,201,229)
Student transportation	3,638,297	-			(3,638,297)	(3,553,080)
Other support	1,163,375	-	71,789		(1,091,586)	(363,397)
Facilities acquisition and construction	2,430,027	4,132		351,049	(2,074,846)	(3,421,802)
Food service	1,789,391	552,436	1,091,215		(145,740)	182,267
Interest on long-term debt	1,613,700	-			(1,613,700)	(1,295,400)
Total support services	28,350,505	556,568	1,346,420	351,049	(26,096,468)	(24,236,649)
Total School District	\$ 66,655,761	\$ 906,165	\$ 7,557,133	\$ 351,049	(57,841,414)	(54,155,591)

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES)	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION	
					2014	2013
<b>General Revenues:</b>						
	Property taxes, levied for general purposes				\$ 18,302,242	\$ 18,435,312
	Property taxes, levied for debt service				2,508,774	2,531,869
	Local school support taxes				13,715,285	13,450,302
	Government service taxes for general purposes				2,359,777	2,180,799
	Government service taxes for capital purposes				975,376	901,647
	Other taxes and fees				266,952	354,166
	Investment earnings				41,168	40,528
	Other local sources				282,581	77,496
	State aid not restricted to specific purposes				17,697,623	14,908,091
	Total General Revenues				56,149,778	52,880,210
	Change in Net Position				(1,691,636)	(1,275,381)
	NET POSITION, July 1				54,386,027	55,661,408
	GASB reclassification				(365,930)	-
	NET POSITION, June 30				\$ 52,328,461	\$ 54,386,027

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTALS GOVERNMENTAL FUNDS	
							2014	2013
<b>ASSETS</b>								
Cash and investments	\$ 7,117,174	\$ 265,350	\$ 4,597,353	\$ 3,883,096	\$ 16,952,163	\$ 666,893	\$ 33,482,029	\$ 27,165,469
Deposits held by fiscal agent	304,592	-	31,352	27,011	-	-	362,955	283,208
Receivables:								
Taxes, delinquent	315,715	-	43,372	-	-	-	359,087	437,139
Interest	850	76	-	391	1,891	91	3,299	-
Other	85,738	-	-	-	-	28,024	113,762	644,968
Due from other governments	2,995,102	666,185	-	91,490	-	1,999,849	5,752,626	3,421,215
Due from other funds	698,603	560,000	-	-	-	-	1,258,603	461,596
Inventories	111,840	-	-	-	-	76,597	188,437	191,334
Total Assets	<u>\$ 11,629,614</u>	<u>\$ 1,491,611</u>	<u>\$ 4,672,077</u>	<u>\$ 4,001,988</u>	<u>\$ 16,954,054</u>	<u>\$ 2,771,454</u>	<u>\$ 41,520,798</u>	<u>\$ 32,604,929</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 5,229,264	\$ 864,091	\$ -	\$ 151,701	\$ 1,718,353	\$ 1,049,664	\$ 9,013,073	\$ 7,101,920
Due to other funds	982,606	86,837	-	-	-	768,073	1,837,516	1,025,662
Unearned revenues	-	-	-	-	-	319,360	319,360	587,495
Total Liabilities	<u>6,211,870</u>	<u>950,928</u>	<u>-</u>	<u>151,701</u>	<u>1,718,353</u>	<u>2,137,097</u>	<u>11,169,949</u>	<u>8,715,077</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	<u>288,406</u>	<u>-</u>	<u>39,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,130</u>	<u>-</u>
<b>FUND BALANCES</b>								
Nonspendable	111,840	-	-	-	-	76,597	188,437	191,334
Restricted	-	-	4,632,353	3,850,287	15,235,701	497,822	24,216,163	17,259,199
Assigned	-	540,683	-	-	-	59,938	600,621	2,489,659
Unassigned	<u>5,017,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,017,498</u>	<u>3,949,660</u>
Total Fund Balance	<u>5,129,338</u>	<u>540,683</u>	<u>4,632,353</u>	<u>3,850,287</u>	<u>15,235,701</u>	<u>634,357</u>	<u>30,022,719</u>	<u>23,889,852</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 11,629,614</u>	<u>\$ 1,491,611</u>	<u>\$ 4,672,077</u>	<u>\$ 4,001,988</u>	<u>\$ 16,954,054</u>	<u>\$ 2,771,454</u>	<u>\$ 41,520,798</u>	<u>\$ 32,604,929</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2014

**Fund Balance - Governmental Funds** \$ 30,022,719

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

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

Governmental capital assets	129,339,317	
Less accumulated depreciation	<u>(61,247,499)</u>	
		68,091,818

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.

328,130

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:

General obligation bonds payable	(37,110,000)	
Bond premium	(394,274)	
Bond discount	61,332	
Accrued interest payable	(399,851)	
Note payable	(4,346,000)	
Compensated absences	<u>(474,502)</u>	
		(42,663,295)

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.

(8,425,611)

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

4,974,700

**Net Position - Governmental Activities** \$ 52,328,461

*See accompanying notes.*



# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2014	2013
<b>REVENUES</b>								
Local sources	\$ 34,785,692	\$ 710	\$ 2,469,259	\$ 1,192,795	\$ 21,197	\$ 570,483	\$ 39,040,136	\$ 38,957,545
State sources	14,736,715	2,960,908	-	-	-	2,906,340	20,603,963	17,561,087
Federal sources	53,662	-	351,376	-	-	4,586,859	4,991,897	5,919,433
Total Revenues	49,576,069	2,961,618	2,820,635	1,192,795	21,197	8,063,682	64,635,996	62,438,065
<b>EXPENDITURES</b>								
Instruction:								
Regular instruction	22,602,627	-	-	-	-	4,683,556	27,286,183	26,301,204
Special instruction	-	5,654,921	-	-	-	1,044,504	6,699,425	6,458,915
Vocational instruction	618,766	-	-	-	-	138,460	757,226	739,155
Adult instruction	-	-	-	-	-	180,956	180,956	75,049
Other instruction	2,023,621	322,612	-	-	-	158,167	2,504,400	2,284,093
Undistributed expenditures:								
Student support	2,227,474	982,088	-	-	-	68,349	3,277,911	2,930,201
Instructional staff support	1,161,897	-	-	-	-	47,379	1,209,276	1,288,508
General administration	535,761	-	-	-	-	-	535,761	442,790
School administration	4,121,257	-	-	-	-	67,688	4,188,945	3,782,310
Central services	1,908,751	-	-	-	-	-	1,908,751	1,843,244
Operation and maintenance	6,464,072	-	-	-	-	-	6,464,072	6,102,875
Student transportation	3,085,068	617,395	-	-	-	-	3,702,463	3,368,796
Other support	41,524	-	-	489,307	337,407	20,580	888,818	1,186,164
Food service	-	-	-	-	-	1,788,862	1,788,862	1,736,635
Facilities construction/ improvements	-	-	-	121,094	3,331,452	-	3,452,546	2,878,177
Debt service:								
Principal	324,000	-	530,000	-	-	-	854,000	835,000
Interest	103,264	-	1,455,425	-	-	-	1,558,689	1,215,568
Fiscal agent charges	-	-	5,550	-	-	-	5,550	4,800
Total Expenditures	45,218,082	7,577,016	1,990,975	610,401	3,668,859	8,198,501	67,263,834	63,473,484

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2014	2013
Revenues Over (Under)								
Expenditures	\$ 4,357,987	\$ (4,615,398)	\$ 829,660	\$ 582,394	\$ (3,647,662)	\$ (134,819)	\$ (2,627,838)	\$ (1,035,419)
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of fixed assets	-	-	-	-	-	-	-	10,175
Transfers (to) from other funds	(4,560,000)	4,560,000	-	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	8,500,000	-	8,500,000	9,000,000
Bond premiums	-	-	-	-	263,603	-	263,603	75,248
Total Other Financing Sources (Uses)	(4,560,000)	4,560,000	-	-	8,763,603	-	8,763,603	9,085,423
Net Change in Fund Balances	(202,013)	(55,398)	829,660	582,394	5,115,941	(134,819)	6,135,765	8,050,004
<b>FUND BALANCES, July 1</b>	5,318,495	596,081	3,802,693	3,267,893	10,119,760	784,930	23,889,852	15,844,351
Increase (decrease) in reserve for inventories	12,856	-	-	-	-	(15,754)	(2,898)	(4,503)
<b>FUND BALANCES, June 30</b>	<u>\$ 5,129,338</u>	<u>\$ 540,683</u>	<u>\$ 4,632,353</u>	<u>\$ 3,850,287</u>	<u>\$ 15,235,701</u>	<u>\$ 634,357</u>	<u>\$ 30,022,719</u>	<u>\$ 23,889,852</u>

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2014

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>6,132,867</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.	920,011
--	---------

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.	(70,856)
---	----------

Certain revenues are recorded in the fund statements when the revenue is received. In the Statement of Activities, revenues are recognized when earned, regardless of when received.	328,130
--	---------

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.	854,000
---	---------

Costs associated with the issuance of long-term debt and any discount or premium realized at the time of incurring debt are recognized as an expenditure and other financing source or use, respectively, in the governmental funds. These items are accrued and deferred in the Statement of Activities and amortized over the life of the new debt.	21,396
---	--------

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.	(3,679)
---	---------

Issuance of new debt is a resource in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(8,763,603)
--	-------------

The full cost of postemployment benefits to current employees earned during the current year and the amortization of the past cost is recognized as an expense in the Statement of Activities while only the current contributions are reported in the fund statements.	(1,361,918)
---	-------------

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.	252,016
---	---------

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(1,691,636)</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, 2014 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 18,028,046	\$ 18,028,046	\$ 18,013,836	\$ (14,210)	\$ 18,435,312
Local school support tax	13,336,159	13,988,314	13,715,285	(273,029)	13,450,302
Governmental services tax	2,124,000	2,181,000	2,359,777	178,777	2,180,799
Franchise tax	80,000	80,000	54,104	(25,896)	87,671
Out-of-state tuition	250,000	317,000	349,597	32,597	343,065
Earnings on investments	17,000	17,000	13,294	(3,706)	18,981
Other	225,000	225,000	279,799	54,799	199,875
Total Local sources	34,060,205	34,836,360	34,785,692	(50,668)	34,716,005
State sources:					
Distributive school account	11,570,042	14,297,383	14,736,715	439,332	12,128,705
Federal sources:					
In lieu of tax	4,200	4,200	2,456	(1,744)	1,898
E-rate funds	50,000	50,000	51,206	1,206	48,933
Total Federal sources	54,200	54,200	53,662	(538)	50,831
Total Revenues	45,684,447	49,187,943	49,576,069	388,126	46,895,541
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	13,359,830	15,150,029	15,127,296	22,733	14,491,229
Benefits	6,042,969	6,267,347	6,161,945	105,402	5,743,584
Purchased services	275,820	347,334	310,339	36,995	252,047
Supplies	798,444	1,013,523	995,573	17,950	738,833
Property	5,000	-	-	-	6,862
Other	12,090	10,151	7,474	2,677	7,481
	20,494,153	22,788,384	22,602,627	185,757	21,240,036
Vocational programs:					
Salaries	357,979	388,444	385,758	2,686	360,676
Benefits	158,296	162,749	163,822	(1,073)	152,279
Purchased services	2,700	2,700	10,604	(7,904)	11,207
Supplies	65,047	64,424	58,043	6,381	46,718
Other	2,000	2,000	539	1,461	1,200
	586,022	620,317	618,766	1,551	572,080

*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, 2014 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Extra- and co-curricular activities:					
Co-curricular activities:					
Salaries	\$ 150,000	\$ 150,000	\$ 132,356	\$ 17,644	\$ 122,112
Benefits	3,425	3,425	3,142	283	3,120
Purchased services	6,900	5,665	3,731	1,934	8,529
Supplies	23,000	12,400	18,369	(5,969)	4,401
Other	6,250	5,210	3,733	1,477	5,260
	189,575	176,700	161,331	15,369	143,422
Athletics:					
Salaries	259,315	259,315	235,744	23,571	246,206
Benefits	8,745	8,745	12,077	(3,332)	13,049
Purchased services	49,100	55,290	63,534	(8,244)	20,163
Supplies	35,200	27,000	19,460	7,540	24,216
Other	4,500	4,675	3,129	1,546	57,502
	356,860	355,025	333,944	21,081	361,136
Total extra- and co- curricular activities	546,435	531,725	495,275	36,450	504,558
Other instructional programs:					
Alternative education:					
Salaries	272,771	294,170	263,556	30,614	278,919
Benefits	102,374	141,265	96,789	44,476	99,602
Purchased services	113,800	122,000	104,192	17,808	112,234
Supplies	26,157	43,873	34,838	9,035	20,749
Other	-	2,000	1,425	575	-
	515,102	603,308	500,800	102,508	511,504
JROTC:					
Salaries	146,726	155,163	156,800	(1,637)	114,035
Benefits	57,708	60,044	60,496	(452)	32,066
Supplies	8,000	8,000	6,706	1,294	5,821
Other	-	-	295	(295)	-
	212,434	223,207	224,297	(1,090)	151,922
Summer school:					
Salaries	70,000	70,000	67,325	2,675	47,837
Benefits	2,865	2,865	2,987	(122)	1,886
Supplies	7,700	7,700	2,256	5,444	1,665
	80,565	80,565	72,568	7,997	51,388

*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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
English as a second language (ESL):					
Salaries	\$ 477,795	\$ 501,848	\$ 496,282	\$ 5,566	\$ 475,920
Benefits	221,062	227,384	222,577	4,807	207,029
Purchased services	9,300	9,700	8,880	820	5,708
Supplies	3,700	3,300	2,942	358	6,229
	711,857	742,232	730,681	11,551	694,886
Total other instructional programs	1,519,958	1,649,312	1,528,346	120,966	1,409,700
Undistributed expenditures:					
Student support:					
Salaries	1,462,233	1,525,447	1,542,113	(16,666)	1,453,389
Benefits	636,666	643,575	626,159	17,416	573,879
Purchased services	30,598	34,912	27,802	7,110	36,386
Supplies	44,522	33,531	25,953	7,578	30,109
Property	-	5,000	5,000	-	-
Other	615	1,418	447	971	805
	2,174,634	2,243,883	2,227,474	16,409	2,094,568
Instructional staff support:					
Salaries	738,587	781,705	777,413	4,292	753,156
Benefits	306,858	311,319	295,908	15,411	289,123
Purchased services	37,400	45,989	36,536	9,453	34,363
Supplies	70,655	61,927	51,131	10,796	56,298
Other	2,400	2,529	909	1,620	347
	1,155,900	1,203,469	1,161,897	41,572	1,133,287
General administration:					
Salaries	231,902	219,787	217,899	1,888	211,893
Benefits	141,248	143,433	114,138	29,295	103,968
Purchased services	155,248	146,698	166,555	(19,857)	92,469
Supplies	13,300	23,175	21,020	2,155	15,686
Other	19,250	17,925	16,149	1,776	18,774
	560,948	551,018	535,761	15,257	442,790

*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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
School administration:					
Salaries	\$ 2,541,659	\$ 2,764,960	\$ 2,794,508	\$ (29,548)	\$ 2,514,589
Benefits	1,047,387	1,127,894	1,118,035	9,859	970,601
Purchased services	209,040	184,640	167,275	17,365	183,544
Supplies	50,372	43,865	40,789	3,076	47,522
Other	8,140	6,029	650	5,379	4,218
	<u>3,856,598</u>	<u>4,127,388</u>	<u>4,121,257</u>	<u>6,131</u>	<u>3,720,474</u>
Central services:					
Salaries	958,986	998,493	996,199	2,294	971,088
Benefits	364,690	370,490	361,610	8,880	337,565
Purchased services	245,330	244,830	265,046	(20,216)	260,732
Supplies	276,300	293,900	120,477	173,423	141,212
Property	9,600	-	163,481	(163,481)	132,402
Other	2,000	2,000	1,938	62	245
	<u>1,856,906</u>	<u>1,909,713</u>	<u>1,908,751</u>	<u>962</u>	<u>1,843,244</u>
Operation and maintenance:					
Salaries	2,445,152	2,389,307	2,386,892	2,415	2,367,557
Benefits	1,006,882	987,689	953,399	34,290	933,820
Purchased services	1,677,475	1,685,739	1,472,353	213,386	1,376,525
Supplies	1,778,279	1,686,625	1,542,791	143,834	1,415,076
Property	7,905	62,000	108,637	(46,637)	9,897
	<u>6,915,693</u>	<u>6,811,360</u>	<u>6,464,072</u>	<u>347,288</u>	<u>6,102,875</u>
Student transportation:					
Salaries	1,353,742	1,440,014	1,507,124	(67,110)	1,545,980
Benefits	740,514	732,516	656,345	76,171	612,287
Purchased services	107,870	115,870	115,814	56	125,652
Supplies	591,867	608,909	550,757	58,152	550,045
Property	17,042	355,000	255,028	99,972	-
	<u>2,811,035</u>	<u>3,252,309</u>	<u>3,085,068</u>	<u>167,241</u>	<u>2,833,964</u>
Other support:					
Salaries	60,000	120,000	30,244	89,756	34,904
Benefits	201,170	161,170	5,263	155,907	44,877
Purchased services	5,000	59,000	-	59,000	184,699
Supplies	10,000	15,000	-	15,000	15,802
Property	-	-	6,017	(6,017)	-
	<u>276,170</u>	<u>355,170</u>	<u>41,524</u>	<u>313,646</u>	<u>280,282</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Total undistributed expenditures	\$ 19,607,884	\$ 20,454,310	\$ 19,545,804	\$ 908,506	\$ 18,451,484
Site improvement:					
Purchased services	-	-	-	-	2,820
Building construction:					
Purchased services	-	-	-	-	2,451
Building improvements:					
Purchased services	-	-	-	-	52,583
Supplies	-	-	-	-	1,027
Property	-	-	-	-	7,400
	-	-	-	-	61,010
Debt Service:					
Principal	324,000	324,000	324,000	-	310,000
Interest	103,264	103,264	103,264	-	61,005
	427,264	427,264	427,264	-	371,005
Contingency	444,516	465,313	-	465,313	-
Total Expenditures	43,626,232	46,936,625	45,218,082	1,718,543	42,615,144
Revenues Over (Under)					
Expenditures	2,058,215	2,251,318	4,357,987	2,106,669	4,280,397
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of fixed assets	5,000	5,000	-	(5,000)	10,175
Transfers to other funds	(4,540,000)	(4,560,000)	(4,560,000)	-	(4,450,000)
	(4,535,000)	(4,555,000)	(4,560,000)	(5,000)	(4,439,825)
Net Change in Fund Balance	(2,476,785)	(2,303,682)	(202,013)	2,101,669	(159,428)
<b>FUND BALANCE, July 1</b>	4,522,307	5,318,493	5,318,495	2	5,486,456
Increase (Decrease) in Reserve for Inventories	-	-	12,856	12,856	(8,533)
<b>FUND BALANCE, June 30</b>	<u>\$ 2,045,522</u>	<u>\$ 3,014,811</u>	<u>\$ 5,129,338</u>	<u>\$ 2,114,527</u>	<u>\$ 5,318,495</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, 2014 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 1,000	\$ 1,000	\$ 710	\$ (290)	\$ 812
State sources:					
Distributive school account	2,888,844	2,954,168	2,960,908	6,740	2,779,386
Total Revenues	2,889,844	2,955,168	2,961,618	6,450	2,780,198
<b>EXPENDITURES</b>					
Special programs:					
Instruction:					
Salaries	3,836,587	3,897,273	3,937,806	(40,533)	3,686,986
Benefits	1,711,961	1,732,627	1,709,311	23,316	1,435,875
Purchased services	11,395	10,000	237	9,763	225
Supplies	21,465	17,110	7,567	9,543	5,565
	5,581,408	5,657,010	5,654,921	2,089	5,128,651
Other direct support:					
Salaries	273,935	212,962	251,660	(38,698)	297,083
Benefits	120,742	121,253	99,134	22,119	125,880
Purchased services	479,080	763,850	619,211	144,639	339,115
Supplies	17,250	11,750	12,080	(330)	2,017
Other	365	500	3	497	-
	891,372	1,110,315	982,088	128,227	764,095
Student transportation:					
Salaries	350,075	458,827	434,543	24,284	309,697
Benefits	121,337	122,651	137,878	(15,227)	160,326
Purchased services	1,300	1,300	-	1,300	-
Supplies	49,354	49,354	44,974	4,380	46,009
	522,066	632,132	617,395	14,737	516,032
Total Special Programs	6,994,846	7,399,457	7,254,404	145,053	6,408,778

*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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other Instructional Programs:					
Academically talented:					
Salaries	\$ 226,360	\$ 225,082	\$ 224,484	\$ 598	\$ 228,762
Benefits	96,830	96,476	95,077	1,399	92,276
Supplies	2,096	1,728	3,051	(1,323)	1,456
Other	99	-	-	-	99
Total Other Instructional	325,385	323,286	322,612	674	322,593
Contingency	73,202	77,227	-	77,227	-
Total Expenditures	7,393,433	7,799,970	7,577,016	222,954	6,731,371
Revenues Over (Under)					
Expenditures	(4,503,589)	(4,844,802)	(4,615,398)	229,404	(3,951,173)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	4,540,000	4,560,000	4,560,000	-	4,300,000
Net Change in Fund Balance	36,411	(284,802)	(55,398)	229,404	348,827
<b>FUND BALANCE, July 1</b>	571,693	596,081	596,081	-	247,254
<b>FUND BALANCE, June 30</b>	\$ 608,104	\$ 311,279	\$ 540,683	\$ 229,404	\$ 596,081

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 6,497,734	\$ 5,876,614
Receivables:		
Interest	634	733
Other	12,195	17,705
Due from other funds	578,913	564,067
Total Assets	7,089,476	6,459,119
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued expenses	113,951	16,737
Unearned revenue	542,130	531,607
Pending claims	1,146,695	1,021,091
Total Current Liabilities	1,802,776	1,569,435
Noncurrent Liabilities:		
Pending claims	312,000	167,000
Total Liabilities	2,114,776	1,736,435
<b>NET POSITION</b>		
Restricted	\$ 4,974,700	\$ 4,722,684

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2014	2013
<b>OPERATING REVENUES</b>		
Insurance premiums	\$ 6,421,529	\$ 6,306,275
Insurance proceeds and other	2,735,508	112,131
Total Operating Revenues	9,157,037	6,418,406
<b>OPERATING EXPENSES</b>		
Claims expense	8,022,305	5,673,041
Purchased services	889,614	800,173
Other	-	25
Total Operating Expenses	8,911,919	6,473,239
Operating Income (Loss)	245,118	(54,833)
<b>NONOPERATING REVENUES</b>		
Earnings on investments	6,898	11,579
Change in Net Position	252,016	(43,254)
<b>NET POSITION, July 1</b>	4,722,684	4,765,938
<b>NET POSITION, June 30</b>	\$ 4,974,700	\$ 4,722,684

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from insurance premiums	\$ 6,417,206	\$ 6,289,839
Cash received from insurance proceeds and other	2,741,018	95,493
Cash paid for claims expense	(7,751,701)	(5,754,714)
Cash paid for services and supplies	(792,400)	(798,848)
Net cash provided (used) by operating activities	614,123	(168,230)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	6,997	11,579
NET INCREASE IN CASH	621,120	(156,651)
<b>CASH AND INVESTMENTS, July 1</b>	5,876,614	6,033,265
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 6,497,734</u>	<u>\$ 5,876,614</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	<u>\$ 245,118</u>	<u>\$ (54,833)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Receivables	5,510	(16,638)
Premiums due from other funds	(14,846)	21,602
Prepaid expenses	-	3,480
Accounts payable	97,214	(2,130)
Pending claims	270,604	(81,673)
Unearned revenues	10,523	(38,038)
Total Adjustments	<u>369,005</u>	<u>(113,397)</u>
Net cash provided (used) by operating activities	<u>\$ 614,123</u>	<u>\$ (168,230)</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## STATEMENT OF AGENCY ASSETS AND LIABILITIES

JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	STUDENT ACTIVITY FUNDS	
	2014	2013
<b>ASSETS</b>		
Cash and investments	\$ 704,689	\$ 702,143
<b>LIABILITIES</b>		
Due to student groups	\$ 704,689	\$ 702,143

*See accompanying notes.*

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### 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

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

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

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

### *General Fund*

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

### *Special Education Fund*

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

### *Debt Service Fund*

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt, capital leases, and other debt of governmental activities.

### *Capital Projects Fund*

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

### *Bond Fund*

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### **Proprietary Funds:**

#### *Internal Service Funds*

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

### **Fiduciary Funds:**

#### *Agency Funds*

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

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

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

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

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

### **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.

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.

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### *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 means expected to be received within 75 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

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### *Deferred Inflows/Outflows 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. The District does not have any items that qualify for reporting in this category.

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 only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. 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.

### *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

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### **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

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### 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

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### **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, 2014, 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.

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

A brief description of these program classifications follows:

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

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

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

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

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

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

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

### 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) 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.



# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### Use of Estimates

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

### Prior Year Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2013, from which summarized information was derived. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. Such reclassifications relate primarily to the determination of major and nonmajor funds, as previously discussed.

### NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES

The District conformed to all significant statutory constraints on its financial administration during the year with the potential exception of an overexpenditure in the *Class Size Reduction Fund* of \$2,518.

### NOTE 3 – CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of the pool is displayed on the Governmental Funds Balance Sheet as "Cash and Investments." Student Activity Funds are reported as Agency funds. These funds are not part of the District's pooled cash and investments; rather, they are held separately. As of June 30, 2014, the District had the following amounts reported as cash and investments:

#### District-Wide Balances:

Pooled cash	\$ 3,799,762
Deposit held with fiscal agent	362,955
Investments	36,180,000
	<hr/> 40,342,717

#### Fiduciary Fund Balances:

Cash held by Student Activity Funds	<hr/> 704,689
-------------------------------------	---------------

Total Cash and Investments	<hr/> <hr/> \$ 41,047,406
----------------------------	---------------------------

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

	Bank Balance
Insured (FDIC)	\$ 250,000
Uninsured but collateralized by securities held in the name of the Office of the State Treasurer/Nevada Collateral Pool	3,514,387
	<u>\$ 3,764,387</u>

As of June 30, 2014, the District had the following investments, at fair value with a maturity date of less than one year:

State of Nevada, Local Government Investment Pool	<u>\$ 36,180,000</u>
---	----------------------

The Local Government Investment Pool is authorized by NRS 355.167 and is administered by the State Treasurer. Administrative policies are adopted by the State Board of Finance, which has oversight responsibilities of the Fund. The fair value of the District's position in the pool equals the value of the pool shares. The \$30,680,000 investment in the State Treasurer's Local Government Investment Pool is carried at market. This Pool is an unrated external investment pool.

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 4 – INTERFUND BALANCES AND TRANSACTIONS

The cost of health and workers' compensation insurance benefits are accounted for in an internal service fund which assesses each fund based on total enrolled members in the District's plan. The amounts due to the Self Insurance Health Fund and Workers' Compensation Self-Insurance Fund at year end represent the portion attributable to year end accrued salaries. Interfund receivable and payable balances at June 30, 2014 are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General Fund	\$ 698,603	\$ 982,606
Special Education Fund	560,000	86,837
Nonmajor Governmental Funds:		
Food Service Fund	-	17,367
Class Size Reduction Fund	-	23,157
Federal and State Grants Fund	-	727,549
Internal Service Funds:		
Self Insurance Health Fund	558,904	-
Workers' Comp. Self-Insurance Fund	20,009	-
	<u>\$ 1,837,516</u>	<u>\$ 1,837,516</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, 2014 were \$4,560,000 from the General Fund to the Special Education Fund.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014 is shown below:

	Balance June 30, 2013	Additions / Transfers	Deletions / Transfers	Balance June 30, 2014
<b>Nondepreciable Capital Assets</b>				
Land	\$ 1,413,439	\$ -	\$ -	\$ 1,413,439
Construction in progress	1,730,862	4,437,919	(1,730,862)	4,437,919
	<u>3,144,301</u>	<u>4,437,919</u>	<u>(1,730,862)</u>	<u>5,851,358</u>
<b>Depreciable Capital Assets</b>				
Buildings and improvements	114,549,278	725,558	-	115,274,836
Equipment and vehicles	7,535,181	677,942	-	8,213,123
	<u>122,084,459</u>	<u>1,403,500</u>	<u>-</u>	<u>123,487,959</u>
<b>Total Capital Assets</b>	<u>125,228,760</u>	<u>5,841,419</u>	<u>(1,730,862)</u>	<u>129,339,317</u>
Less accumulated depreciation for:				
Buildings and improvements	52,371,813	2,816,907	-	55,188,720
Equipment and vehicles	5,685,138	373,641	-	6,058,779
	<u>58,056,951</u>	<u>3,190,548</u>	<u>-</u>	<u>61,247,499</u>
<b>Governmental Activities, Capital Assets, net</b>	<u>\$ 67,171,809</u>	<u>\$ 2,650,871</u>	<u>\$ (1,730,862)</u>	<u>\$ 68,091,818</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Depreciation expense was allocated to the following functions/programs:

Instruction:		Support:	
Regular	\$ 82,360	Student	\$ 1,941
Special	23,688	Instructional staff	17,784
Vocational	25,989	General administration	409
Other	3,020	School administration	466
	<u>135,057</u>	Central services	55,172
		Operations and maintenance	59,857
		Student transportation	130,871
		Other	279,629
		Facilities construction and improvement	2,489,902
		Food services	19,460
			<u>3,055,491</u>
		Summary:	
		Instruction	135,057
		Support	3,055,491
			<u>3,190,548</u>
		Total Depreciation Expense	<u>\$ 3,190,548</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 6 – 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, 2014:

	Balance July 1, 2013	Additions of New Debt	Retirements, Repayments and Reductions	Balance June 30, 2014	Due Within One Year
General Obligation Bonds	\$29,140,000	\$ 8,500,000	\$ (530,000)	\$37,110,000	\$ 1,185,000
Plus: Bond Premiums	162,404	173,389	(28,191)	307,602	30,306
Less: Bond Discounts	(71,668)	-	10,336	(61,332)	(10,336)
<i>Total Bonds Payable</i>	<u>29,230,736</u>	<u>8,673,389</u>	<u>(547,855)</u>	<u>37,356,270</u>	<u>1,204,970</u>
Compensated Absences	470,823	3,679	-	474,502	-
Installment Note Payable	<u>4,670,000</u>	<u>-</u>	<u>(324,000)</u>	<u>4,346,000</u>	<u>380,000</u>
	<u>\$34,371,559</u>	<u>\$ 8,677,068</u>	<u>\$ (871,855)</u>	<u>\$42,176,772</u>	<u>\$ 1,584,970</u>

Total interest expense for the year ended June 30, 2014 was \$1,558,689.

The District was, in accordance with NRS 387.400, within the legal debt limit at June 30, 2014.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

General Obligation Bonds payable consist of the following at June 30, 2014:

	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
General Obligation School Improvement Bonds issued February 11, 2009, in the amount of \$3,500,000 due serially over 20 years, interest at 3.0% to 4.0%.	\$ 3,215,000	\$ -	\$ (145,000)	\$ 3,070,000
General Obligation School Improvement (Build America) Bonds issued March 25, 2010, in the amount of \$12,625,000 due serially over 20 years, interest at 4.9% to 6.1%.	12,625,000	-	-	12,625,000
General Obligation School Improvement Bonds issued March 25, 2010, in the amount of \$2,375,000 due serially over 8 years, interest at 3.0% to 4.0%.	1,995,000	-	(385,000)	1,610,000
General Obligation Qualified School Construction Bonds issued May 13, 2010, in the amount of \$2,000,000 due serially over 17 years, interest at 6.4%.	2,000,000	-	-	2,000,000
General Obligation Qualified School Construction Bonds issued May 13, 2010, in the amount of \$305,000 due serially over 5 years, interest at 4.5%.	305,000	-	-	305,000
General Obligation School Improvement Bonds issued December 19, 2012, in the amount of \$9,000,000 due serially over 30 years, interest at 2.0% to 3.25%.	9,000,000	-	-	9,000,000
General Obligation School Improvement Bonds issued October 15, 2013, in the amount of \$8,500,000 due serially over 20 years, interest at 3.0% to 4.0%		8,500,000	-	8,500,000
	<u>\$ 29,140,000</u>	<u>\$ 8,500,000</u>	<u>\$ (530,000)</u>	<u>\$ 37,110,000</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

The annual requirements to amortize all General Obligation Debt outstanding as of June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Interest Subsidy	Total Requirements
2015	\$ 1,185,000	\$ 1,299,352	\$ (381,368)	\$ 2,102,984
2016	1,115,000	1,260,670	(367,536)	2,008,134
2017	1,130,000	1,235,246	(367,536)	1,997,710
2018	1,165,000	1,211,471	(367,536)	2,008,935
2019	1,270,000	1,446,021	(367,536)	2,348,485
2020 - 2024	8,095,000	6,290,820	(1,595,512)	12,790,308
2025 - 2029	11,490,000	3,988,422	(850,792)	14,627,630
2030 - 2034	7,120,000	1,389,797	(27,372)	8,482,425
2035 - 2038	2,120,000	469,087	-	2,589,087
2039 - 2042	2,420,000	191,469	-	2,611,469
	<u>\$ 37,110,000</u>	<u>\$ 18,782,355</u>	<u>\$ (4,325,188)</u>	<u>\$ 51,567,167</u>

### Installment Note Payable

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

The annual requirements to amortize the outstanding installment note payable as of June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2015	\$ 380,000	\$ 95,659	\$ 475,659
2016	399,000	87,008	486,008
2017	422,000	77,895	499,895
2018	446,000	68,265	514,265
2019	418,000	58,388	476,388
2020 - 2024	<u>2,281,000</u>	<u>132,919</u>	<u>2,413,919</u>
	<u>\$ 4,346,000</u>	<u>\$ 520,133</u>	<u>\$ 4,866,133</u>



# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 7 – 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.

#### **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.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

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

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

The following is a summary of the District's fund balances as of June 30, 2014:

	Major Funds					Other	Total
	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund	Bond Fund	Governmental Funds	Governmental Funds
Fund Balances:							
Nonspendable:							
Inventories	\$ 111,840	-	-	-	-	76,597	188,437
Restricted for:							
Debt service	-	-	4,632,353	-	-	-	4,632,353
School renovations	-	-	-	3,850,287	15,235,701	73,080	19,159,068
Child nutrition services	-	-	-	-	-	412,636	412,636
Education services	-	-	-	-	-	12,106	12,106
Assigned to:							
Education services	-	540,683	-	-	-	59,938	600,621
Unassigned	5,017,498	-	-	-	-	-	5,017,498
Total Fund Balance	<u>\$ 5,129,338</u>	<u>\$ 540,683</u>	<u>\$ 4,632,353</u>	<u>\$ 3,850,287</u>	<u>\$ 15,235,701</u>	<u>\$ 634,357</u>	<u>\$ 30,022,719</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 8 – PENSION PLAN

#### Plan Description

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

#### Funding Policy

Benefits for plan members are funded under one of two methods. Under the employer paid contribution plan, the District contributes 23.75% of eligible compensation. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute 12.25% of their compensation to the Plan, while the District is required to match that contribution. The contribution requirements of plan members and the District are established by Chapter 286 of the Nevada Revised Statutes and may only be amended through legislation.

The District's contribution rates and amounts paid on all covered payroll which are equal to the required contributions for the last three years are as follows:

Fiscal Year	Contribution Rate		Total Contribution
	Employer Plan	Employer/ Employee Plan	
2014	25.75%	13.25% / 13.25%	\$ 7,972,387
2013	23.75%	12.25% / 12.25%	\$ 7,103,879
2012	23.75%	12.25% / 12.25%	\$ 7,109,167

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

#### **Plan Descriptions**

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

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

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### **Funding Policy**

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

The contribution requirements of plan members and the District are established and may be amended by the Board of the Public Employees' Benefits Program. The amount of subsidy an individual retiree is entitled is predicated on the years of service and a legislatively determined base amount. The District contributed \$1,026,718 during the year on behalf of 274 participating retirees.

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

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

The annual required contribution rate was 4.42% of payroll for 2013, based on the last actuarial valuation. The District is self-insured for healthcare coverage. NRS 288.150 specifies that insurance benefits are subject to mandatory bargaining. The amount employees contribute towards their insurance premium is negotiated with each association.

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

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

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

# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

	Plan		
	District	PEBP	Total
Annual Required Contribution (ARC)	\$ 1,530,706	\$ 969,352	\$ 2,500,058
Interest on net OPEB obligation	229,428	53,120	282,548
Adjustment to ARC	(227,941)	(85,009)	(312,950)
Annual OPEB cost	1,532,193	937,463	2,469,656
Contributions made	(143,383)	(964,355)	(1,107,738)
Increase in net OPEB obligation	1,388,810	(26,892)	1,361,918
Net OPEB obligation - beginning of year	5,735,681	1,328,012	7,063,693
Net OPEB obligation - end of year	\$ 7,124,491	\$ 1,301,120	\$ 8,425,611

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012-2014 were as follows:

	2014	2013	2012
Annual OPEB Cost	\$ 2,469,656	\$ 2,381,482	\$ 3,114,665
% of Annual OPEB Cost Contributed	45%	48%	37%
Net OPEB Obligation	\$ 8,425,611	\$ 8,425,611	\$ 5,827,539

### *Funded Status and Funding Progress*

As of September 1, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability (AAL) for benefits and, thus, the unfunded actuarial accrued liability was \$27,949,090. The covered payroll was \$33,559,299 and the ratio of unfunded actuarial accrued liability to payroll was 83%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

### *Actuarial Methods and Assumptions*

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

Significant methods and assumptions are presented below:

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

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 10 – RISK MANAGEMENT

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

#### *Self-Insurance Health Fund*

The District contributed approximately \$575 per month for the first six months of the fiscal year and \$585 per employee for the remaining six months to this fund for health and accident coverage. In addition, employees have the option to authorize payroll deductions for premiums for dependent coverage. The premiums are adjusted annually as necessary to properly allow for health and accident claims. The District's third party administrator monitors and negotiates payment of all health and accident claims.

The District is protected against unanticipated catastrophic individual or aggregate loss through its stop-loss coverage, which is in effect for individual claims exceeding \$175,000 and for aggregate loss, which is based on a factor determined monthly by the carrier.

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

Claims are paid by a third party administrator acting on behalf of the District. The District is protected against unanticipated catastrophic claims and annual aggregate loss by a commercial insurance carrier. Coverage is in effect for specific occurrences exceeding \$375,000. Liabilities for incurred losses to be settled by fixed or reasonably determined payments over an extended period of time are computed by an actuary and are reported at their present value using an expected future investment yield of 2.5%.

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

The changes in the claims liability for the years ended June 30, 2013 and 2014 are:



# DOUGLAS COUNTY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

### *Changes in Claims Liability*

	Self-Insurance Funds		
	Health Fund	Workers' Compensation	Total
Claims liability, July 1, 2012	\$ 716,764	\$ 553,000	\$ 1,269,764
Current year claims and changes in estimates	5,704,781	(37,740)	5,667,041
Claim payments	(5,661,454)	(87,260)	(5,748,714)
Claims liability, June 30, 2013	760,091	428,000	1,188,091
Current year claims and changes in estimates	7,413,868	608,437	8,022,305
Claim payments	(7,516,264)	(235,437)	(7,751,701)
Claims liability, June 30, 2014	<u>\$ 657,695</u>	<u>\$ 801,000</u>	<u>\$ 1,458,695</u>

### NOTE 11 – COMMITMENTS AND CONTINGENCIES

#### *Litigation*

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

#### *Construction Commitments*

As of June 30, 2014, the District had \$16,390,266 of commitments with respect to unfinished capital projects. These commitments were primarily related to the modernization and capacity additions to Douglas High School. The current estimated completion of construction is the fall of 2015.

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLES

The District has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Prior to implementation, the District capitalized bond and other debt issuance costs in the district-wide financial statements when the costs were incurred and then the resulting asset was subsequently amortized over the life of the bonds. GASB Statement No. 65 requires that such items now be expensed as incurred, including writing off balances previously capitalized. As a result, net position was decreased by \$365,930 as of July 1, 2013.

INTENTIONALLY BLANK

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## REQUIRED SUPPLEMENTAL INFORMATION OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS JUNE 30, 2014

Plan	Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as % of Covered Payroll [(B-A)/C]
District	6/30/14	9/1/2012	\$ -	\$ 13,636,321	\$ 13,636,321	0.0%	\$ 33,861,671	40.27%
	6/30/13	9/1/2012	-	12,302,094	12,302,094	0.0%	32,559,299	37.78%
	6/30/12	3/1/2010	-	11,793,866	11,793,866	0.0%	33,225,079	35.50%
PEBP	6/30/14	9/1/2012	\$ -	\$ 15,246,158	\$ 15,246,158	0.0%	\$ -	0.0%
	6/30/13	9/1/2012	-	15,646,996	15,646,996	0.0%	-	0.0%
	6/30/12	3/1/2010	-	30,165,675	30,165,675	0.0%	-	0.0%

# DOUGLAS COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 2,472,473	\$ 2,472,473	\$ 2,469,050	\$ (3,423)	\$ 2,531,869
Earnings on investments	1,000	1,000	209	(791)	11
Other	2,000	2,000	-	(2,000)	-
Total Local sources	2,475,473	2,475,473	2,469,259	(6,214)	2,531,880
Federal sources:					
In lieu of tax	-	-	327	327	253
Bond interest subsidy	381,368	381,368	351,049	(30,319)	381,368
Total Federal sources	381,368	381,368	351,376	(29,992)	381,621
Total Revenues	2,856,841	2,856,841	2,820,635	(36,206)	2,913,501
<b>EXPENDITURES</b>					
Debt service:					
Principal	835,000	530,000	530,000	-	525,000
Interest	1,315,979	1,315,979	1,455,425	(139,446)	1,154,563
Fiscal agent charges	5,000	5,000	5,550	(550)	4,800
Total Expenditures	2,155,979	1,850,979	1,990,975	(139,996)	1,684,363
Revenues Over (Under) Expenditures	700,862	1,005,862	829,660	(176,202)	1,229,138
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer (to) from other funds	(500,000)	(500,000)	-	500,000	-
Net Change in Fund Balance	200,862	505,862	829,660	323,798	1,229,138
<b>FUND BALANCE, July 1</b>	3,874,257	3,802,693	3,802,693	-	2,573,555
<b>FUND BALANCE, June 30</b>	\$ 4,075,119	\$ 4,308,555	\$ 4,632,353	\$ 323,798	\$ 3,802,693

# DOUGLAS COUNTY SCHOOL DISTRICT

## CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2014 *(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)*

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Governmental services tax	\$ 869,000	\$ 901,000	\$ 975,376	\$ 74,376	\$ 901,647
Residential building permit tax	66,950	160,000	212,848	52,848	141,966
Earnings on investments	5,000	4,000	4,571	571	5,287
Total Revenues	940,950	1,065,000	1,192,795	127,795	1,048,900
<b>EXPENDITURES</b>					
Other support:					
Purchased services	-	100,000	1,493	98,507	-
Supplies	372,000	900,000	449,851	450,149	183,212
Property	550,000	100,000	37,963	62,037	126,793
	922,000	1,100,000	489,307	610,693	310,005
Building improvements:					
Purchased services	-	600,000	-	600,000	202,234
Supplies	-	-	-	-	41,725
	-	600,000	-	600,000	243,959
Land improvements:					
Purchased services	-	-	10,000	(10,000)	1,600
Site improvements:					
Purchased services	340,000	585,000	111,094	473,906	-
Total Expenditures	1,262,000	2,285,000	610,401	1,674,599	555,564
Revenues Over (Under)					
Expenditures	(321,050)	(1,220,000)	582,394	1,802,394	493,336
<b>OTHER FINANCING EXPENSES</b>					
Transfer (to) from other funds	500,000	500,000	-	(500,000)	(59,938)
Net Change in Fund Balance	178,950	(720,000)	582,394	1,302,394	433,398
<b>FUND BALANCE, July 1</b>	3,189,330	3,267,893	3,267,893	-	2,834,495
<b>FUND BALANCE, June 30</b>	\$ 3,368,280	\$ 2,547,893	\$ 3,850,287	\$ 1,302,394	\$ 3,267,893

# DOUGLAS COUNTY SCHOOL DISTRICT

## BOND FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 47,938	\$ 13,000	\$ 21,197	\$ 8,197	\$ 13,437
<b>EXPENDITURES</b>					
Other support:					
Salaries	101,500	120,000	49,863	70,137	51,330
Benefits	43,500	50,000	35,800	14,200	35,719
Purchased services	200,000	450,000	234,138	215,862	191,019
Supplies	-	-	17,606	(17,606)	19,415
Property	120,000	450,000	-	450,000	55,964
	465,000	1,070,000	337,407	732,593	353,447
Land improvement:					
Purchased services	413,000	600,000	12,331	587,669	330,034
Supplies	-	-	100	(100)	9,176
	413,000	600,000	12,431	587,569	339,210
Building construction:					
Purchased services	2,252,880	3,000,000	811,996	2,188,004	-
Property	-	20,000	13,556	6,444	536,740
	2,252,880	3,020,000	825,552	2,194,448	536,740
Site improvement:					
Purchased services	3,470,120	1,490,000	2,048,765	(558,765)	236,752
Supplies	45,000	90,000	23,757	66,243	38,869
Property	10,000	-	72,339	(72,339)	326,751
	3,525,120	1,580,000	2,144,861	(564,861)	602,372
Building improvement:					
Purchased services	-	2,500,000	348,608	2,151,392	1,022,409
Supplies	-	-	-	-	9,131
Property	-	100,000	-	100,000	-
	-	2,600,000	348,608	2,251,392	1,031,540
Total Expenditures	6,656,000	8,870,000	3,668,859	5,201,141	2,863,309
Revenues Over (Under) Expenditures	(6,608,062)	(8,857,000)	(3,647,662)	5,209,338	(2,849,872)
<b>OTHER FINANCING SOURCES</b>					
Proceeds from bonds	8,500,000	8,588,388	8,500,000	(88,388)	9,000,000
Bond premiums	-	-	263,603	263,603	75,248
Total Other Financing Sources	8,500,000	8,588,388	8,763,603	175,215	9,075,248
Net Change in Fund Balance	1,891,938	(268,612)	5,115,941	5,384,553	6,225,376
<b>FUND BALANCE, July 1</b>	9,587,656	10,119,761	10,119,760	(1)	3,894,384
<b>FUND BALANCE, June 30</b>	\$ 11,479,594	\$ 9,851,149	\$ 15,235,701	\$ 5,384,552	\$ 10,119,760

# DOUGLAS COUNTY SCHOOL DISTRICT

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING BALANCE SHEET

JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	FEDERAL AND STATE GRANTS	TOTALS	BUILDING AND SITES	2014	2013
<b>ASSETS</b>							
Cash and investments	\$ 381,450	\$ 212,370	\$ -	\$ 593,820	\$ 73,073	\$ 666,893	\$ 830,897
Receivables:							
Interest	49	35	-	84	7	91	-
Other	-	28,024	-	28,024	-	28,024	124,115
Due from other governments	220,177	40,858	1,738,814	1,999,849	-	1,999,849	1,189,784
Inventories	76,597	-	-	76,597	-	76,597	92,351
Total Assets	<u>\$ 678,273</u>	<u>\$ 281,287</u>	<u>\$ 1,738,814</u>	<u>\$ 2,698,374</u>	<u>\$ 73,080</u>	<u>\$ 2,771,454</u>	<u>\$ 2,237,147</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 171,673	\$ 246,024	\$ 631,967	\$ 1,049,664	\$ -	\$ 1,049,664	\$ 747,402
Due to other funds	17,367	23,157	727,549	768,073	-	768,073	528,425
Unearned revenues	-	-	319,360	319,360	-	319,360	176,390
Total Liabilities	<u>189,040</u>	<u>269,181</u>	<u>1,678,876</u>	<u>2,137,097</u>	<u>-</u>	<u>2,137,097</u>	<u>1,452,217</u>
<b>FUND BALANCES</b>							
Nonspendable	76,597	-	-	76,597	-	76,597	92,351
Restricted	412,636	12,106	-	424,742	73,080	497,822	68,853
Assigned	-	-	59,938	59,938	-	59,938	623,726
Total Fund Balances	<u>489,233</u>	<u>12,106</u>	<u>59,938</u>	<u>561,277</u>	<u>73,080</u>	<u>634,357</u>	<u>784,930</u>
Total Liabilities and Fund Balances	<u>\$ 678,273</u>	<u>\$ 281,287</u>	<u>\$ 1,738,814</u>	<u>\$ 2,698,374</u>	<u>\$ 73,080</u>	<u>\$ 2,771,454</u>	<u>\$ 2,237,147</u>

See accompanying notes.



# DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	FEDERAL AND STATE GRANTS	TOTALS	BUILDING AND SITES	2014	2013
<b>REVENUES</b>							
Local sources	\$ 553,114	\$ 414	\$ 12,728	\$ 566,256	\$ 4,227	\$ 570,483	\$ 646,511
State sources	5,559	2,111,905	788,876	2,906,340	-	2,906,340	2,652,996
Federal sources	1,085,659	-	3,501,200	4,586,859	-	4,586,859	5,486,981
Total Revenues	1,644,332	2,112,319	4,302,804	8,059,455	4,227	8,063,682	8,786,488
<b>EXPENDITURES</b>							
Instruction:							
Regular instruction	-	2,106,835	2,576,721	4,683,556	-	4,683,556	5,061,168
Special instruction	-	-	1,044,504	1,044,504	-	1,044,504	1,330,264
Vocational instruction	-	-	138,460	138,460	-	138,460	167,075
Adult instruction	-	-	180,956	180,956	-	180,956	75,049
Other instruction	-	-	158,167	158,167	-	158,167	47,242
Undistributed expenditures:	-	-					
Student support	-	-	68,349	68,349	-	68,349	71,538
Instructional staff support	-	-	47,379	47,379	-	47,379	155,221
School administration	-	-	67,688	67,688	-	67,688	61,836
Student transportation	-	-	-	-	-	-	18,800
Other support	-	-	20,580	20,580	-	20,580	242,430
Food service	1,788,862	-	-	1,788,862	-	1,788,862	1,736,635
Facilities acquisition/construction	-	-	-	-	-	-	56,475
Total Expenditures	1,788,862	2,106,835	4,302,804	8,198,501	-	8,198,501	9,023,733

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	FEDERAL AND STATE GRANTS	TOTALS	BUILDING AND SITES	2014	2013
Revenues Over (Under)							
Expenditures	\$ (144,530)	\$ 5,484	\$ -	\$ (139,046)	\$ 4,227	\$ (134,819)	\$ (237,245)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers (to) from other funds	-	-	-	-	-	-	209,938
Net Change in Fund Balances	(144,530)	5,484	-	(139,046)	4,227	(134,819)	(27,307)
<b>FUND BALANCES, July 1</b>	649,517	6,622	59,938	716,077	68,853	784,930	808,207
Increase (decrease) in reserve for inventories	(15,754)	-	-	(15,754)	-	(15,754)	4,030
<b>FUND BALANCES, June 30</b>	<u>\$ 489,233</u>	<u>\$ 12,106</u>	<u>\$ 59,938</u>	<u>\$ 561,277</u>	<u>\$ 73,080</u>	<u>\$ 634,357</u>	<u>\$ 784,930</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## FEDERAL AND STATE GRANTS FUND - SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Grants from:					
Local sources	\$ 457,103	\$ 27,708	\$ 12,728	\$ (14,980)	\$ 86,145
State sources	693,626	485,301	788,876	303,575	620,830
Federal sources	4,744,768	3,967,431	3,501,200	(466,231)	4,376,723
Total Revenues	5,895,497	4,480,440	4,302,804	(177,636)	5,083,698
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	1,617,106	1,371,544	1,625,435	(253,891)	1,442,031
Benefits	517,064	498,362	564,308	(65,946)	492,867
Purchased services	217,726	48,658	39,511	9,147	163,357
Supplies	498,447	155,401	270,254	(114,853)	737,912
Other	84,377	64,975	77,213	(12,238)	21,601
Total Regular Programs	2,934,720	2,138,940	2,576,721	(437,781)	2,857,768
Special programs:					
Salaries	727,002	727,002	550,568	176,434	660,011
Benefits	387,876	387,876	275,935	111,941	326,059
Purchased services	241,905	241,905	121,169	120,736	264,109
Supplies	62,356	62,356	65,019	(2,663)	40,680
Other	44,945	44,945	31,813	13,132	39,405
Total Special Programs	1,464,084	1,464,084	1,044,504	419,580	1,330,264
Vocational programs:					
Salaries	36,072	13,586	52,602	(39,016)	25,488
Benefits	1,982	662	19,181	(18,519)	848
Purchased services	5,939	7,599	7,383	216	4,972
Supplies	120,857	57,314	43,933	13,381	112,477
Property	41,500	13,000	6,133	6,867	18,890
Other	5,487	2,465	9,228	(6,763)	4,400
Total Vocational Programs	211,837	94,626	138,460	(43,834)	167,075

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## FEDERAL AND STATE GRANTS FUND - SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Adult Education:					
Salaries	\$ 60,199	\$ 95,136	\$ 98,915	\$ (3,779)	\$ 57,921
Benefits	20,957	29,697	31,571	(1,874)	13,888
Purchased services	43,916	49,953	7,636	42,317	602
Supplies	19,496	25,000	42,834	(17,834)	2,638
Total Adult Education	144,568	199,786	180,956	18,830	75,049
ESL:					
Salaries	33,690	113,407	108,806	4,601	32,714
Benefits	12,704	30,424	30,555	(131)	12,738
Purchased services	2,200	-	6,500	(6,500)	864
Supplies	-	5,333	11,127	(5,794)	-
Other	992	983	1,179	(196)	926
Total ESL	49,586	150,147	158,167	(8,020)	47,242
Undistributed expenditures:					
Student support:					
Salaries	55,904	55,904	50,822	5,082	51,904
Benefits	15,659	15,659	17,527	(1,868)	15,659
Supplies	7,950	3,975	-	3,975	3,975
	79,513	75,538	68,349	7,189	71,538
Instructional staff support:					
Salaries	180,347	180,347	5,179	175,168	90,633
Benefits	7,250	7,250	378	6,872	3,511
Purchased services	64,576	61,960	31,492	30,468	47,830
Supplies	14,218	10,153	9,224	929	8,927
Other	8,450	8,450	1,106	7,344	4,320
	274,841	268,160	47,379	220,781	155,221
General administration:					
Salaries	49,863	41,361	46,016	(4,655)	37,206
Benefits	17,314	13,533	19,743	(6,210)	11,888
Purchased services	6,893	7,679	352	7,327	8,389
Supplies	-	-	-	-	4,353
Other	2,843	1,905	1,577	328	-
	76,913	64,478	67,688	(3,210)	61,836
Student transportation:					
Purchased services	-	-	-	-	18,800

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

FEDERAL AND STATE GRANTS FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other support:					
Salaries	\$ 243,383	\$ 15,580	10,514	\$ 5,066	\$ 233,064
Benefits	1,157	60	2	58	17
Purchased services	15,000	-	6,377	(6,377)	9,349
Supplies	6,732	1,200	3,687	(2,487)	-
	<u>266,272</u>	<u>16,840</u>	<u>20,580</u>	<u>(3,740)</u>	<u>242,430</u>
Land improvement:					
Purchased services	<u>7,841</u>	<u>7,841</u>	<u>-</u>	<u>7,841</u>	<u>6,300</u>
Site improvements:					
Purchased services	<u>385,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,175</u>
Total undistributed expenditures	<u>1,090,702</u>	<u>432,857</u>	<u>203,996</u>	<u>228,861</u>	<u>606,300</u>
Total Expenditures	<u>5,895,497</u>	<u>4,480,440</u>	<u>4,302,804</u>	<u>177,636</u>	<u>5,083,698</u>
Revenues Over (Under) Expenditures	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer (to) from other funds	<u>-</u>	<u>(59,938)</u>	<u>-</u>	<u>59,938</u>	<u>59,938</u>
Net Change in Fund Balance	-	(59,938)	-	59,938	59,938
<b>FUND BALANCE, July 1</b>	<u>-</u>	<u>59,938</u>	<u>59,938</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,938</u>	<u>\$ 59,938</u>	<u>\$ 59,938</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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 900	\$ 900	\$ 678	\$ (222)	\$ 1,118
Daily sales	562,000	550,000	552,436	2,436	553,553
Total Local sources	562,900	550,900	553,114	2,214	554,671
State sources - Grants	5,831	5,400	5,559	159	5,469
Federal sources - Grants	968,000	1,110,000	1,085,659	(24,341)	1,110,258
Total Revenues	1,536,731	1,666,300	1,644,332	(21,968)	1,670,398
<b>EXPENDITURES</b>					
Salaries	672,066	682,773	663,176	19,597	618,319
Benefits	265,218	267,267	262,349	4,918	241,980
Purchased services	9,300	9,300	6,828	2,472	10,694
Supplies	850,000	900,000	800,407	99,593	833,035
Property	10,000	100,000	54,500	45,500	31,965
Other	-	-	1,602	(1,602)	642
Total Food Service	1,806,584	1,959,340	1,788,862	170,478	1,736,635
Contingency	25,000	25,000	-	25,000	-
Total Expenditures	1,831,584	1,984,340	1,788,862	195,478	1,736,635
Net Change in Fund Balance	(294,853)	(318,040)	(144,530)	173,510	(66,237)
<b>FUND BALANCE, July 1</b>	394,368	649,517	649,517	-	711,724
Increase (decrease) in reserve for inventories	-	-	(15,754)	(15,754)	4,030
<b>FUND BALANCE, June 30</b>	<u>\$ 99,515</u>	<u>\$ 331,477</u>	<u>\$ 489,233</u>	<u>\$ 157,756</u>	<u>\$ 649,517</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 400	\$ 400	\$ 414	\$ 14	\$ 750
State sources:					
Special appropriations	2,069,552	2,111,905	2,111,905	-	2,026,697
Total Revenues	2,069,952	2,112,305	2,112,319	14	2,027,447
<b>EXPENDITURES</b>					
Regular programs:					
Salaries	1,435,793	1,466,372	1,482,301	(15,929)	1,567,952
Benefits	636,611	637,945	624,534	13,411	635,448
Total Expenditures	2,072,404	2,104,317	2,106,835	(2,518)	2,203,400
Revenues Over (Under)					
Expenditures	(2,452)	7,988	5,484	(2,504)	(175,953)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	-	-	-	-	150,000
Net Change in Fund Balance	(2,452)	7,988	5,484	(2,504)	(25,953)
<b>FUND BALANCE, July 1</b>	17,376	6,622	6,622	-	32,575
<b>FUND BALANCE, June 30</b>	\$ 14,924	\$ 14,610	\$ 12,106	\$ (2,504)	\$ 6,622

# DOUGLAS COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2014  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)*

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>REVENUES</b>					
Local sources:					
Earnings on investments	\$ 339	\$ -	\$ 95	\$ 95	\$ 131
Other	1,804	1,200	4,132	2,932	4,814
Total Revenues	2,143	1,200	4,227	3,027	4,945
<b>EXPENDITURES</b>	-	-	-	-	-
Net Change in Fund Balance	2,143	1,200	4,227	3,027	4,945
<b>FUND BALANCE, July 1</b>	65,712	68,853	68,853	-	63,908
<b>FUND BALANCE, June 30</b>	<u>\$ 67,855</u>	<u>\$ 70,053</u>	<u>\$ 73,080</u>	<u>\$ 3,027</u>	<u>\$ 68,853</u>



# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
COMBINING STATEMENT OF FUND NET POSITION  
JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	SELF- INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2014	2013
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 5,059,304	\$ 1,438,430	\$ 6,497,734	\$ 5,876,614
Receivables:				
Interest	489	145	634	733
Other	-	12,195	12,195	17,705
Due from other funds	558,904	20,009	578,913	564,067
Total Assets	5,618,697	1,470,779	7,089,476	6,459,119
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued expenses	60,247	53,704	113,951	16,737
Unearned revenue	542,130	-	542,130	531,607
Pending claims	657,695	489,000	1,146,695	1,021,091
Total Current Liabilities	1,260,072	542,704	1,802,776	1,569,435
Noncurrent Liabilities:				
Pending claims	-	312,000	312,000	167,000
Total Liabilities	1,260,072	854,704	2,114,776	1,736,435
<b>NET POSITION</b>				
Restricted	\$ 4,358,625	\$ 616,075	\$ 4,974,700	\$ 4,722,684

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS  
COMBINING STATEMENT OF  
REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2014	2013
<b>OPERATING REVENUES</b>				
Insurance premiums	\$ 6,236,638	\$ 184,891	\$ 6,421,529	\$ 6,306,275
Insurance proceeds and other	2,704,896	30,612	2,735,508	112,131
Total Operating Revenues	8,941,534	215,503	9,157,037	6,418,406
<b>OPERATING EXPENSES</b>				
Claims expense	7,413,868	608,437	8,022,305	5,673,041
Purchased services	819,789	69,825	889,614	800,173
Other	-	-	-	25
Total Operating Expenses	8,233,657	678,262	8,911,919	6,473,239
Operating Income (Loss)	707,877	(462,759)	245,118	(54,833)
<b>NONOPERATING REVENUES</b>				
Earnings on investments	4,925	1,973	6,898	11,579
Change in Net Position	712,802	(460,786)	252,016	(43,254)
<b>NET POSITION, July 1</b>	3,645,823	1,076,861	4,722,684	4,765,938
<b>NET POSITION, June 30</b>	\$ 4,358,625	\$ 616,075	\$ 4,974,700	\$ 4,722,684

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## PROPRIETARY FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2014	2013
<b>CASH FROM OPERATING ACTIVITIES</b>				
Cash received from insurance premiums	\$ 6,236,709	\$ 180,497	\$ 6,417,206	\$ 6,289,839
Cash received from insurance and other	2,722,248	18,770	2,741,018	95,493
Cash paid for claims	(7,516,264)	(235,437)	(7,751,701)	(5,754,714)
Cash paid for services and supplies	(759,542)	(32,858)	(792,400)	(798,848)
Net cash provided (used) by operating activities	683,151	(69,028)	614,123	(168,230)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	4,987	2,010	6,997	11,579
NET INCREASE IN CASH	688,138	(67,018)	621,120	(156,651)
<b>CASH AND INVESTMENTS, July 1</b>	4,371,166	1,505,448	5,876,614	6,033,265
<b>CASH AND INVESTMENTS, June 30</b>	<u>\$ 5,059,304</u>	<u>\$ 1,438,430</u>	<u>\$ 6,497,734</u>	<u>\$ 5,876,614</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>				
Operating income (loss)	\$ 707,877	\$ (462,759)	\$ 245,118	\$ (54,833)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Change in assets and liabilities:				
Receivables	17,352	(11,842)	5,510	(16,638)
Premiums due from other funds	(10,452)	(4,394)	(14,846)	21,602
Prepaid expenses	-	-	-	3,480
Accounts payable and accrued expenses	60,247	36,967	97,214	(2,130)
Unearned revenue	10,523	-	10,523	(38,038)
Pending claims	(102,396)	373,000	270,604	(81,673)
Total Adjustments	(24,726)	393,731	369,005	(113,397)
Net cash provided (used) by operating activities	<u>\$ 683,151</u>	<u>\$ (69,028)</u>	<u>\$ 614,123</u>	<u>\$ (168,230)</u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

SELF-INSURANCE HEALTH FUND  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 5,726,533	\$ 6,305,311	\$ 6,236,638	\$ (68,673)	\$ 6,129,444
Insurance proceeds	100,000	2,683,250	2,704,896	21,646	101,051
Total Operating Revenues	5,826,533	8,988,561	8,941,534	(47,027)	6,230,495
<b>OPERATING EXPENSES</b>					
Claims expense	6,202,132	8,768,942	7,413,868	1,355,074	5,704,781
Purchased services	704,906	766,446	819,789	(53,343)	726,823
Total Operating Expenses	6,907,038	9,535,388	8,233,657	1,301,731	6,431,604
Operating Income (Loss)	(1,080,505)	(546,827)	707,877	1,254,704	(201,109)
<b>NONOPERATING REVENUES</b>					
Earnings on investments	5,000	8,000	4,925	(3,075)	8,650
Change in Net Position	(1,075,505)	(538,827)	712,802	1,251,629	(192,459)
<b>NET POSITION, July 1</b>	4,002,457	3,645,823	3,645,823	-	3,838,282
<b>NET POSITION, June 30</b>	<u>\$ 2,926,952</u>	<u>\$ 3,106,996</u>	<u>\$ 4,358,625</u>	<u>\$ 1,251,629</u>	<u>\$ 3,645,823</u>

# DOUGLAS COUNTY SCHOOL DISTRICT

## SELF-INSURANCE HEALTH FUND

### SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

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

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 5,726,533	\$ 6,305,311	\$ 6,236,709	\$ (68,602)	\$ 6,112,599
Cash received from insurance and other	100,000	2,683,250	2,722,248	38,998	83,834
Cash paid for claims	(6,202,132)	(8,768,942)	(7,516,264)	1,252,678	(5,661,454)
Cash paid for services and supplies	(704,906)	(766,446)	(759,542)	6,904	(731,822)
Net cash provided (used) by operating activities	(1,080,505)	(546,827)	683,151	1,229,978	(196,843)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	5,000	8,000	4,987	(3,013)	8,650
NET INCREASE (DECREASE) IN CASH	(1,075,505)	(538,827)	688,138	1,226,965	(188,193)
CASH AND INVESTMENTS, July 1	4,723,534	4,371,166	4,371,166	-	4,559,359
CASH AND INVESTMENTS, June 30	\$ 3,648,029	\$ 3,832,339	\$ 5,059,304	\$ 1,226,965	\$ 4,371,166
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (1,080,505)	\$ (546,827)	\$ 707,877	\$ 1,254,704	\$ (201,109)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	17,352	17,352	(17,217)
Premiums due from other funds	-	-	(10,452)	(10,452)	21,193
Accounts payable and accrued expenses	-	-	60,247	60,247	(5,000)
Unearned revenues	-	-	10,523	10,523	(38,038)
Pending claims	-	-	(102,396)	(102,396)	43,327
Total Adjustments	-	-	(24,726)	(24,726)	4,265
Net cash provided (used) by operations	\$ (1,080,505)	\$ (546,827)	\$ 683,151	\$ 1,229,978	\$ (196,844)

# 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, 2014 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>OPERATING REVENUES</b>					
Insurance premiums	\$ 170,000	\$ 170,000	\$ 184,891	\$ 14,891	\$ 176,831
Other	10,000	10,000	30,612	20,612	11,080
Total Operating Revenues	180,000	180,000	215,503	35,503	187,911
<b>OPERATING EXPENSES</b>					
Claims expense	200,000	-	608,437	(608,437)	(31,740)
Purchased services	120,000	320,000	69,825	250,175	73,350
Other	-	-	-	-	25
Total Operating Expenses	320,000	320,000	678,262	(358,262)	41,635
Operating Income (Loss)	(140,000)	(140,000)	(462,759)	(322,759)	146,276
<b>NONOPERATING REVENUES</b>					
Earnings on investments	2,000	2,000	1,973	(27)	2,929
Change in Net Position	(138,000)	(138,000)	(460,786)	(322,786)	149,205
<b>NET POSITION, July 1</b>	789,656	1,076,861	1,076,861	-	927,656
<b>NET POSITION, June 30</b>	\$ 651,656	\$ 938,861	\$ 616,075	\$ (322,786)	\$ 1,076,861

# DOUGLAS COUNTY SCHOOL DISTRICT

## WORKERS' COMPENSATION SELF-INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2014

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

	2014 BUDGET		2014		2013
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from insurance premiums	\$ 10,000	\$ 10,000	\$ 180,497	\$ 170,497	\$ 177,240
Cash received from other sources	170,000	170,000	18,770	(151,230)	11,658
Cash paid for claims	(200,000)	(200,000)	(235,437)	(35,437)	(93,260)
Cash paid for services and supplies	(120,000)	(120,000)	(32,858)	87,142	(67,025)
Net cash provided (used) by operating activities	(140,000)	(140,000)	(69,028)	70,972	28,613
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	2,000	2,000	2,010	10	2,929
NET INCREASE (DECREASE) IN CASH	(138,000)	(138,000)	(67,018)	70,982	31,542
CASH AND INVESTMENTS, July 1	1,335,906	1,505,448	1,505,448	-	1,473,906
CASH AND INVESTMENTS, June 30	\$ 1,197,906	\$ 1,367,448	\$ 1,438,430	\$ 70,982	\$ 1,505,448
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>					
Operating income (loss)	\$ (140,000)	\$ (140,000)	\$ (462,759)	\$ (322,759)	\$ 146,276
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	(11,842)	(11,842)	578
Premiums due from other funds	-	-	(4,394)	(4,394)	409
Prepaid expenses	-	-	-	-	3,480
Accounts payable and accrued expenses	-	-	36,967	36,967	2,870
Pending claims	-	-	373,000	373,000	(125,000)
Total Adjustments	-	-	393,731	393,731	(117,663)
Net cash provided (used) by operations	\$ (140,000)	\$ (140,000)	\$ (69,028)	\$ 70,972	\$ 28,613

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## STUDENT ACTIVITY AGENCY FUNDS SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - BY SCHOOL YEAR ENDED JUNE 30, 2014

	<u>BALANCE</u> <u>JULY 1, 2013</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2014</u>
<b>Student Activity Funds</b>				
Douglas High School	\$ 304,454	\$ 775,596	\$ 753,616	\$ 326,434
George Whittell High School	45,323	195,174	208,455	32,042
ASPIRE Academy High School	-	18,638	8,691	9,947
Carson Valley Middle School	84,459	83,849	96,805	71,503
Pau-Wa-Lu Middle School	21,316	141,540	140,844	22,012
Scarselli Elementary School	52,993	51,458	56,207	48,244
Gardnerville Elementary School	31,837	49,689	49,252	32,274
C.C. Meneley Elementary School	35,641	82,735	82,030	36,346
Jacks Valley Elementary School	27,221	94,573	96,570	25,224
Minden Elementary School	52,419	105,146	100,738	56,827
Piñon Hills Elementary School	44,100	174,224	177,784	40,540
Zephyr Cove Elementary School	2,380	11,573	10,657	3,296
	<u>\$ 702,143</u>	<u>\$ 1,784,195</u>	<u>\$ 1,781,649</u>	<u>\$ 704,689</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Douglas County School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 30, 2014.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*The Bullard Macy Group*

Reno, Nevada  
October 30, 2014

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

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

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

We have audited the Douglas County School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.



## Report on Internal Control Over Compliance

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

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

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

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

*The Bullard Macy Group*

Reno, Nevada  
October 30, 2014

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(Page 1 of 2)

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed through the State of Nevada Department of Education</i>			
Individuals with Disabilities Education Act - Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	14-639-03000	\$ 915,791
Special Education - District Improvement Grant	84.027	14-641-03000	36,223
Special Education - District Assistance Center	84.027	14-667-03000	71,490
Special Education - Preschool Grants (IDEA, Preschool)	84.173	14-665-03000	57,222
Total Special Education Cluster			1,080,726
Title I, Part A - Grants to Local Educational Agencies	84.010	14-633-03000	695,901
Title I, Part C - Migrant Education	84.011A	14-629-03000	5,980
Title I, Part D - Improving America's Youth	84.010	14-650-03000	62,145
Carl D. Perkins Basic Grant	84.048	14-631-03000	49,114
Carl D. Perkins Corrections Grant	84.048	14-635-03000	68,745
Education for Homeless Children and Youth	84.196A	14-688-03000	41,163
Title III, English Language Acquisition	84.365A	14-658-03000	39,388
Title III, Part B - Immigrant	84.365A	14-659-03000	20,720
Title II, Part A - Improving Teacher Quality State Grants	84.367	14-709-03000	200,072
Title I, Part E - Striving Readers Comprehensive Literacy	84.371	14-657-03000	1,237,243
<b>Total U.S. Department of Education</b>			<b>3,501,197</b>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(Page 2 of 2)

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTOR'S NUMBER</u>	<u>AMOUNT</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
<i>Passed through the State of Nevada Department of Administration</i>			
National School Lunch Program - Commodities	10.555	N/A	\$ 90,764
<i>Passed through the State of Nevada Department of Education</i>			
School Breakfast Program	10.553	N/A	200,864
National School Lunch Program	10.555	N/A	794,032
Total Child Nutrition Cluster			<u>1,085,660</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,085,660</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 4,586,857</u></u>

See accompanying notes.

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2014

### 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, 2014. 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, 2014.

# DOUGLAS COUNTY SCHOOL DISTRICT

---

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2014

### A. SUMMARY OF AUDIT RESULTS

#### *Financial Statements*

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

#### *Federal Awards*

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

#### *Major Programs*

The major programs for the year ended June 30, 2014 were:

Title I, Part A – Grants to LEAs (84.010)  
Individuals with Disabilities Education Act – Special Education Cluster (84.027 and 84.173)  
Title II, Part A – CSR Initiative (84.367)  
Child Nutrition Cluster (10.553 and 10.555)

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

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

### B. FINDINGS – FINANCIAL STATEMENTS

None.

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

None.



## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined management's assertion, included in its representation letter dated October 30, 2014, that the Douglas County School District (District) complied with Nevada Revised Statutes Chapter 354.624(5)(a) during the year ended June 30, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the District's compliance with specified requirements.

In our opinion, management's assertion that the Douglas County School District complied with the aforementioned requirements for the year ended June 30, 2014 is fairly stated, in all material respects.

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

*The Bullard Macy Group*

Reno, Nevada  
October 30, 2014

500 Damonte Ranch Parkway Suite 852 Reno NV 89521

tel 775/624-9108 | fax 877/278-2597

[bullardmacy.com](http://bullardmacy.com)

# **DOUGLAS COUNTY SCHOOL DISTRICT**

---

## **INDEPENDENT AUDITORS' COMMENTS**

**JUNE 30, 2014**

### **CURRENT YEAR STATUTE COMPLIANCE**

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

### **PRIOR YEAR STATUTE VIOLATIONS**

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

### **CURRENT YEAR AUDIT RECOMMENDATIONS**

We did not find any financial weaknesses of magnitude to justify inclusion within our audit report.

### **STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS**

There were no prior year recommendations related to financial weaknesses of a magnitude to justify inclusion within the audit report.