

DOUGLAS COUNTY SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT

Fiscal Year Ended

June 30, 2015

DOUGLAS COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS JUNE 30, 2015

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
District-Wide Financial Statements	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements	
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	34
Statement of Net Position – Proprietary Funds	36
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	37
Statement of Cash Flows – Proprietary Funds	38
Statement of Agency Assets and Liabilities	39
Notes to the Financial Statements	40
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Funding Progress - Other Postemployment Benefits	71
Schedule of District's Proportionate Share of Net Pension Liability	72
Schedule of District's Contributions to Nevada PERS	73

Continued on next page.

DOUGLAS COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2015

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Major Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual:

Debt Service Fund 74

Capital Projects Fund 75

Bond Fund 76

Nonmajor Governmental Funds

Combining Balance Sheet 78

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances 79

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

Budget and Actual:

Federal and State Grants Fund 81

Food Service Fund 85

Class Size Reduction Fund 86

Building and Sites Fund 87

Proprietary Funds – Internal Service Funds

Combining Statement of Net Position 88

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position 89

Combining Statement of Cash Flows 90

Self Insurance Health Fund

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

Budget and Actual 91

Schedule of Cash Flows – Budget and Actual 92

Workers' Compensation Self-Insurance Fund

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

Budget and Actual 93

Schedule of Cash Flows – Budget and Actual 94

Agency Fund

Student Activity Agency Funds

Schedule of Cash Receipts and Disbursements – By School - 2015 95

Schedule of Cash Receipts and Disbursements – By School - 2014 (As Restated) 96

Continued on next page.

DOUGLAS COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2015

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>	97
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	99
Schedule of Expenditures of Federal Awards	101
Notes to the Schedule of Expenditures of Federal Awards	103
Schedule of Findings and Questioned Costs	104
Independent Accountants' Report – Nevada Revised Statutes	105
Independent Auditors' Comments	106

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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2014, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The District's unrestricted net position has been restated as of July 1, 2014 as a result of this change in accounting principle. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

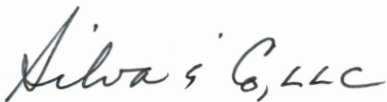
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, 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.

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

Reno, Nevada
November 20, 2015

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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, 2015. We encourage readers to read the information presented here in conjunction with the District's financial statements, which follow this narrative.

As required by the Governmental Accounting Standards Board (GASB), the District has implemented Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The changes resulting from the implementation of these two accounting standards are significant at the district-wide level. However, the changes do not affect the financial statements at the fund level. Further discussion of this implementation can be found at the District-Wide Financial Analysis section of this document.

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.

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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

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

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

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

has nine individual governmental funds. For the year ended June 30, 2015, 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 40 – 69 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

As previously noted, the District has implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These new standards require participants in a multi-employer cost sharing plan to:

- Record a proportionate share of the net pension liability on our statement of net position.
- Record a proportionate share of pension expense (as defined by the new GASB statements) on our statement of activities.
- Report additional note disclosures and required supplementary information.

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

These standards required the inclusion of the District's proportionate share of the Nevada Public Employees' Retirement Plan within the District's financial statements effective July 1, 2014. The effect of the adoption was to decrease July 1, 2014 beginning net position by \$68.3 million and the inclusion of the obligation, and related deferred inflows and outflows, in the June 30, 2015 district-wide financial statements. All governments participating in the retirement plan were required to adopt these new standards.

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

The table below presents a comparison of the District's net position (deficit) as of June 30, 2015 compared to 2014. The 2014 amounts have been restated for the effects of GASB Nos. 68 and 71, as discussed above.

DISTRICT'S NET POSITION

	2015	(Restated) 2014 (In Millions)	Change	
Assets				
Current and other assets	\$ 35.6	\$ 46.8	\$ (11.2)	-23.9%
Net capital assets	79.6	68.1	11.5	16.9%
Total Assets	115.2	114.9	0.3	0.3%
Deferred Outflows of Resources	8.4	7.8	0.6	7.7%
Liabilities				
Current liabilities	13.4	13.0	0.4	3.1%
Long-term liabilities	113.5	125.6	(12.1)	-9.6%
Total Liabilities	126.9	138.6	(11.7)	-8.4%
Deferred Inflows of Resources	15.8	-	15.8	-
Net Position (Deficit)				
Net Investment in Capital Assets	41.0	41.5	(0.5)	-1.2%
Restricted	13.7	13.3	0.4	3.0%
Unrestricted	(73.7)	(70.7)	(3.0)	4.2%
Total Net Position (Deficit)	\$ (19.0)	\$ (15.9)	\$ (3.1)	-19.5%

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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:

DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities	
	2015	2014
	<i>(In Millions)</i>	
Revenues		
Program revenues:		
Charges for services	\$ 0.9	\$ 0.9
Operating grants and contributions	8.8	7.6
Capital grants and contributions	0.3	0.4
General revenues:		
Property taxes	21.2	20.8
Local school support taxes	14.2	13.7
Government service taxes	3.7	3.3
State aid not restricted to specific purposes	17.3	17.7
Other revenues	0.6	0.6
Total Revenues	<u>67.0</u>	<u>65.0</u>
Expenses		
Instruction	38.8	38.3
Support services	22.9	22.6
Food service	1.7	1.8
Facilities	5.0	2.4
Interest on long-term debt	1.7	1.6
Total Expenses	<u>70.1</u>	<u>66.7</u>
Change in Net Position (Deficit)	(3.1)	(1.7)
Net Position (Deficit) - Beginning of Year	(15.9)	54.0
Impact of GASB Statement Nos. 68 and 71	-	(68.2)
Net Position (Deficit) - End of Year	<u>\$ (19.0)</u>	<u>\$ (15.9)</u>

Governmental Activities:

- ◇ The largest and main revenue sources for the District are Local School Support Taxes (LSST), property taxes (ad valorem), and state aid. Together, these revenue sources comprise 79% of total revenues and are reported as General Revenues on the Statement of Activities on pages 21 – 22 of this report.

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

- ◇ Ad valorem taxes increased 2.1% from the prior year due to an increase in tax collections and assessed valuations.
- ◇ LSST increased 3.5% from the prior year due to another year of increased taxable sales.
- ◇ State aid not restricted to specific purposes decreased 3% from the prior year primarily as a result of the equalization and impact of the DSA formula. When local revenues such as ad valorem and LSST increase as noted above, the State aid is reduced.

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, 2015, the District's governmental funds reported a combined fund balance of \$19.3 million, a decrease of \$10.7 million from 2014. The decrease is attributable to the planned spending from the District's Bond Issues Fund in accordance with the Capital Improvement Plan. Of the total fund balance of \$19.3 million, approximately \$14.3 million is nonspendable, restricted or assigned fund balance. The remaining \$5.0 million, or 26%, 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.

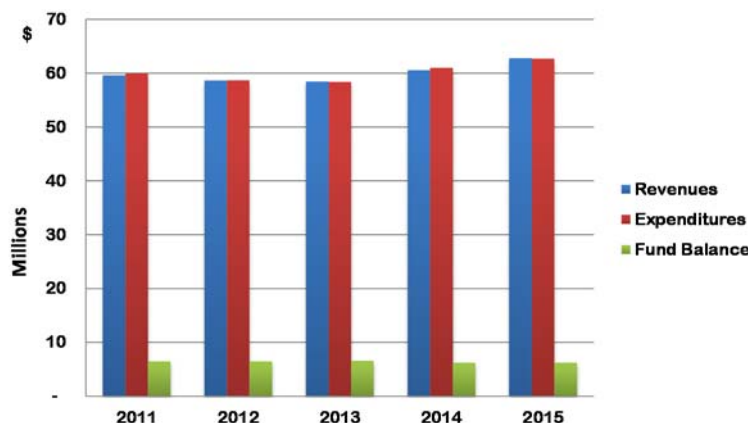
General and Special Revenue Funds

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:

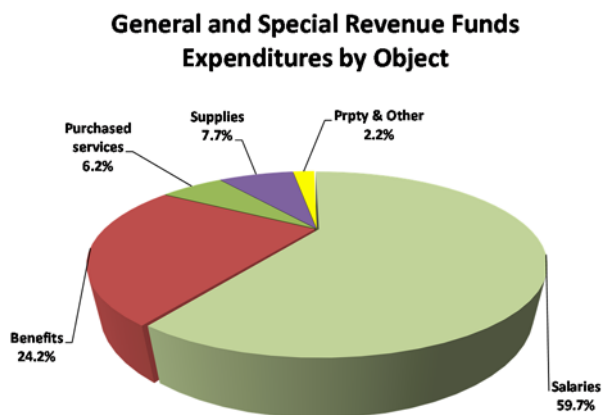
DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

General and Special Revenue Funds



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, 2015 fund balance of the Debt Service Fund is \$4.6 million, which together with the 2015-16 budgeted revenues of \$2.9 million exceeds the 2015-16 anticipated debt service requirements of \$3.3 million (before the anticipated interest subsidy from the Build America bonds) 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, 2015 of \$8.3 million, which is restricted by NRS 387.328 to be used to accumulate resources for major capital acquisitions and improvements.

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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, 2015, these funds had a combined net position of \$4.7 million, which represents approximately 63% of the funds' 2015-16 budgeted expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of June 30, 2015 and 2014 are as follows. See also pages 53 and 69.

Capital Assets (Net of Depreciation)

	2015	2014
	(In Millions)	
Land	\$ 1.4	\$ 1.4
Construction in progress	18.8	4.4
Buildings	57.0	60.1
Equipment	2.4	2.2
	<u>\$ 79.6</u>	<u>\$ 68.1</u>

Debt Administration

The District's debt general obligation debt was comprised of the following as of June 30, 2015 and 2014:

Outstanding General Obligation Debt

	2015	2014
	(In Millions)	
General obligation bonds, net of premium and discount	\$ 41.2	\$ 37.4
Note payable	4.0	4.3
	<u>\$ 45.2</u>	<u>\$ 41.7</u>

The last bond rating was completed January 2015. The District maintained an AA- rating with a stable outlook from Standard and Poor's (S&P). Principal and interest payments on the General Obligation Bonds and the note payable for the 2015-16 fiscal year are scheduled to total \$3.3 million, less the expected interest subsidy of \$368 thousand on the Build America bonds for a net cash outlay requirement of \$2.9 million. Additional detail on the District's debt can be found on pages 55 – 57 of the financial statements.

The District is limited by state statutes as to the amount of general obligation debt it can have outstanding. The limit is equal to 15% of the District's total assessed property valuation. Based on the District's most current assessed value, the District's statutory general obligation debt limit is \$369 million. As of June 30, 2015, the District had \$40.9 million of general obligation debt and a \$4.0 million installment purchase agreement outstanding.

DOUGLAS COUNTY SCHOOL DISTRICT

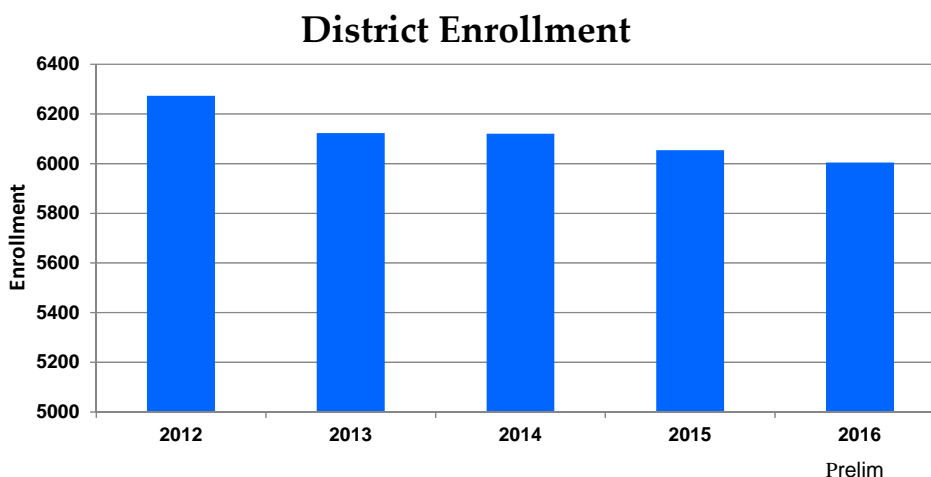
MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Enrollment and Funding

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. Further discussion regarding 2015 Legislative changes on enrollment calculations is provided later on in this section. Throughout the year, the District also amends their budget for other known adjustments, such as opening fund balance amounts based on prior year audited numbers and approved grant funds.

Provided below is a chart which depicts a trend of declining student enrollment. The District's enrollment for the current year declined 0.8% from the prior year, and during the five year period of school year 2011-12 through the unaudited 2015-16 data, declined 4.3%, or 268 students.



Nevada's school districts are highly dependent on the economic condition of the State. Nevada's formula for school district funding guarantees the majority of operating revenue by making up any shortfall in ad valorem or LSST collections. For the 2014-15 school year, the District (as did all Nevada's school districts) received full funding in accordance with the 2013 biennial state budget.

A large percentage of revenues received by the District is provided through the State Distributive School Account (DSA) monies or basic support guarantee for school districts. These revenues are based on a weighted average per pupil within total enrollment. The formula weights pre-kindergarten (pre-k) and kindergarten (k) students at 0.6, while first through twelfth grades are given a weight of 1.0, thus reducing the per pupil funding for pre-k and k grade levels. Due to the significance of the revenue and basis of funding, there are several concerns regarding the future of DSA funding for the District.

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

The first concern is the already noted trend of declining weighted enrollment, and therefore a corresponding reduction of DSA revenues. The District saw significant enrollment growth, particularly in the Valley based school sites through school year 1999. However, since 1999, enrollment has fluctuated – some years increasing, but generally most years reflecting decreasing enrollment. In 2013-14, weighted enrollment marginally declined by 0.3%, or 16.1 students, from the previous year, and further declined in the 2014-15 school year by 0.8% or 45.5 students.

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 resulted in a Task Force recommendation to change the financial support of school districts by implementing a funding formula that takes into account the needs of special populations such as pupils from low-income families, pupils with disabilities and/or limited proficiency in the English language.

As a result, the 2015 Legislative Session did bring about sweeping changes to the DSA formula. While some areas, such as enrollment, have been defined and are in place for the 2015-16 fiscal year, others are still in flux, such as Special Education Funding, and will be instated in the 2016-17 fiscal year.

As previously discussed, Nevada’s school districts are funded in large part based on student enrollment. The methodology for enrollment was changed in the 2015 Legislative Session. Whereas the marker for enrollment used to be taken at the end of the first school month, called “count day,” the State moved to an average daily enrollment, or ADE model. ADE is calculated by taking the total number of pupils enrolled during a reporting period divided by the number of days school is in session during that period. Days school is in session is defined as instruction days as they appear on the Nevada Department of Education approved school calendar.

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

On a more positive note, the DSA formula will no longer be weighted as the State has continued to place more emphasis and provide more funding for Full-Day Kindergarten (FDK) programs. Although DSA monies will be paid using the weighted formula for 2015-16, starting in 2016-17 the weighted factors will be removed, and each enrolled student will count as 1.0 fully funded unit, and as such, FDK funding will be eliminated.

Due to the lack of finalization of allocation methodologies for FDK, Class-Size Reduction, and Special Education funding, it is still unclear whether these pending changes will benefit or harm Douglas County School District. Additionally, AB421 of the 2015 Legislature created the Spending and Government

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

Efficiencies (SAGE) Commission that will submit periodic recommendations to the Governor of Nevada over the next eighteen months regarding identifying areas in which K-12 public education costs may be reduced, or identify areas of increased efficiencies with K-12 public education, or any means by which the public education of the State of Nevada may be improved. A final report will be submitted to the Governor and the Legislative Council Bureau for the 79th Session of the Nevada Legislature (2017). What is certain in this ever-changing landscape is that the DSA formula will continue to be reviewed with potential for extensive impact and changes to funding for this District. There is no assurance that such amendments will not result in reduced funding to the District.

Local Sources - The General Fund's local operating revenue sources are comprised largely of a county-wide seventy-five cent ad valorem (property tax) and the LSST (sales and use tax) equal to 2.60% of taxable sales. The LSST tax rate was increased from 2.25% to 2.60% starting in fiscal year 2010, and was maintained in the 2015 Legislative session. The General Fund received \$18.7 million from property tax and \$14.2 million from sales tax for the year ended June 30, 2015. The General Fund has budgeted \$18.9 million in property tax revenue and \$14.5 million in sales tax revenue for fiscal year 2016. Other local operating sources to the General Fund include governmental services taxes, tuition receipts, earnings on investments, and utility franchise fees.

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

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

Additionally, the School Finance Plan provides a substantial guarantee of revenue support for the District's General Fund budget. 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

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

has experienced substantial budget shortfalls in several of the past budget years and was unable to fulfill the guarantee. Although the Legislature had reduced overall school funding in special and regular sessions during the Great Recession, funding appears to be on the rise if still substantially inadequate when compared to neighboring states. Of the remaining District General Fund revenue, approximately two-thirds is based on the remaining \$0.50 component of the total \$0.75 property tax levy and since the assessed valuation of property within the District is determined prior to the beginning of the school year, the District knows its property tax base prior to the outset of its operating year.

Proprietary Funds:

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

Workers' Compensation Funding: The District's Workers' Compensation Fund has been funded by an overhead rate of \$0.5/ \$100 in salary earnings by both permanent and temporary employee for at least the last ten years. Due to several high claims in the last few years, the District raised the overhead rate to \$0.75.

GASB#10 and #30 do not address an actual funding requirement for the program, but do allow a range of funded amounts to be recognized for accounting purposes – specifically to allow recognition of a funding margin for unexpectedly adverse loss experience. Each year, an actuarial review is conducted of the District's plan to evaluate the funding taking into account historical and trend data as well as projected claims. Actuarial guidance, along with GASB #10 and #30, indicates that the fund should have sufficient reserves to accommodate claims costs with some margin for unexpected adverse loss experience. The District's long-term funding policy is to maintain the fund at the 85% confidence level. The most recent actuarial review indicated the funding between a 75-80% confidence level. As noted previously, the increased rate will need to be sustained until sufficient reserves have been rebuilt – potentially one to two years.

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

The District's self-insurance fund is subject to negotiated contract language. Currently, all negotiated contracts provide for a monthly premium amount to be paid by the District for health insurance. Additionally, a committee made up of various bargaining group representatives meet monthly to review claims data and the financial health of the self-insurance fund. The Committee makes recommendations to

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

the Board of Trustees pertaining to premium holidays, plan benefits, third party administrator, and stop-loss insurance, among other factors.

The past several years have shown a strong ending fund balance, along with changes to the plan to accommodate the Affordable Care Act (ACA). ACA has resulted in considerable changes to the plan benefits and additional financial burden in the form of 100% coverage of wellness benefits costs, transitional reinsurance fees, and disallowance of capping essential benefits.

However, the plan is not sufficiently funded at this present time. Projections for calendar and plan year 2016 show an estimated 28% increase in claims costs with existing funding remaining unchanged; thus indicating that the ending fund balance of the fund will be substantially impacted and reduced.

Sustainability of the fund is paramount to the District. However, it will take considerable collaboration of the Committee in conjunction with Board support to weather the coming storm of change. Available alternatives are as follows: increase the monthly premium paid by the District, create a shared contribution plan that will require employee participation in premium costs, reduction of benefits, creating a multi-tiered plan, or any combination of the preceding options. These changes will need to be in place by calendar and plan year 2017 as the substantial reserves will be depleted in approximately two to three years at the current projected rate.

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 (approximately 71% of total GST revenues), and which portion flows to the Capital Projects Fund (approximately 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. The Douglas County Commission and Department of Taxation have 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 have provided approximately \$45.6 million + [\$43.3 million in bonds and \$2.3 million in Pay-As-You-Go cash

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

transfers from the debt service] in capital funding to improve, equip, acquire and construct school facilities without increasing the District's existing tax levy. Many of the projects have provided operational and energy efficiencies which will in turn benefit the District's General Fund in reduced operations and maintenance expenses.

The bond expenditures have been guided by the Facilities' Master Plan (FMP) which was approved by the Board of Trustees in April 2010 but has been revised through various board decisions over the last several years. The first Phase of the FMP was to consist 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 is completed. Due to the decision to change the Valley Schools configuration into first through fifth grades at the elementary sites, sixth through eighth grades at the two middle schools, and ultimately ninth grade into the high school, the capacity additions at the elementary sites are not needed in the near future. Additionally, the District is nearing completion of Phase 2B which included the modernization and capacity additions to Douglas High School to programmatically return the 9th grade to the Valley high school. Continuation of the FMP will be dependent on ability to raise the necessary capital funding estimated at approximately \$52 million to complete as the District's bonding capacity is currently maximized.

However, there are several alternatives available to the District for additional funding. Nevada Revised Statute 350.020(5) would allow for the reserve level in the debt service fund to decrease from 100% to 50%, providing approximately \$1.3 million in one-time funds. Additionally, SB207 from the 2015 Legislative Session allows the Board of Trustees to extend the authority of a "rollover" question for an additional 10 year period after current authorization expires in 2018. This option would provide approximately \$1 million over the course of the ten year extension in Pay-As-You-Go cash. Finally, SB411 of the 2015 Legislative Session allowed the Board of Trustees to authorize a committee with very prescriptive participant requirements whose main purpose is to consider placing a question on the 2016 General Election Ballot to raise or levy a tax or group of taxes to fund school construction and repairs. This committee is currently meeting and reviewing the District's needs.

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 fifth year valuation yielded similar results in March 2015 reflecting savings of \$32,972. The next valuation period will be in year 10 (2020), and the final valuation will be in year 15 (2025).

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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

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

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

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

http://www1.eere.energy.gov/wip/solutioncenter/pdfs/financing_energy_upgrades_k-12.pdf

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, and potentially the detached gym, "Old School Playhouse," at Carson Valley Middle School. Proceeds would be allocated to projects to further support of the District's FMP.

DOUGLAS COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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.

BASIC FINANCIAL STATEMENTS

DOUGLAS COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and investments	\$ 28,959,941
Receivables	6,536,916
Inventories	149,857
Capital assets, net	79,649,952
Total Assets	115,296,666
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	8,393,173
Total Assets and Deferred Outflows	123,689,839
LIABILITIES	
Accounts payable and accrued expenses	10,792,411
Unearned revenues	1,030,471
Noncurrent liabilities:	
Due within one year	1,537,814
Due in more than one year	44,156,216
Obligation for other postemployment benefits	9,096,567
Net pension liability	60,291,529
Total Liabilities	126,905,008
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	15,826,371
Total Liabilities and Deferred Inflows	142,731,379
NET POSITION (DEFICIT)	
Net investment in capital assets	41,022,846
Restricted for:	
Debt service	4,750,318
Employee benefits	4,667,601
Capital projects	3,861,896
Child nutrition services	392,540
Other	6,442
Unrestricted	(73,743,183)
Total Net Position (Deficit)	\$ (19,041,540)

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE)	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION	
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular instruction	\$ 27,606,449	\$ 382,119	\$ 5,419,918	\$ -	\$ (21,804,412)	
Special instruction	7,225,576	-	1,060,339	-	(6,165,237)	
Vocational instruction	872,986	-	162,123	-	(710,863)	
Adult instruction	152,110	-	148,785	-	(3,325)	
Extra and cocurricular	498,139	-	-	-	(498,139)	
Other instruction	2,483,384	-	579,813	-	(1,903,571)	
Total Instruction	38,838,644	382,119	7,370,978	-	(31,085,547)	
Support Services:						
Student support	3,767,942	-	126,187	-	(3,641,755)	
Instructional staff support	1,222,619	-	26,613	-	(1,196,006)	
General administration	576,979	-	3,962	-	(573,017)	
School administration	4,334,079	-	76,029	-	(4,258,050)	
Central services	1,774,473	-	-	-	(1,774,473)	
Operation and maintenance	6,415,987	-	-	-	(6,415,987)	
Student transportation	3,573,044	-	11,454	-	(3,561,590)	
Other support	1,079,637	-	58,153	-	(1,021,484)	
Facilities acquisition and construction	5,067,319	4,147	62,701	353,719	(4,646,752)	
Community support	13,480	-	13,488	-	8	
Food service	1,700,479	561,019	1,076,902	-	(62,558)	
Interest on long-term debt	1,707,233	-	-	-	(1,707,233)	
Total Support Services	31,233,271	565,166	1,455,489	353,719	(28,858,897)	
Total School District	\$ 70,071,915	\$ 947,285	\$ 8,826,467	\$ 353,719	(59,944,444)	

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
General Revenues:					
					\$ 18,682,303
					2,558,346
					14,192,552
					2,598,875
					1,073,895
					286,497
					36,010
					241,385
					17,174,871
					56,844,734
					(3,099,710)
					(15,941,830)
					\$ (19,041,540)

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTALS GOVERNMENTAL FUNDS 2015	2014
ASSETS								
Cash and investments	\$ 5,253,838	\$ 1,222,240	\$ 4,715,582	\$ 4,322,999	\$ 6,263,894	\$ 799,438	\$ 22,577,991	\$ 33,482,029
Deposits held by fiscal agent	341,517	-	27,993	108,963	-	-	478,473	362,955
Receivables	3,808,495	200,168	38,507	5,004	1,245	2,401,959	6,455,378	6,228,774
Due from other funds	832,574	-	-	-	-	-	832,574	1,258,603
Inventories	89,265	-	-	-	-	60,592	149,857	188,437
Total Assets	<u>\$ 10,325,689</u>	<u>\$ 1,422,408</u>	<u>\$ 4,782,082</u>	<u>\$ 4,436,966</u>	<u>\$ 6,265,139</u>	<u>\$ 3,261,989</u>	<u>\$ 30,494,273</u>	<u>\$ 41,520,798</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 4,588,304	\$ 646,644	\$ -	\$ 623,754	\$ 1,105,677	\$ 1,398,083	\$ 8,362,462	\$ 8,739,702
Retainage payable	-	-	-	28,660	704,076	-	732,736	273,371
Due to other funds	376,545	114,962	-	-	-	910,435	1,401,942	1,837,516
Unearned revenues	-	-	-	-	-	416,553	416,553	319,360
Total Liabilities	<u>4,964,849</u>	<u>761,606</u>	<u>-</u>	<u>652,414</u>	<u>1,809,753</u>	<u>2,725,071</u>	<u>10,913,693</u>	<u>11,169,949</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	<u>247,744</u>	<u>-</u>	<u>31,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,508</u>	<u>328,130</u>
FUND BALANCES								
Nonspendable	89,265	-	-	-	-	60,592	149,857	188,437
Restricted	-	-	4,750,318	3,784,552	4,455,386	476,326	13,466,582	24,216,163
Assigned	-	660,802	-	-	-	-	660,802	600,621
Unassigned	<u>5,023,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,023,831</u>	<u>5,017,498</u>
Total Fund Balance	<u>5,113,096</u>	<u>660,802</u>	<u>4,750,318</u>	<u>3,784,552</u>	<u>4,455,386</u>	<u>536,918</u>	<u>19,301,072</u>	<u>30,022,719</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 10,325,689</u>	<u>\$ 1,422,408</u>	<u>\$ 4,782,082</u>	<u>\$ 4,436,966</u>	<u>\$ 6,265,139</u>	<u>\$ 3,261,989</u>	<u>\$ 30,494,273</u>	<u>\$ 41,520,798</u>

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2015

Fund Balance - Governmental Funds	\$	19,301,072
Amounts reported for governmental activities in the Statement of Net Position (Deficit) 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	144,535,430	
Less accumulated depreciation	<u>(64,885,478)</u>	
		79,649,952
Deferred outflows related to pension payments made subsequent to the measurement date.		8,393,173
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.		279,508
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	(40,925,000)	
Bond premium	(353,217)	
Bond discount	50,996	
Accrued interest payable	(424,348)	
Note payable	(3,966,000)	
Compensated absences	<u>(500,809)</u>	
		(46,118,378)
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.		(9,096,567)
Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities.		(60,291,529)
Deferred inflows related to pension investment returns and changes in assumptions are not reported in governmental funds.		(15,826,371)
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.		<u>4,667,600</u>
Net Position (Deficit) - Governmental Activities	<u>\$</u>	<u>(19,041,540)</u>

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOV'T FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2015	2014
REVENUES								
Local sources	\$ 36,219,518	\$ 1,090	\$ 2,558,374	\$ 1,303,723	\$ 14,363	\$ 950,582	\$ 41,047,650	\$ 39,040,136
State sources	14,118,603	3,056,268	-	-	-	3,436,276	20,611,147	20,603,963
Federal sources	52,644	-	353,994	-	-	4,955,387	5,362,025	4,991,897
Total Revenues	50,390,765	3,057,358	2,912,368	1,303,723	14,363	9,342,245	67,020,822	64,635,996
EXPENDITURES								
Regular instruction	21,832,519	-	-	-	-	5,486,112	27,318,631	27,286,183
Special instruction	-	6,076,435	-	-	-	1,060,339	7,136,774	6,699,425
Vocational instruction	697,563	-	-	-	-	162,122	859,685	757,226
Adult instruction	-	-	-	-	-	148,785	148,785	180,956
Extra and cocurricular	494,989	-	-	-	-	-	494,989	495,275
Other instruction	1,555,271	336,749	-	-	-	579,813	2,471,833	2,009,125
Undistributed Expenditures:								
Student support	2,353,463	1,297,131	-	-	-	75,609	3,726,203	3,277,911
Instructional staff support	1,170,410	-	-	-	-	26,613	1,197,023	1,209,276
General administration	601,407	-	-	-	-	3,962	605,369	535,761
School administration	4,224,923	-	-	-	-	76,028	4,300,951	4,188,945
Central services	1,842,395	-	-	-	-	-	1,842,395	1,908,751
Operation and maintenance	6,591,666	-	-	-	-	-	6,591,666	6,464,072
Student transportation	3,301,776	426,923	-	-	-	11,454	3,740,153	3,702,463
Other support	51,960	-	-	346,678	426,637	58,153	883,428	888,818
Food service	-	-	-	-	-	1,658,500	1,658,500	1,788,862
Facilities construction/ acquisition/improvements	-	-	-	1,022,780	15,445,243	62,701	16,530,724	3,452,546

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	BOND FUND	NON-MAJOR GOV'T FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2015	2014
Community service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,488	\$ 13,488	\$ -
Debt Service:								
Principal	380,000	-	1,185,000	-	-	-	1,565,000	854,000
Interest	95,660	-	1,603,603	-	-	-	1,699,263	1,558,689
Fiscal agent charges	-	-	5,800	-	-	-	5,800	5,550
Total Expenditures	45,194,002	8,137,238	2,794,403	1,369,458	15,871,880	9,423,679	82,790,660	67,263,834
Revenues Over (Under)								
Expenditures	5,196,763	(5,079,880)	117,965	(65,735)	(15,857,517)	(81,434)	(15,769,838)	(2,627,838)
OTHER FINANCING SOURCES (USES)								
Sale of fixed assets	9,565	-	-	-	-	-	9,565	-
Transfers (to) from other funds	(5,200,000)	5,200,000	-	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	5,000,000	-	5,000,000	8,500,000
Bond premiums	-	-	-	-	77,202	-	77,202	263,603
Total Other Financing Sources (Uses)	(5,190,435)	5,200,000	-	-	5,077,202	-	5,086,767	8,763,603
Net Change in Fund Balances	6,328	120,120	117,965	(65,735)	(10,780,315)	(81,434)	(10,683,071)	6,135,765
FUND BALANCES, July 1	5,129,338	540,683	4,632,353	3,850,287	15,235,701	634,357	30,022,719	23,889,852
Increase (decrease) in reserve for inventories	(22,576)	-	-	-	-	(16,005)	(38,581)	(2,898)
FUND BALANCES, June 30	<u>\$ 5,113,090</u>	<u>\$ 660,803</u>	<u>\$ 4,750,318</u>	<u>\$ 3,784,552</u>	<u>\$ 4,455,386</u>	<u>\$ 536,918</u>	<u>\$ 19,301,067</u>	<u>\$ 30,022,719</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, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Earnings on investments	\$ 1,000	\$ 1,000	\$ 1,090	\$ 90	\$ 710
State Sources:					
State appropriation	3,034,895	3,056,268	3,056,268	-	2,960,908
 Total Revenues	 3,035,895	 3,057,268	 3,057,358	 90	 2,961,618
EXPENDITURES					
Special Programs:					
Instruction:					
Salaries	4,303,643	4,414,349	4,208,429	205,920	3,937,806
Benefits	1,828,319	2,031,334	1,863,200	168,134	1,709,311
Purchased services	-	1,000	254	746	237
Supplies	16,450	7,183	4,552	2,631	7,567
	6,148,412	6,453,866	6,076,435	377,431	5,654,921
Other Direct Support:					
Salaries	188,516	445,225	417,331	27,894	251,660
Benefits	76,087	178,019	141,022	36,997	99,134
Purchased services	691,000	821,000	706,128	114,872	619,211
Supplies	61,026	38,400	32,299	6,101	12,080
Other	-	500	351	149	3
	1,016,629	1,483,144	1,297,131	186,013	982,088
Student Transportation:					
Salaries	367,798	280,000	267,221	12,779	434,543
Benefits	125,280	126,408	108,629	17,779	137,878
Purchased services	1,300	-	-	-	-
Supplies	49,354	50,654	51,073	(419)	44,974
	543,732	457,062	426,923	30,139	617,395
 Total Special Programs	 7,708,773	 8,394,072	 7,800,489	 593,583	 7,254,404

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND - SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other Instructional Programs:					
Academically Talented:					
Salaries	\$ 226,206	\$ 235,604	\$ 235,604	\$ -	\$ 224,484
Benefits	96,787	99,389	99,293	96	95,077
Supplies	2,085	1,833	1,852	(19)	3,051
Total Other Instructional	325,078	336,826	336,749	77	322,612
Contingency	80,339	87,309	-	87,309	-
Total Expenditures	8,114,190	8,818,207	8,137,238	680,969	7,577,016
Revenues Over (Under)					
Expenditures	(5,078,295)	(5,760,939)	(5,079,880)	681,059	(4,615,398)
OTHER FINANCING SOURCES					
Transfers from other funds	4,980,000	5,570,000	5,200,000	(370,000)	4,560,000
Net Change in Fund Balance	(98,295)	(190,939)	120,120	311,059	(55,398)
FUND BALANCE, July 1	427,120	540,683	540,683	-	596,081
FUND BALANCE, June 30	<u>\$ 328,825</u>	<u>\$ 349,744</u>	<u>\$ 660,803</u>	<u>\$ 311,059</u>	<u>\$ 540,683</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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	(10,721,652)
---	-----------	---------------------

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.	11,600,652
--	------------

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.	(24,497)
---	----------

Certain revenues are recorded in the fund statements when received. In the Statement of Activities, revenues are recognized when earned.	(4,464)
--	---------

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	1,565,000
---	-----------

Any discount or premium realized at the time of incurring debt is recognized as an other financing source or use, respectively, in the governmental funds. These items are accrued and deferred in the Statement of Activities and amortized over the life of the new debt.	(55,951)
---	----------

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.	(26,307)
---	----------

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.	(5,000,000)
--	-------------

Change in pension expense related to deferred items	545,564
---	---------

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.	(670,956)
---	-----------

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.	(307,099)
---	-----------

Change in Net Position of Governmental Activities	\$	(3,099,710)
--	-----------	--------------------

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, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Ad valorem taxes	\$ 18,611,636	\$ 18,611,636	\$ 18,730,925	\$ 119,289	\$ 18,013,836
Local school support tax	14,407,963	14,184,140	14,192,552	8,412	13,715,285
Governmental services tax	2,275,000	2,301,874	2,598,875	297,001	2,359,777
Franchise tax	80,000	50,000	60,812	10,812	54,104
Out-of-state tuition	250,000	281,000	382,119	101,119	349,597
Earnings on investments	17,000	13,000	12,852	(148)	13,294
Other	225,000	280,188	241,383	(38,805)	279,799
Total Local Sources	35,866,599	35,721,838	36,219,518	497,680	34,785,692
State Sources:					
Distributive school account	14,276,928	14,170,648	14,118,603	(52,045)	14,736,715
Federal Sources:					
In lieu of tax	4,200	2,400	2,066	(334)	2,456
E-rate funds	50,000	50,000	50,578	578	51,206
Total Federal Sources	54,200	52,400	52,644	244	53,662
Total Revenues	50,197,727	49,944,886	50,390,765	445,879	49,576,069
EXPENDITURES					
Regular Programs:					
Salaries	15,483,088	14,896,516	14,806,928	89,588	15,127,296
Benefits	6,287,255	6,091,793	6,034,187	57,606	6,161,945
Purchased services	370,084	179,485	207,747	(28,262)	310,339
Supplies	992,456	1,024,610	773,972	250,638	995,573
Property	5,000	-	-	-	-
Other	10,000	9,856	9,685	171	7,474
	23,147,883	22,202,260	21,832,519	369,741	22,602,627
Vocational Programs:					
Salaries	420,655	449,842	448,782	1,060	385,758
Benefits	184,816	190,340	189,722	618	163,822
Purchased services	2,500	2,494	2,348	146	10,604
Supplies	64,747	62,953	56,471	6,482	58,043
Other	2,000	300	240	60	539
	674,718	705,929	697,563	8,366	618,766

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Extra and Co-Curricular Activities:					
Co-Curricular Activities:					
Salaries	\$ 150,000	\$ 133,025	\$ 129,243	\$ 3,782	\$ 132,356
Benefits	3,425	3,853	3,610	243	3,142
Purchased services	6,665	8,285	6,253	2,032	3,731
Supplies	23,100	13,900	12,036	1,864	18,369
Other	6,700	4,787	4,971	(184)	3,733
	189,890	163,850	156,113	7,737	161,331
Athletics:					
Salaries	259,315	249,315	236,680	12,635	235,744
Benefits	8,745	12,064	11,906	158	12,077
Purchased services	48,100	62,779	61,070	1,709	63,534
Supplies	31,200	30,150	24,022	6,128	19,460
Other	4,500	4,900	5,198	(298)	3,129
	351,860	359,208	338,876	20,332	333,944
Total Extra-and Co-Curricular Activities	541,750	523,058	494,989	28,069	495,275
Other Instructional Programs:					
Alternative Education:					
Salaries	333,999	310,425	295,665	14,760	263,556
Benefits	132,879	129,175	113,315	15,860	96,789
Purchased services	124,900	131,300	107,765	23,535	104,192
Supplies	42,773	35,773	38,571	(2,798)	34,838
Other	200	800	595	205	1,425
	634,751	607,473	555,911	51,562	500,800
JROTC:					
Salaries	159,042	129,536	129,631	(95)	156,800
Benefits	61,118	52,979	50,713	2,266	60,496
Purchased services	-	-	291	(291)	-
Supplies	8,000	8,000	6,339	1,661	6,706
Other	-	-	-	-	295
	228,160	190,515	186,974	3,541	224,297

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Summer School:					
Salaries	\$ 70,000	\$ 70,000	\$ 55,125	\$ 14,875	\$ 67,325
Benefits	2,865	3,065	3,895	(830)	2,987
Supplies	7,700	7,700	1,086	6,614	2,256
	80,565	80,765	60,106	20,659	72,568
English as a Second Language (ESL):					
Salaries	511,726	519,261	514,368	4,893	496,282
Benefits	229,932	231,019	224,922	6,097	222,577
Purchased services	11,000	11,532	11,532	-	8,880
Supplies	2,000	1,468	1,458	10	2,942
	754,658	763,280	752,280	11,000	730,681
Total Other Instructional Programs	1,698,134	1,642,033	1,555,271	86,762	1,528,346
Undistributed Expenditures:					
Student Support:					
Salaries	1,608,338	1,637,992	1,635,094	2,898	1,542,113
Benefits	706,774	705,580	655,634	49,946	626,159
Purchased services	53,496	49,158	28,373	20,785	27,802
Supplies	45,491	46,841	26,669	20,172	25,953
Property	-	5,000	5,000	-	5,000
Other	1,579	938	2,693	(1,755)	447
	2,415,678	2,445,509	2,353,463	92,046	2,227,474
Instructional Staff Support:					
Salaries	799,509	798,637	740,002	58,635	777,413
Benefits	315,407	314,660	293,479	21,181	295,908
Purchased services	80,429	80,878	85,709	(4,831)	36,536
Supplies	62,814	59,139	50,264	8,875	51,131
Other	2,860	695	956	(261)	909
	1,261,019	1,254,009	1,170,410	83,599	1,161,897

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
General Administration:					
Salaries	\$ 241,847	\$ 241,847	\$ 219,498	\$ 22,349	\$ 217,899
Benefits	144,003	144,900	114,005	30,895	114,138
Purchased services	263,748	272,248	199,674	72,574	166,555
Supplies	25,300	24,800	14,450	10,350	21,020
Property	-	-	34,022	(34,022)	-
Other	18,750	10,500	19,758	(9,258)	16,149
	<u>693,648</u>	<u>694,295</u>	<u>601,407</u>	<u>92,888</u>	<u>535,761</u>
School Administration:					
Salaries	2,842,027	2,872,812	2,872,587	225	2,794,508
Benefits	1,166,208	1,161,433	1,155,631	5,802	1,118,035
Purchased services	209,100	168,949	149,163	19,786	167,275
Supplies	54,352	51,375	44,509	6,866	40,789
Other	8,340	3,667	3,033	634	650
	<u>4,280,027</u>	<u>4,258,236</u>	<u>4,224,923</u>	<u>33,313</u>	<u>4,121,257</u>
Central Services:					
Salaries	998,193	992,290	977,766	14,524	996,199
Benefits	371,786	372,956	358,527	14,429	361,610
Purchased services	243,330	242,530	190,105	52,425	265,046
Supplies	175,300	185,452	177,748	7,704	120,477
Property	118,600	134,285	134,285	-	163,481
Other	2,000	5,000	3,964	1,036	1,938
	<u>1,909,209</u>	<u>1,932,513</u>	<u>1,842,395</u>	<u>90,118</u>	<u>1,908,751</u>
Operation and Maintenance:					
Salaries	2,437,321	2,490,906	2,440,172	50,734	2,386,892
Benefits	1,004,089	989,226	978,702	10,524	953,399
Purchased services	1,734,950	1,825,751	1,319,579	506,172	1,472,353
Supplies	1,692,154	1,738,784	1,583,337	155,447	1,542,791
Property	62,000	82,000	269,876	(187,876)	108,637
	<u>6,930,514</u>	<u>7,126,667</u>	<u>6,591,666</u>	<u>535,001</u>	<u>6,464,072</u>

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Student Transportation:					
Salaries	\$ 1,413,416	\$ 1,666,430	\$ 1,713,100	\$ (46,670)	\$ 1,507,124
Benefits	745,443	704,544	703,327	1,217	656,345
Purchased services	123,870	122,920	129,954	(7,034)	115,814
Supplies	591,867	579,859	431,306	148,553	550,757
Property	372,042	355,000	324,089	30,911	255,028
	<u>3,246,638</u>	<u>3,428,753</u>	<u>3,301,776</u>	<u>126,977</u>	<u>3,085,068</u>
Other Support:					
Salaries	150,000	45,000	22,474	22,526	30,244
Benefits	47,925	33,353	27,328	6,025	5,263
Purchased services	55,000	75,000	2,158	72,842	-
Supplies	10,000	10,000	-	10,000	-
Property	-	-	-	-	6,017
	<u>262,925</u>	<u>163,353</u>	<u>51,960</u>	<u>111,393</u>	<u>41,524</u>
Total Undistributed Expenditures	<u>20,999,658</u>	<u>21,303,335</u>	<u>20,138,000</u>	<u>1,165,335</u>	<u>19,545,804</u>
Debt Service:					
Principal	380,000	380,000	380,000	-	324,000
Interest	95,659	95,659	95,660	(1)	103,264
	<u>475,659</u>	<u>475,659</u>	<u>475,660</u>	<u>(1)</u>	<u>427,264</u>
Contingency	<u>475,378</u>	<u>468,523</u>	<u>-</u>	<u>468,523</u>	<u>-</u>
Total Expenditures	<u>48,013,180</u>	<u>47,320,797</u>	<u>45,194,002</u>	<u>2,126,795</u>	<u>45,218,082</u>
Revenues Over (Under) Expenditures	<u>2,184,547</u>	<u>2,624,089</u>	<u>5,196,763</u>	<u>2,572,674</u>	<u>4,357,987</u>

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
OTHER FINANCING SOURCES (USES)					
Sale of fixed assets	\$ 5,000	\$ 5,000	\$ 9,565	\$ 4,565	\$ -
Transfers to other funds	(4,980,000)	(5,570,000)	(5,200,000)	370,000	(4,560,000)
	(4,975,000)	(5,565,000)	(5,190,435)	374,565	(4,560,000)
Net Change in Fund Balance	(2,790,453)	(2,940,911)	6,328	2,947,239	(202,013)
FUND BALANCE, July 1	5,006,151	5,129,337	5,129,338	1	5,318,495
Increase (Decrease) in Reserve for Inventories	-	-	(22,576)	(22,576)	12,856
FUND BALANCE, June 30	<u>\$ 2,215,698</u>	<u>\$ 2,188,426</u>	<u>\$ 5,113,090</u>	<u>\$ 2,924,664</u>	<u>\$ 5,129,338</u>

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF NET POSITION

JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2015	2014
ASSETS		
Current Assets:		
Cash and investments	\$ 5,903,477	\$ 6,497,734
Receivables:		
Interest	219	634
Other	81,319	12,195
Due from other funds	569,368	578,913
Total Assets	<u>6,554,383</u>	<u>7,089,476</u>
 LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	30,273	113,951
Unearned revenue	613,918	542,130
Pending claims	1,242,591	1,146,695
Total Current Liabilities	<u>1,886,782</u>	<u>1,802,776</u>
 Noncurrent Liabilities:		
Pending claims	-	312,000
Total Liabilities	<u>1,886,782</u>	<u>2,114,776</u>
 NET POSITION		
Restricted	<u>\$ 4,667,601</u>	<u>\$ 4,974,700</u>

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2015	2014
OPERATING REVENUES		
Insurance premiums	\$ 6,804,233	\$ 6,421,529
Insurance proceeds and other	33,717	2,735,508
Other	14,636	-
Total Operating Revenues	6,852,586	9,157,037
OPERATING EXPENSES		
Claims expense	6,283,471	8,022,305
Purchased services	885,284	889,614
Total Operating Expenses	7,168,755	8,911,919
Operating Income (Loss)	(316,169)	245,118
NONOPERATING REVENUES		
Earnings on investments	9,070	6,898
Change in Net Position	(307,099)	252,016
NET POSITION, July 1	4,974,700	4,722,684
NET POSITION, June 30	\$ 4,667,601	\$ 4,974,700

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from insurance premiums	\$ 6,816,711	\$ 6,417,206
Cash received from insurance proceeds and other	48,353	2,741,018
Cash paid for claims expense	(6,499,429)	(7,751,701)
Cash paid for services and supplies	(968,962)	(792,400)
Net cash provided (used) by operating activities	(603,327)	614,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	9,070	6,997
Net Increase (Decrease) in Cash and Investments	(594,257)	621,120
CASH AND INVESTMENTS, July 1	6,497,734	5,876,614
CASH AND INVESTMENTS, June 30	\$ 5,903,477	\$ 6,497,734
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (316,169)	\$ 245,118
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Receivables	2,907	5,510
Premiums due from other funds	(62,071)	(14,846)
Accounts payable	(83,678)	97,214
Unearned revenues	71,788	10,523
Pending claims	(216,104)	270,604
Total Adjustments	(287,158)	369,005
Net cash provided (used) by operating activities	\$ (603,327)	\$ 614,123

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

STATEMENT OF AGENCY ASSETS AND LIABILITIES

JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014 AS RESTATED)

	STUDENT ACTIVITY FUNDS	
	2015	2014
ASSETS		
Cash and investments	\$ 689,411	\$ 664,455
LIABILITIES		
Due to student groups	\$ 689,411	\$ 664,455

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Basic Financial Statements – District-Wide Statements

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

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

The district-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (ad valorem taxes, school support taxes, distributive school funds, government services tax and interest income not legally restricted for specific programs, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Certain indirect costs are included as part of the program expenses reported for the various functional activities. Program revenues include charges for

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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, 2015

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, 2015

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, 2015

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, 2015

Deferred Outflows/Inflows of Resources

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

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

Expenses/Expenditures

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

Property Taxes

Taxes on real property are levied and the lien attaches on July 1st 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, 2015

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, 2015

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, 2015

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, 2015, but not yet paid.

Expenditures

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

A brief description of these program classifications follows:

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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.

Use of Estimates

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

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Prior Year Information

Certain basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2014, 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.

Adoption of New Accounting Standard

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension, Transition for Contributions Made Subsequent to the Measurement Date. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB Statement No. 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statements, the School District has reported a net pension liability of \$76,072,238 and a beginning deferred outflows related to pensions of \$7,801,947, as a result of the change in accounting principle adjustment to unrestricted net position as of July 1, 2014.

Net Position at June 30, 2014 - As Originally Stated	\$ 52,328,461
Net Pension Liability	(76,072,238)
Deferred Outflow for Pension Contributions	<u>7,801,947</u>
Net Position (Deficit) at June 30, 2014 - As Restated	<u>\$ (15,941,830)</u>

NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES

The District conformed to all significant statutory constraints on its financial administration during the year, with the possible exception of the following. However, under the provisions of NRS 354.626 as noted below, the District believes these are not unlawful expenditures as defined by NRS 354.626 (1).

<u>Fund</u>	<u>Program / Function</u>	<u>Expenditures in Excess of Budget</u>	<u>NRS 354.626</u>
Debt Service	Debt Service	\$ 800	(1)
Bond	Facilities	1,549,417	(2) (f)

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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, 2015, the District had the following amounts reported as cash and investments:

District-Wide Balances:

Pooled cash	\$ 2,801,468
Deposit held with fiscal agent	478,473
Investments	25,680,000
	<u>28,959,941</u>

Fiduciary Fund Balances:

Cash held by Student Activity Funds	<u>689,411</u>
-------------------------------------	----------------

Total Cash and Investments	<u><u>\$ 29,649,352</u></u>
----------------------------	-----------------------------

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

	<u>Bank Balance</u>
Insured (FDIC)	\$ 500,000
Uninsured but collateralized by securities held in the name of the Office of the State Treasurer/Nevada Collateral Pool	<u>1,174,517</u>
	<u><u>\$ 1,674,517</u></u>

As of June 30, 2015, the District had \$25,680,000 invested with Nevada's Local Government Investment Pool. The investment is stated at fair value with a maturity date of less than one year.

The Local Government Investment Pool is authorized by NRS 355.167 and is administered by the State Treasurer. Administrative policies are adopted by the State Board of Finance, which has oversight responsibilities of the Fund. The fair value of the District's position in the pool equals the value of the pool shares. The \$25,680,000 investment in the State Treasurer's Local Government Investment Pool is carried at market. This Pool is an unrated external investment pool.

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

NOTE 4 – RECEIVABLES

The District had the following receivables as of June 30, 2015:

	Taxes Receivable	Due from Other Gov’t.	Other	Total Receivables
<i>Major Governmental Funds:</i>				
General	\$ 297,859	\$ 3,427,427	\$ 83,209	\$ 3,808,495
Special Education	-	200,168	-	200,168
Debt Service	38,507	-	-	38,507
Capital Projects	-	5,004	-	5,004
Bond	-	1,245	-	1,245
<i>Other Governmental Funds</i>	-	2,400,367	1,592	2,401,959
Total Governmental Funds	<u>\$ 336,366</u>	<u>\$ 6,034,211</u>	<u>\$ 84,801</u>	<u>\$ 6,455,378</u>

NOTE 5 – INTERFUND BALANCES AND TRANSACTIONS

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

The cost of health and workers’ compensation insurance benefits are accounted for in internal service funds which assess each fund based on total enrolled members in the District’s plan. The amounts due to the Self Insurance Health Fund and Workers’ Compensation Self-Insurance Fund at year end represent the portion attributable to year end accrued salaries.

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Interfund receivable and payable balances at June 30, 2015 are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General Fund	\$ 832,574	\$ 376,545
Special Education Fund	-	114,962
Nonmajor Governmental Funds:		
Food Service Fund	-	15,234
Class Size Reduction Fund	-	20,395
Federal and State Grants Fund	-	874,806
Internal Service Funds:		
Self Insurance Health Fund	543,158	-
Workers' Comp. Self-Insurance Fund	26,210	-
	<u>\$ 1,401,942</u>	<u>\$ 1,401,942</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, 2015 were \$5,200,000 from the General Fund to the Special Education Fund.

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 is shown below:

	Balance July 1, 2014	Additions / Transfers	Deletions / Transfers	Balance June 30, 2015
Nondepreciable Capital Assets				
Land	\$ 1,413,439	\$ -	\$ -	\$ 1,413,439
Construction in progress	4,437,919	18,821,063	(4,437,919)	18,821,063
	<u>5,851,358</u>	<u>18,821,063</u>	<u>(4,437,919)</u>	<u>20,234,502</u>
Depreciable Capital Assets				
Buildings and improvements	115,274,836	279,887	(42,515)	115,512,208
Equipment and vehicles	8,213,123	667,182	(91,585)	8,788,720
	<u>123,487,959</u>	<u>947,069</u>	<u>(134,100)</u>	<u>124,300,928</u>
Total Capital Assets	<u>129,339,317</u>	<u>19,768,132</u>	<u>(4,572,019)</u>	<u>144,535,430</u>
Less accumulated depreciation for:				
Buildings and improvements	55,188,720	3,322,343	-	58,511,063
Equipment and vehicles	6,058,779	407,223	(91,587)	6,374,415
	<u>61,247,499</u>	<u>3,729,566</u>	<u>(91,587)</u>	<u>64,885,478</u>
Governmental Activities, Capital Assets, net	<u>\$ 68,091,818</u>	<u>\$ 16,038,566</u>	<u>\$ (4,480,432)</u>	<u>\$ 79,649,952</u>

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Depreciation expense was allocated to the following functions/programs:

Instruction:

Regular	\$	81,233
Special		23,364
Vocational		23,676
Other		2,978
		<u>131,251</u>

Support:

Student	\$	2,014
Instructional staff		17,541
General administration		2,561
School administration		460
Central services		56,801
Operations and maintenance		68,862
Student transportation		135,059
Other		240,102
Facilities construction and improvement		3,055,721
Food services		19,194
		<u>3,598,315</u>

Summary:

Instruction		131,251
Support		<u>3,598,315</u>
Total Depreciation Expense		<u>\$ 3,729,566</u>

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT

Changes in Long-Term Debt

The following is a summary of the changes in the District's long-term obligations during the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions of New Debt	Retirements, Repayments and Reductions	Balance June 30, 2015	Due Within One Year
General Obligation Bonds	\$37,110,000	\$ 5,000,000	\$ (1,185,000)	\$40,925,000	\$ 1,115,000
Plus: Bond Premiums	307,602	77,202	(31,587)	353,217	34,150
Less: Bond Discounts	(61,332)	-	10,336	(50,996)	(10,336)
Total Bonds Payable	37,356,270	5,077,202	(1,206,251)	41,227,221	1,138,814
Compensated Absences	474,502	26,307	-	500,809	-
Installment Note Payable	4,346,000	-	(380,000)	3,966,000	399,000
	<u>\$42,176,772</u>	<u>\$ 5,103,509</u>	<u>\$ (1,586,251)</u>	<u>\$45,694,030</u>	<u>\$ 1,537,814</u>

Total interest expense for the year ended June 30, 2015 was \$1,707,233.

The District was, in accordance with NRS 387.400, within the legal debt limit at June 30, 2015.

General Obligation Bonds payable consist of the following at June 30, 2015:

Issue	Date Issued	Date of Final Maturity	Original Interest Rate %	Amount Issued	Balance June 30, 2015
Building Bonds	2/11/2009	7/1/2028	3.0 - 4.0	\$ 3,500,000	\$ 2,920,000
Improvement Bonds (BABs)	3/25/2010	4/1/2030	4.9 - 6.1	12,625,000	12,625,000
Improvement Bonds	3/25/2010	4/1/2018	3.0 - 4.0	2,375,000	1,220,000
Improvement Bonds (QSCBs)	5/13/2010	4/1/2027	4.5 - 6.4	2,305,000	2,000,000
Improvement Bonds	12/19/2012	4/1/2042	2.0 - 3.25	9,000,000	8,800,000
Improvement Bonds	10/16/2013	4/1/2034	3.0 - 4.0	8,500,000	8,360,000
Improvement Bonds	2/19/2015	4/1/2035	2.0 - 3.25	5,000,000	5,000,000
					<u>\$ 40,925,000</u>

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The annual requirements to amortize all General Obligation Debt outstanding as of June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Interest Subsidy	Total Requirements
2016	\$ 1,115,000	\$ 1,705,089	\$ (367,536)	\$ 2,452,553
2017	1,330,000	1,653,781	(367,536)	2,616,245
2018	1,305,000	1,615,056	(367,536)	2,552,520
2019	1,415,000	1,574,356	(367,536)	2,621,820
2020	1,430,000	1,524,921	(358,984)	2,595,937
2021 - 2025	9,820,000	6,490,083	(1,497,482)	14,812,601
2026 - 2030	12,995,000	3,815,486	(617,213)	16,193,273
2031 - 2035	7,480,000	1,352,404	-	8,832,404
2036 - 2040	2,785,000	459,230	-	3,244,230
2041 - 2042	1,250,000	58,909	-	1,308,909
	<u>\$ 40,925,000</u>	<u>\$ 20,249,315</u>	<u>\$ (3,943,823)</u>	<u>\$ 57,230,492</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, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
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	2,281,000	132,919	2,413,919
	<u>\$ 3,966,000</u>	<u>\$ 424,475</u>	<u>\$ 4,390,475</u>

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 8 – FUND BALANCE/NET POSITION

District-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

The following is a summary of the District's governmental fund balances as of June 30, 2015:

	Major Funds					Other	Total
	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund	Bond Fund	Gov't Funds	Governmental Funds
Nonspendable:							
Inventories	\$ 89,265	\$ -	\$ -	\$ -	\$ -	\$ 60,592	\$ 149,857
Restricted for:							
Debt service	-	-	4,750,318	-	-	-	4,750,318
School renovations	-	-	-	3,784,552	4,455,386	77,344	8,317,282
Child nutrition services	-	-	-	-	-	392,540	392,540
Education services	-	-	-	-	-	6,442	6,442
Assigned to:							
Education services	-	660,803	-	-	-	-	660,803
Unassigned	5,023,825	-	-	-	-	-	5,023,825
Governmental Fund Balances	<u>\$ 5,113,090</u>	<u>\$ 660,803</u>	<u>\$ 4,750,318</u>	<u>\$ 3,784,552</u>	<u>\$ 4,455,386</u>	<u>\$ 536,918</u>	<u>\$ 19,301,067</u>

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 9 – NEVADA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

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

Contributions

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

The School District's required and actual contributions to the plan for the years ended June 30, 2015 and 2014 were \$8,393,173 and \$8,762,381, respectively, based on a rate of 25.75% of covered compensation.

Benefits Provided

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

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001. This

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

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

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

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2015, the District reported a liability of \$60,291,529 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At June 30, 2014, the District's proportion of the regular plan was .579%.

For the year ended June 30, 2015, the District recognized pension expense of \$7,847,609. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

	Deferred Outflows of Resources Subsequent to Measurement Date	Net Deferred Inflows (Outflows) of Resources as of the Measurement Date
Difference between expected and actual experience	\$ -	\$ 2,885,282
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan assets	-	12,663,690
Change in proportion and differences between the District's contributions and proportionate share of contributions	-	277,399
The District's contributions subsequent to the measurement date	8,393,173	-
	<u>\$ 8,393,173</u>	<u>\$ 15,826,371</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Years Ending		Amount
<u>June 30</u>		
2016	\$	2,703,694
2017		2,703,694
2018		2,703,694
2019		2,703,694
2020		2,703,694
Thereafter		<u>2,307,902</u>
Total	\$	<u>15,826,371</u>

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Inflation rate	3.50%
Payroll Growth	6.50% per year for regular employees and 7.50% per year for police/fire employees
Investment Rate of Return	8.00%, including 3.5% inflation
Mortality Rates	
Healthy: Regular	RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males).
Police/Fire	RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year.
Consumer Price Index	3.50%
Productivity pay increase	0.75%
Projected salary increases	

YEARS OF SERVICE	REGULAR
LESS THAN 1	5.50%
1	4.25
2	3.50
3	3.25
4	3.00
5	2.75
6	2.40
7	2.25
8	1.85
9	1.75
10	1.50
11	1.00
12	0.80
13 OR MORE	0.35

Discount Rate

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

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

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

1 % Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
<u>\$ 93,840,366</u>	<u>\$ 60,291,472</u>	<u>\$ 32,498,633</u>

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$907,496, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Plan Descriptions

Nevada Public Employees' Benefits Program

The District contributes to the Nevada Public Employees' Benefits Program (PEBP), an agent, multiple-employer defined benefit plan, which provides medical benefits to eligible retired District employees and their beneficiaries. PEBP is administered by the Board of the Public Employees' Benefits Program, consisting of nine appointed members. Before November 30, 2008, NRS 287.023 allowed retirees of local governments meeting established criteria to enroll in the PEBP and required the local governments to subsidize the cost of their retirees' premiums. Although retirees may no longer enroll in the PEBP, retirees enrolled as of November 30, 2008 may remain in the plan with continued premium subsidies paid by the District. The PEBP issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the Nevada Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701. The information is also located on their website at www.pebp.state.nv.us, 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 728 active plan members and 42 retirees as of September 1, 2014, the date of the latest actuarial valuation.

Funding Policy

Nevada Public Employees' Benefits Program

The contribution requirements of plan members and the District are established and may be amended by the Board of the Public Employees' Benefits Program. The amount of subsidy an individual retiree is entitled is predicated on the years of service and a legislatively determined base amount. The District contributed \$880,018 during the year on behalf of 267 participating retirees.

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Douglas County School District Healthcare Plan

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

The annual required contribution rate was 2.8% of payroll for 2015 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:

	Plan		
	District	PEBP	Total
Annual Required Contribution (ARC)	\$ 978,044	\$ 825,045	\$ 1,803,089
Interest on net OPEB obligation	284,980	52,045	337,025
Adjustment to ARC	(283,134)	(85,336)	(368,470)
Annual OPEB cost	979,890	791,754	1,771,644
Contributions made	(220,670)	(880,018)	(1,100,688)
Increase in net OPEB obligation	759,220	(88,264)	670,956
Net OPEB Obligation - July 1, 2014	7,124,491	1,301,120	8,425,611
Net OPEB Obligation - June 30, 2015	<u>\$ 7,883,711</u>	<u>\$ 1,212,856</u>	<u>\$ 9,096,567</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013-2015 were as follows:

	2015	2014	2013
Annual OPEB Cost	\$ 1,771,644	\$ 2,469,656	\$ 2,381,482
% of Annual OPEB Cost Contributed	62%	45%	48%
Net OPEB Obligation	\$ 9,096,567	\$ 8,425,611	\$ 7,063,693

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Funded Status and Funding Progress

As of September 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability (AAL) for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$22,175,302. The covered payroll was \$34,413,468 and the ratio of unfunded actuarial accrued liability to payroll was 64%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Actuarial Methods and Assumptions

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

Significant methods and assumptions are presented below:

	<u>District</u>	<u>PEBP</u>
Actuarial Valuation Date	September 1, 2014	September 1, 2014
Actuarial Cost Method	Entry age normal cost	Entry age normal cost
Amortization Period (as of 9/1/14)	30 years	24 years
Amortization Method	Level Percentage Amount	Level Dollar Amount
Asset Valuation Method	No assets in trust	No assets in trust
Investment Rate of Return	4%	4%
Projected Salary Increases	3.00%	N/A
Healthcare Inflation Rate		
Initial Rate	7.5%	7.5%
Ultimate Rate	5%	5%

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 11 – RISK MANAGEMENT

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

Self-Insurance Health Fund

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

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

Workers' Compensation Self-Insurance Fund

Claims are paid by a third party administrator acting on behalf of the District. The District is protected against unanticipated catastrophic claims and annual aggregate loss by a commercial insurance carrier. Coverage is in effect for specific occurrences exceeding \$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.

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The changes in the claims liability for the years ended June 30, 2014 and 2015 are:

	Self-Insurance Funds		
	Health Fund	Workers' Compensation	Total
Claims liability, July 1, 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	657,695	801,000	1,458,695
Current year claims and changes in estimates	6,311,875	(28,550)	6,283,325
Claim payments	(6,143,979)	(355,450)	(6,499,429)
Claims liability, June 30, 2015	\$ 825,591	\$ 417,000	\$ 1,242,591

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Litigation

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

Construction Commitments

As of June 30, 2015, the District had \$5,153,538 of commitments with respect to unfinished capital projects. These commitments were primarily related to the modernization and capacity additions to Douglas High School, which were substantially completed in August 2015.

INTENTIONALLY BLANK

SUPPLEMENTAL INFORMATION

DOUGLAS COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS JUNE 30, 2015

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	6/30/15	9/1/2014	\$ -	\$ 9,510,433	\$ 9,510,433	0.0%	\$ 34,413,468	27.64%
	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%
PEBP	6/30/15	9/1/2014	\$ -	\$ 12,664,869	\$ 12,664,869	0.0%	\$ -	0.0%
	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%

DOUGLAS COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA DETERMINED AS OF THE PLAN YEAR ENDED JUNE 30

	<u>2014</u>
District's proportion of the Net Pension Liability	0.579%
District's proportionate share of the Net Pension Liability	\$ 60,291,529
District's covered employee payroll	\$ 32,383,611
District's proportionate share of the Net Pension Liability as a percentage of its covered payroll	186.18%
Plan fiduciary net position as a percentage of the Total Pension Liability	76.31%

DOUGLAS COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
DETERMINED AS OF THE YEAR ENDED JUNE 30

	2015
Statutorily required contribution	\$ 8,393,174
Contributions in relation to the statutorily required contribution	\$ 8,393,174
Contribution deficiency (excess)	-
District's covered employee payroll	\$ 32,383,611
Contributions as a percentage of covered employee payroll	25.92%

DOUGLAS COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Ad valorem taxes	\$ 2,551,287	\$ 2,551,287	\$ 2,558,346	\$ 7,059	\$ 2,469,050
Earnings on investments	1,000	1,000	28	(972)	209
Other	2,000	2,000	-	(2,000)	-
Total Local Sources	2,554,287	2,554,287	2,558,374	4,087	2,469,259
Federal Sources:					
In lieu of tax	-	-	275	275	327
Bond interest subsidy	381,368	381,368	353,719	(27,649)	351,049
Total Federal sources	381,368	381,368	353,994	(27,374)	351,376
Total Revenues	2,935,655	2,935,655	2,912,368	(23,287)	2,820,635
EXPENDITURES					
Debt Service:					
Principal	1,185,000	1,185,000	1,185,000	-	530,000
Interest	1,603,603	1,603,603	1,603,603	-	1,455,425
Fiscal agent charges	5,000	5,000	5,800	(800)	5,550
Total Expenditures	2,793,603	2,793,603	2,794,403	(800)	1,990,975
Revenues Over (Under)					
Expenditures	142,052	142,052	117,965	(24,087)	829,660
OTHER FINANCING (USES)					
Transfer to other funds	(1,000,000)	-	-	-	-
Net Change in Fund Balance	(857,948)	142,052	117,965	(24,087)	829,660
FUND BALANCE, July 1	4,308,555	4,632,353	4,632,353	-	3,802,693
FUND BALANCE, June 30	\$ 3,450,607	\$ 4,774,405	\$ 4,750,318	\$ (24,087)	\$ 4,632,353

DOUGLAS COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015 *(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)*

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Governmental services tax	\$ 940,000	\$ 980,000	\$ 1,073,895	\$ 93,895	\$ 975,376
Residential building permit	180,000	220,000	223,344	3,344	212,848
Earnings on investments	4,000	4,000	6,484	2,484	4,571
Total Revenues	1,124,000	1,204,000	1,303,723	99,723	1,192,795
EXPENDITURES					
Other Support:					
Purchased services	295,000	242,000	1,078	240,922	1,493
Supplies	-	-	320,733	(320,733)	449,851
Property	123,000	13,000	24,867	(11,867)	37,963
	418,000	255,000	346,678	(91,678)	489,307
Building Construction:					
Purchased services	-	150,000	-	150,000	-
Building Improvements:					
Purchased services	1,180,000	1,110,975	1,016,755	94,220	-
Other	-	6,025	6,025	-	-
	1,180,000	1,117,000	1,022,780	94,220	-
Land Improvements:					
Purchased services	-	-	-	-	10,000
Site Improvements:					
Purchased services	-	-	-	-	111,094
Total Expenditures	1,598,000	1,522,000	1,369,458	152,542	610,401
Revenues Over (Under)					
Expenditures	(474,000)	(318,000)	(65,735)	252,265	582,394
OTHER FINANCING SOURCES					
Transfer from other funds	1,000,000	-	-	-	-
Net Change in Fund Balance	526,000	(318,000)	(65,735)	252,265	582,394
FUND BALANCE, July 1	3,955,678	3,850,287	3,850,287	-	3,267,893
FUND BALANCE, June 30	\$ 4,481,678	\$ 3,532,287	\$ 3,784,552	\$ 252,265	\$ 3,850,287

DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	FEDERAL AND STATE GRANTS	TOTALS	BUILDING AND SITES	2015	2014
REVENUES							
Local sources	\$ 561,503	\$ 592	\$ 384,223	\$ 946,318	\$ 4,264	\$ 950,582	\$ 570,483
State sources	5,091	2,573,949	857,236	3,436,276	-	3,436,276	2,906,340
Federal sources	1,071,810	-	3,883,577	4,955,387	-	4,955,387	4,586,859
Total Revenues	1,638,404	2,574,541	5,125,036	9,337,981	4,264	9,342,245	8,063,682
EXPENDITURES							
Regular instruction	-	2,580,205	2,905,907	5,486,112	-	5,486,112	4,683,556
Special instruction	-	-	1,060,339	1,060,339	-	1,060,339	1,044,504
Vocational instruction	-	-	162,122	162,122	-	162,122	138,460
Adult instruction	-	-	148,785	148,785	-	148,785	180,956
Other instruction	-	-	579,813	579,813	-	579,813	158,167
Undistributed Expenditures:							
Student support	-	-	75,609	75,609	-	75,609	68,349
Instructional staff support	-	-	26,613	26,613	-	26,613	47,379
General administration	-	-	3,962	3,962	-	3,962	67,688
School administration	-	-	76,028	76,028	-	76,028	-
Student transportation	-	-	11,454	11,454	-	11,454	-
Other support	-	-	58,153	58,153	-	58,153	20,580
Food service	1,658,500	-	-	1,658,500	-	1,658,500	1,788,862
Facilities acquisition/construction	-	-	62,701	62,701	-	62,701	-
Community service	-	-	13,488	13,488	-	13,488	-
Total Expenditures	1,658,500	2,580,205	5,184,974	9,423,679	-	9,423,679	8,198,501

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	FEDERAL AND STATE GRANTS	TOTALS	BUILDING AND SITES	2015	2014
Net Change in Fund Balances	\$ (20,096)	\$ (5,664)	\$ (59,938)	\$ (85,698)	\$ 4,264	\$ (81,434)	\$ (134,819)
FUND BALANCES, July 1	489,233	12,106	59,938	561,277	73,080	634,357	784,930
Increase (decrease) in reserve for inventories	(16,005)	-	-	(16,005)	-	(16,005)	(15,754)
FUND BALANCES, June 30	<u>\$ 453,132</u>	<u>\$ 6,442</u>	<u>\$ -</u>	<u>\$ 459,574</u>	<u>\$ 77,344</u>	<u>\$ 536,918</u>	<u>\$ 634,357</u>

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Earnings on investments	\$ 13,000	\$ 22,854	\$ 14,363	\$ (8,491)	\$ 21,197
EXPENDITURES					
Other Support:					
Salaries	101,500	66,479	38,669	27,810	49,863
Benefits	43,500	35,971	36,118	(147)	35,800
Purchased services	400,000	235,850	168,429	67,421	234,138
Supplies	-	101,700	163,673	(61,973)	17,606
Property	-	-	19,581	(19,581)	-
Other	-	-	167	(167)	-
	545,000	440,000	426,637	13,363	337,407
Land Improvement:					
Purchased services	300,000	180,000	211,422	(31,422)	12,331
Supplies	-	-	-	-	100
	300,000	180,000	211,422	(31,422)	12,431
Building Construction:					
Purchased services	6,571,813	4,400,000	4,948,285	(548,285)	811,996
Property	-	-	-	-	13,556
	6,571,813	4,400,000	4,948,285	(548,285)	825,552
Site Improvement:					
Purchased services	-	1,250,000	1,013,797	236,203	2,048,765
Supplies	-	-	2,150	(2,150)	23,757
Property	-	-	-	-	72,339
	-	1,250,000	1,015,947	234,053	2,144,861
Building Improvement:					
Purchased services	5,323,389	8,022,463	9,264,216	(1,241,753)	348,608
Supplies	-	-	5,373	(5,373)	-
	5,323,389	8,022,463	9,269,589	(1,247,126)	348,608
Total Expenditures	12,740,202	14,292,463	15,871,880	(1,579,417)	3,668,859

Continued on next page.

DOUGLAS COUNTY SCHOOL DISTRICT

BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Revenues Over (Under)					
Expenditures	\$ (12,727,202)	\$ (14,269,609)	\$ (15,857,517)	\$ (1,587,908)	\$ (3,647,662)
OTHER FINANCING SOURCES					
Proceeds from bonds	-	5,000,000	5,000,000	-	8,500,000
Bond premiums	-	-	77,202	77,202	263,603
	-	5,000,000	5,077,202	77,202	8,763,603
Net Change in Fund Balance	(12,727,202)	(9,269,609)	(10,780,315)	(1,510,706)	5,115,941
FUND BALANCE, July 1	14,074,993	15,235,701	15,235,701	-	10,119,760
FUND BALANCE, June 30	\$ 1,347,791	\$ 5,966,092	\$ 4,455,386	\$ (1,510,706)	\$ 15,235,701

DOUGLAS COUNTY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2015 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	CLASS SIZE REDUCTION	FEDERAL AND STATE GRANTS	TOTALS	BUILDING AND SITES	2015	2014
ASSETS							
Cash and investments	\$ 481,435	\$ 242,078	\$ -	\$ 723,513	\$ 75,925	\$ 799,438	\$ 666,893
Receivables	173	109,080	2,291,287	2,400,540	1,419	2,401,959	2,027,964
Inventories	60,592	-	-	60,592	-	60,592	76,597
Total Assets	<u>\$ 542,200</u>	<u>\$ 351,158</u>	<u>\$ 2,291,287</u>	<u>\$ 3,184,645</u>	<u>\$ 77,344</u>	<u>\$ 3,261,989</u>	<u>\$ 2,771,454</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 73,834	\$ 324,321	\$ 999,928	\$ 1,398,083	\$ -	\$ 1,398,083	\$ 1,049,664
Due to other funds	15,234	20,395	874,806	910,435	-	910,435	768,073
Unearned revenues	-	-	416,553	416,553	-	416,553	319,360
Total Liabilities	<u>89,068</u>	<u>344,716</u>	<u>2,291,287</u>	<u>2,725,071</u>	<u>-</u>	<u>2,725,071</u>	<u>2,137,097</u>
FUND BALANCES							
Nonspendable	60,592	-	-	60,592	-	60,592	76,597
Restricted	392,540	6,442	-	398,982	77,344	476,326	497,822
Assigned	-	-	-	-	-	-	59,938
Total Fund Balances	<u>453,132</u>	<u>6,442</u>	<u>-</u>	<u>459,574</u>	<u>77,344</u>	<u>536,918</u>	<u>634,357</u>
Total Liabilities and Fund Balances	<u>\$ 542,200</u>	<u>\$ 351,158</u>	<u>\$ 2,291,287</u>	<u>\$ 3,184,645</u>	<u>\$ 77,344</u>	<u>\$ 3,261,989</u>	<u>\$ 2,771,454</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, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Grants from:					
Local sources	\$ 27,709	\$ 814,486	\$ 384,223	\$ (430,263)	\$ 12,728
State sources	814,208	1,250,451	857,236	(393,215)	788,876
Federal sources	4,195,775	4,008,376	3,883,577	(124,799)	3,501,200
Total Revenues	5,037,692	6,073,313	5,125,036	(948,277)	4,302,804
EXPENDITURES					
Regular Programs:					
Salaries	1,819,132	1,993,690	1,705,586	288,104	1,625,435
Benefits	597,582	674,056	618,364	55,692	564,308
Purchased services	82,415	68,055	34,299	33,756	39,511
Supplies	317,307	527,087	482,660	44,427	270,254
Other	78,918	75,771	64,998	10,773	77,213
Total Regular Programs	2,895,354	3,338,659	2,905,907	432,752	2,576,721
Special Programs:					
Salaries	583,395	660,951	597,194	63,757	550,568
Benefits	267,991	289,725	266,700	23,025	275,935
Purchased services	209,390	217,000	128,747	88,253	121,169
Supplies	85,152	90,249	35,209	55,040	65,019
Other	36,857	38,088	32,489	5,599	31,813
Total Special Programs	1,182,785	1,296,013	1,060,339	235,674	1,044,504
Vocational Programs:					
Salaries	52,024	57,957	58,070	(113)	52,602
Benefits	19,022	21,148	21,035	113	19,181
Purchased services	11,750	20,800	17,873	2,927	7,383
Supplies	46,136	50,458	45,155	5,303	43,933
Property	6,000	10,399	10,399	-	6,133
Other	6,889	9,847	9,590	257	9,228
Total Vocational Programs	141,821	170,609	162,122	8,487	138,460

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

FEDERAL AND STATE GRANTS FUND - SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Adult Education:					
Salaries	\$ 95,136	\$ 111,310	\$ 66,273	\$ 45,037	\$ 98,915
Benefits	29,697	33,594	26,073	7,521	31,571
Purchased services	49,953	5,500	2,571	2,929	7,636
Supplies	25,000	23,820	53,868	(30,048)	42,834
Total Adult Education	199,786	174,224	148,785	25,439	180,956
ESL:					
Salaries	113,407	100,323	100,226	97	108,806
Benefits	30,424	30,439	30,536	(97)	30,555
Purchased services	-	369,296	369,296	-	6,500
Supplies	5,333	87,479	71,772	15,707	11,127
Other	983	597	7,983	(7,386)	1,179
Total ESL	150,147	588,134	579,813	8,321	158,167
Community Service Programs:					
Salaries	6,344	2,484	1,625	859	-
Benefits	455	148	78	70	-
Purchased services	-	1,000	-	1,000	-
Supplies	8,200	13,105	11,785	1,320	-
	14,999	16,737	13,488	3,249	-
Undistributed Expenditures:					
Student Support:					
Salaries	55,904	51,904	54,945	(3,041)	50,822
Benefits	15,659	15,659	15,659	-	17,527
Purchased services	-	4,619	4,618	1	-
Supplies	3,975	387	387	-	-
	75,538	72,569	75,609	(3,040)	68,349
Instructional Staff Support:					
Salaries	180,347	4,010	4,306	(296)	5,179
Benefits	7,250	333	278	55	378
Purchased services	61,960	4,380	4,380	-	31,492
Supplies	13,044	11,756	17,361	(5,605)	9,224
Other	8,450	158	288	(130)	1,106
	271,051	20,637	26,613	(5,976)	47,379

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

FEDERAL AND STATE GRANTS FUND - SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
General Administration:					
Salaries	\$ 4,000	\$ 20,000	\$ -	\$ 20,000	\$ 46,016
Benefits	-	-	-	-	19,743
Purchased services	-	4,500	-	4,500	352
Supplies	-	1,500	3,962	(2,462)	-
Other	-	-	-	-	1,577
	4,000	26,000	3,962	22,038	67,688
School Administration:					
Salaries	44,828	49,921	45,872	4,049	-
Benefits	16,304	17,208	17,593	(385)	-
Purchased services	16,629	35,407	11,396	24,011	-
Other	2,529	3,302	1,167	2,135	-
	80,290	105,838	76,028	29,810	-
Student Transportation:					
Purchased services	-	-	11,454	(11,454)	-
	-	-	11,454	(11,454)	-
Other Support:					
Salaries	14,080	14,080	16,107	(2,027)	10,514
Benefits	-	-	-	-	2
Purchased services	-	26,500	5,629	20,871	6,377
Supplies	-	38,004	36,417	1,587	3,687
Other	-	3,030	-	3,030	-
	14,080	81,614	58,153	23,461	20,580
Land Improvement:					
Purchased services	7,841	8,279	-	8,279	-
Building Improvements:					
Purchased services	-	164,000	62,701	101,299	-
Supplies	-	10,000	-	10,000	-
	-	174,000	62,701	111,299	-

Continued on next page.

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

FEDERAL AND STATE GRANTS FUND - SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Total Undistributed Expenditures	\$ 452,800	\$ 488,937	\$ 314,520	\$ 174,417	\$ 203,996
Total Expenditures	5,037,692	6,073,313	5,184,974	888,339	4,302,804
Net Change in Fund Balance	-	-	(59,938)	(59,938)	-
FUND BALANCE, July 1	-	-	59,938	59,938	59,938
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ 59,938

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, 2015 *(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)*

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Earnings on investments	\$ 900	\$ 900	\$ 484	\$ (416)	\$ 678
Daily sales	570,000	570,000	561,019	(8,981)	552,436
Total Local Sources	570,900	570,900	561,503	(9,397)	553,114
State Sources - Grants	5,400	5,100	5,091	(9)	5,559
Federal Sources - Grants	960,000	960,000	1,071,810	111,810	1,085,659
Total Revenues	1,536,300	1,536,000	1,638,404	102,404	1,644,332
EXPENDITURES					
Salaries	697,614	681,422	652,198	29,224	663,176
Benefits	273,348	266,347	261,635	4,712	262,349
Purchased services	9,300	9,300	2,618	6,682	6,828
Supplies	900,000	897,300	737,584	159,716	800,407
Property	-	-	-	-	54,500
Other	-	2,700	4,465	(1,765)	1,602
Total Food Service	1,880,262	1,857,069	1,658,500	198,569	1,788,862
Contingency	25,000	25,000	-	25,000	-
Total Expenditures	1,905,262	1,882,069	1,658,500	223,569	1,788,862
Net Change in Fund Balance	(368,962)	(346,069)	(20,096)	325,973	(144,530)
FUND BALANCE, July 1	461,477	489,233	489,233	-	649,517
Increase (decrease) in reserve for inventories	-	-	(16,005)	(16,005)	(15,754)
FUND BALANCE, June 30	<u>\$ 92,515</u>	<u>\$ 143,164</u>	<u>\$ 453,132</u>	<u>\$ 309,968</u>	<u>\$ 489,233</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, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Earnings on investments	\$ 400	\$ 400	\$ 592	\$ 192	\$ 414
State Sources:					
Special appropriations	2,275,334	2,611,446	2,573,949	(37,497)	2,111,905
Total Revenues	2,275,734	2,611,846	2,574,541	(37,305)	2,112,319
EXPENDITURES					
Regular Programs:					
Salaries	1,614,159	1,834,530	1,812,936	21,594	1,482,301
Benefits	674,732	788,038	767,269	20,769	624,534
Total Expenditures	2,288,891	2,622,568	2,580,205	42,363	2,106,835
Net Change in Fund Balance	(13,157)	(10,722)	(5,664)	5,058	5,484
FUND BALANCE, July 1	14,610	12,106	12,106	-	6,622
FUND BALANCE, June 30	\$ 1,453	\$ 1,384	\$ 6,442	\$ 5,058	\$ 12,106

DOUGLAS COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Earnings on investments	\$ -	\$ 371	\$ 117	\$ (254)	\$ 95
Other	1,200	1,200	4,147	2,947	4,132
Total Revenues	1,200	1,571	4,264	2,693	4,227
EXPENDITURES	-	-	-	-	-
Net Change in Fund Balance	1,200	1,571	4,264	2,693	4,227
FUND BALANCE, July 1	70,053	73,080	73,080	-	68,853
FUND BALANCE, June 30	\$ 71,253	\$ 74,651	\$ 77,344	\$ 2,693	\$ 73,080

DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS
COMBINING STATEMENT OF FUND NET POSITION
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	SELF- INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2015	2014
ASSETS				
Current Assets:				
Cash and investments	\$ 4,639,487	\$ 1,263,990	\$ 5,903,477	\$ 6,497,734
Receivables:				
Interest	-	219	219	634
Other	81,319	-	81,319	12,195
Due from other funds	543,158	26,210	569,368	578,913
Total Assets	5,263,964	1,290,419	6,554,383	7,089,476
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	-	30,273	30,273	113,951
Unearned revenue	613,918	-	613,918	542,130
Pending claims	825,591	417,000	1,242,591	1,146,695
Total Current Liabilities	1,439,509	447,273	1,886,782	1,802,776
Noncurrent Liabilities:				
Pending claims	-	-	-	312,000
Total Liabilities	1,439,509	447,273	1,886,782	2,114,776
NET POSITION				
Restricted	\$ 3,824,455	\$ 843,146	\$ 4,667,601	\$ 4,974,700

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS
COMBINING STATEMENT OF
REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2015	2014
OPERATING REVENUES				
Insurance premiums	\$ 6,537,778	\$ 266,455	\$ 6,804,233	\$ 6,421,529
Insurance proceeds	14,800	18,917	33,717	2,735,508
Other	14,636	-	14,636	-
Total Operating Revenues	6,567,214	285,372	6,852,586	9,157,037
OPERATING EXPENSES				
Claims expense	6,311,875	(28,404)	6,283,471	8,022,305
Purchased services	796,511	88,773	885,284	889,614
Total Operating Expenses	7,108,386	60,369	7,168,755	8,911,919
Operating Income (Loss)	(541,172)	225,003	(316,169)	245,118
NONOPERATING REVENUES				
Earnings on investments	7,002	2,068	9,070	6,898
Change in Net Position	(534,170)	227,071	(307,099)	252,016
NET POSITION, July 1	4,358,625	616,075	4,974,700	4,722,684
NET POSITION, June 30	\$ 3,824,455	\$ 843,146	\$ 4,667,601	\$ 4,974,700

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	SELF - INSURANCE HEALTH FUND	WORKERS' COMP SELF INSURANCE FUND	TOTALS GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
			2015	2014
CASH FROM OPERATING ACTIVITIES				
Cash received from insurance premiums	\$ 6,544,482	\$ 272,229	\$ 6,816,711	\$ 6,417,206
Cash received from insurance and other	29,436	18,917	48,353	2,741,018
Cash paid for claims	(6,143,979)	(355,450)	(6,499,429)	(7,751,701)
Cash paid for services and supplies	(856,758)	(112,204)	(968,962)	(792,400)
Net cash provided (used) by operating activities	(426,819)	(176,508)	(603,327)	614,123
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	7,002	2,068	9,070	6,997
Net Increase in Cash and Investments	(419,817)	(174,440)	(594,257)	621,120
CASH AND INVESTMENTS, July 1	5,059,304	1,438,430	6,497,734	5,876,614
CASH AND INVESTMENTS, June 30	\$ 4,639,487	\$ 1,263,990	\$ 5,903,477	\$ 6,497,734
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS				
Operating income (loss)	\$ (541,172)	\$ 225,003	\$ (316,169)	\$ 245,118
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Change in assets and liabilities:				
Receivables	(9,214)	12,121	2,907	5,510
Premiums due from other funds	(55,870)	(6,201)	(62,071)	(14,846)
Accounts payable and accrued expenses	(60,247)	(23,431)	(83,678)	97,214
Unearned revenue	71,788	-	71,788	10,523
Pending claims	167,896	(384,000)	(216,104)	270,604
Total Adjustments	114,353	(401,511)	(287,158)	369,005
Net cash provided (used) by operating activities	\$ (426,819)	\$ (176,508)	\$ (603,327)	\$ 614,123

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, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
OPERATING REVENUES					
Insurance premiums	\$ 6,305,311	\$ 6,305,311	\$ 6,537,778	\$ 232,467	\$ 6,236,638
Insurance proceeds	-	-	14,800	14,800	2,704,896
Other	-	-	14,636	14,636	-
Total Operating Revenues	6,305,311	6,305,311	6,567,214	261,903	8,941,534
OPERATING EXPENSES					
Claims expense	6,450,834	6,450,834	6,311,875	138,959	7,413,868
Purchased services	833,288	850,347	796,511	53,836	819,789
Total Operating Expenses	7,284,122	7,301,181	7,108,386	192,795	8,233,657
Operating Income (Loss)	(978,811)	(995,870)	(541,172)	454,698	707,877
NONOPERATING REVENUES					
Earnings on investments	8,000	4,000	7,002	3,002	4,925
Change in Net Position	(970,811)	(991,870)	(534,170)	457,700	712,802
NET POSITION, July 1	3,106,996	4,358,625	4,358,625	-	3,645,823
NET POSITION, June 30	\$ 2,136,185	\$ 3,366,755	\$ 3,824,455	\$ 457,700	\$ 4,358,625

DOUGLAS COUNTY SCHOOL DISTRICT

SELF-INSURANCE HEALTH FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from insurance premiums	\$ 6,305,311	\$ 6,305,311	\$ 6,544,482	\$ 239,171	\$ 6,236,709
Cash received from insurance and other	-	-	29,436	29,436	2,722,248
Cash paid for claims	(6,450,834)	(6,450,834)	(6,143,979)	306,855	(7,516,264)
Cash paid for services and supplies	(833,288)	(850,347)	(856,758)	(6,411)	(759,542)
Net cash provided (used) by operating activities	(978,811)	(995,870)	(426,819)	569,051	683,151
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	8,000	4,000	7,002	3,002	4,987
Net Increase (Decrease) in Cash	(970,811)	(991,870)	(419,817)	572,053	688,138
CASH AND INVESTMENTS, July 1	3,832,339	5,059,304	5,059,304	-	4,371,166
CASH AND INVESTMENTS, June 30	\$ 2,861,528	\$ 4,067,434	\$ 4,639,487	\$ 572,053	\$ 5,059,304
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS					
Operating income (loss)	\$ (978,811)	\$ (995,870)	\$ (541,172)	\$ 454,698	\$ 707,877
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	(9,214)	(9,214)	17,352
Premiums due from other funds	-	-	(55,870)	(55,870)	(10,452)
Accounts payable and accrued exp.	-	-	(60,247)	(60,247)	60,247
Deferred revenues	-	-	71,788	71,788	10,523
Pending claims	-	-	167,896	167,896	(102,396)
Total Adjustments	-	-	114,353	114,353	(24,726)
Net cash provided (used) by operations	\$ (978,811)	\$ (995,870)	\$ (426,819)	\$ 569,051	\$ 683,151

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, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
OPERATING REVENUES					
Insurance premiums	\$ 170,000	\$ 210,000	\$ 266,455	\$ 56,455	\$ 184,891
Other	10,000	10,000	18,917	8,917	30,612
Total Operating Revenues	180,000	220,000	285,372	65,372	215,503
OPERATING EXPENSES					
Claims expense	200,000	-	(28,404)	28,404	608,437
Purchased services	120,000	500,000	88,773	411,227	69,825
Total Operating Expenses	320,000	500,000	60,369	439,631	678,262
Operating Income (Loss)	(140,000)	(280,000)	225,003	505,003	(462,759)
NONOPERATING REVENUES					
Earnings on investments	2,000	2,000	2,068	68	1,973
Change in Net Position	(138,000)	(278,000)	227,071	505,071	(460,786)
NET POSITION, July 1	938,861	616,075	616,075	-	1,076,861
NET POSITION, June 30	\$ 800,861	\$ 338,075	\$ 843,146	\$ 505,071	\$ 616,075

DOUGLAS COUNTY SCHOOL DISTRICT

WORKERS' COMPENSATION SELF-INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

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

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from insurance premiums	\$ 170,000	\$ 210,000	\$ 272,229	\$ 62,229	\$ 180,497
Cash received from other sources	10,000	10,000	18,917	8,917	18,770
Cash paid for claims	(200,000)	(500,000)	(355,450)	144,550	(235,437)
Cash paid for services and supplies	(120,000)	-	(112,204)	(112,204)	(32,858)
Net cash provided (used) by operating activities	(140,000)	(280,000)	(176,508)	103,492	(69,028)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	2,000	2,000	2,068	68	2,010
Net Increase (Decrease) in Cash	(138,000)	(278,000)	(174,440)	103,560	(67,018)
CASH AND INVESTMENTS, July 1	938,861	1,438,430	1,438,430	-	1,505,448
CASH AND INVESTMENTS, June 30	<u>\$ 800,861</u>	<u>\$ 1,160,430</u>	<u>\$ 1,263,990</u>	<u>\$ 103,560</u>	<u>\$ 1,438,430</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS					
Operating income (loss)	\$ (140,000)	\$ (280,000)	\$ 225,003	\$ 505,003	\$ (462,759)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:					
Change in assets and liabilities:					
Receivables	-	-	12,121	12,121	(11,842)
Premiums due from other funds	-	-	(6,201)	(6,201)	(4,394)
Accounts payable and accrued exp.	-	-	(23,431)	(23,431)	36,967
Pending claims	-	-	(384,000)	(384,000)	373,000
Total Adjustments	-	-	(401,511)	(401,511)	393,731
Net cash provided (used) by operations	<u>\$ (140,000)</u>	<u>\$ (280,000)</u>	<u>\$ (176,508)</u>	<u>\$ 103,492</u>	<u>\$ (69,028)</u>

DOUGLAS COUNTY SCHOOL DISTRICT

STUDENT ACTIVITY AGENCY FUNDS SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - BY SCHOOL YEAR ENDED JUNE 30, 2015

	RESTATED BALANCE JULY 1, 2014	RECEIPTS	DISBURSE- MENTS	BALANCE JUNE 30, 2015
Student Activity Funds				
Douglas High School	\$ 258,266	\$ 825,437	\$ 817,071	\$ 266,632
George Whittell High School	72,109	175,368	173,963	73,514
ASPIRE Academy High School	9,947.00	13,790	10,845	12,892
Carson Valley Middle School	79,457	105,199	98,347	86,309
Pau-Wa-Lu Middle School	20,824	148,333	150,372	18,785
Scarselli Elementary School	48,102	59,679	58,098	49,683
Gardnerville Elementary School	41,751	106,629	105,926	42,454
C.C. Meneley Elementary School	40,689	125,557	125,861	40,385
Jacks Valley Elementary School	35,483	60,459	62,152	33,790
Minden Elementary School	32,221	90,302	88,397	34,126
Piñon Hills Elementary School	24,011	39,073	34,014	29,070
Zephyr Cove Elementary School	1,595	8,288	8,112	1,771
	<u>\$ 664,455</u>	<u>\$ 1,758,114</u>	<u>\$ 1,733,158</u>	<u>\$ 689,411</u>

DOUGLAS COUNTY SCHOOL DISTRICT

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

	<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>
Student Activity Funds				
Douglas High School	\$ 304,454	\$ 780,526	\$ 826,714	\$ 258,266
George Whittell High School	45,323	182,253	155,467	72,109
Aspire Academy High School	-	18,638	8,691	9,947
Carson Valley Middle School	84,459	69,921	74,923	79,457
Pau-Wa-Lu Middle School	21,316	139,529	140,021	20,824
Scarselli Elementary School	52,993	57,170	62,061	48,102
Minden Elementary School	52,419	123,594	134,262	41,751
Piñon Hills Elementary School	44,100	156,404	159,815	40,689
Jacks Valley Elementary School	27,221	81,887	73,625	35,483
C.C. Meneley Elementary School	35,641	71,295	74,715	32,221
Gardnerville Elementary School	31,837	49,784	57,610	24,011
Zephyr Cove Elementary School	2,380	7,928	8,713	1,595
	<u>\$ 702,143</u>	<u>\$ 1,738,929</u>	<u>\$ 1,776,617</u>	<u>\$ 664,455</u>

COMPLIANCE SECTION



500 Damonte Ranch Parkway, Suite 852, Reno, NV 89521
775.624.9105 | silvacocpa.com

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 20, 2015.

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.

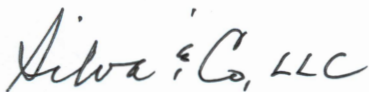
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

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

Reno, Nevada

November 20, 2015



500 Damonte Ranch Parkway, Suite 852, Reno, NV 89521
775.624.9105 | silvacocpa.com

**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, 2015. 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, 2015.


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.



Reno, Nevada
November 20, 2015

DOUGLAS COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(Page 1 of 2)

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
U.S. DEPARTMENT OF EDUCATION			
<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	15-639-03000	\$ 915,152
Special Education - District Improvement Grant	84.027	15-641-03000	9,523
Special Education - District Assistance Center	84.027	15-667-03000	86,517
Special Education - Preschool Grants (IDEA, Preschool)	84.173	15-665-03000	57,222
Total Special Education Cluster			1,068,414
Title I, Part A - Grants to Local Educational Agencies	84.010	15-633-03000	696,072
Title I, Part C - Migrant Education	84.011A	15-629-03000	1,662
Title I, Part D - Improving America's Youth	84.010	15-650-03000	79,197
Carl D. Perkins Basic Grant	84.048	15-631-03000	58,136
Carl D. Perkins Reserve Competitive	84.048	15-635-03000	79,996
School Climate Transformation Grant	84.184F	15-682-03000	1,454
Education for Homeless Children and Youth	84.196A	15-688-03000	35,045
Title III, English Language Acquisition	84.365A	15-658-03000	407,109
Title III, Part B - Immigrant	84.365A	15-659-03000	483
Title II, Part A - CSR Initiative	84.367	15-709-03000	173,315
Title I, Part E - Striving Readers Comprehensive Literacy	84.371	15-657-03000	1,282,694
Total U.S. Department of Education			3,883,577

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015

(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>
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
<i>Passed through the State of Nevada Department of Administration</i>			
National School Lunch Program - Commodities	10.555	N/A	\$ 103,528
<i>Passed through the State of Nevada Department of Education</i>			
School Breakfast Program	10.553	N/A	177,342
National School Lunch Program	10.555	N/A	790,940
Total Child Nutrition Cluster			1,071,810
Total U.S. Department of Agriculture			1,071,810
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,955,387

See accompanying notes.

DOUGLAS COUNTY SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2015

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, 2015. 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, 2015.

DOUGLAS COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

A. SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

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

Major Programs

The major programs for the year ended June 30, 2015 were:

Title I, Part E – Striving Readers Comprehensive Literacy (84.371)
Title III – English Language Acquisition (84.365A)

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.



SILVA & CO LLC
CERTIFIED PUBLIC ACCOUNTANTS

500 Damonte Ranch Parkway, Suite 852, Reno, NV 89521
775.624.9105 | silvacopa.com

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 November 20, 2015, that the Douglas County School District (District) complied with Nevada Revised Statutes Chapter 354.624(5)(a) during the year ended June 30, 2015. 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, 2015 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.

Silva & Co, LLC

Reno, Nevada
November 20, 2015

DOUGLAS COUNTY SCHOOL DISTRICT

INDEPENDENT AUDITORS' COMMENTS

JUNE 30, 2015

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 noted an over-expenditure of \$2,518 in the Class Size Reduction Fund for the year ended June 30, 2014. We did not note an over-expenditure in this fund for the current year.

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.