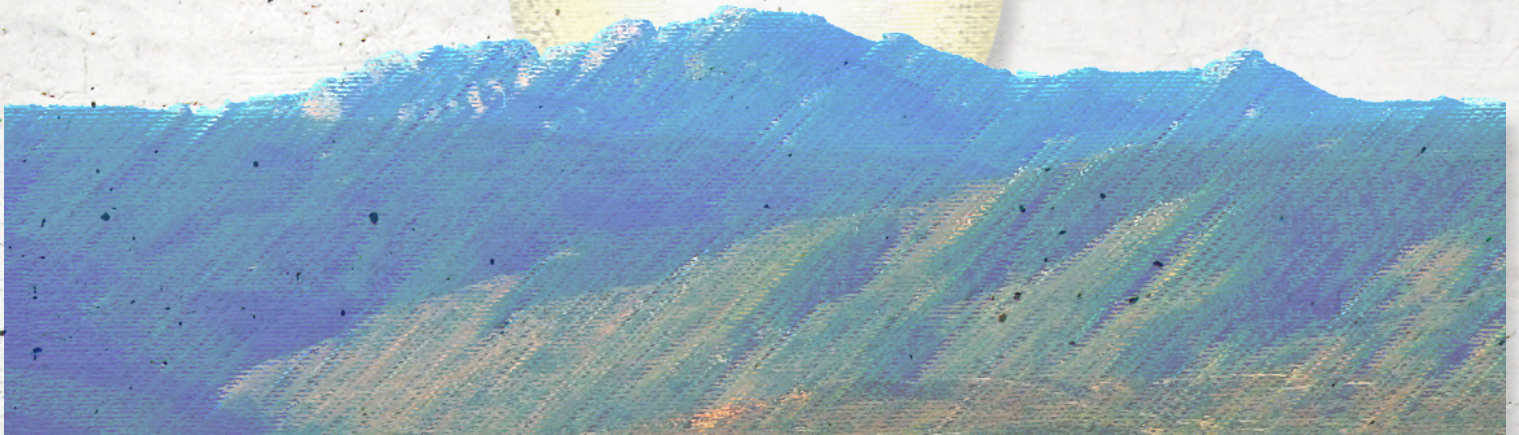




**Douglas County** School District RE1



# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2012





**DOUGLAS COUNTY SCHOOL DISTRICT RE.1**

620 Wilcox Street  
Castle Rock, Colorado 80104

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**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**  
For the Year Ended June 30, 2012

**Board of Education**

John Carson	President
Dan Gerken	Vice President
Doug Benevento	Director
Kevin P. Larsen	Director
Craig Richardson	Director
Meghann Silverthorn	Director
Justin G. Williams	Director

**Dr. Elizabeth Celandia-Fagen**  
**SUPERINTENDENT**

**Prepared by:**  
**Office of Business Services**

**Bonnie J. Betz**  
**Chief Financial Officer**

**Jack Bay**  
**Director of Finance**



**DOUGLAS COUNTY SCHOOL S DISTRICT RE.1**  
 Comprehensive Annual Financial Report  
 June 30, 2012

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***INTRODUCTORY  
SECTION***

December 20, 2012

District Citizens and Members of the Board of Education  
Douglas County School District (DCSD) RE.1  
Castle Rock, Colorado 80104

It is our pleasure to submit to you the Douglas County School District (DCSD) RE. 1 (the District) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Under provisions of Article 29-1-603, Colorado Revised Statutes, 1973, an independent public accounting firm must perform an annual audit of the District's accounts. McGladrey LLP, Certified Public Accountants, have issued an unqualified (clean) opinion on the District's financial statements for the year ended June 30, 2012. The independent auditor's report is located immediately following this letter of transmittal. The independent audit of the District's financial statements also includes the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis involving the administration of federal awards. The results of the District's single audit for the period ending June 30, 2012 provided no instances of material weaknesses in internal controls over compliance or material violations of applicable laws, regulations, contracts and grants.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Douglas County School District's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the District**

The District's boundaries are largely coterminous with those of Douglas County, with just a small portion of the District located in Elbert County. The District is located immediately south of the Denver metropolitan area, along the eastern slope to the Rocky Mountains, and includes the towns of Castle Rock, Parker and Larkspur; the cities of Lone Tree and Castle Pines North, and the unincorporated area of Highlands Ranch. The District encompasses approximately 867 square miles and has a population of approximately 291,000.

The District provides a full range of K-12 educational school programs and services including basic education in elementary, middle and senior high schools, special education for handicapped students, online educational options, vocational education and other educational programs for approximately 63,000 students. About 3,000 of these students enroll in one of DCSD's on line learning schools, eDCSD (Colorado Cyber School) or Hope Online. Both online schools enroll students from kindergarten through twelfth grade offering a valuable alternative to the traditional education environment.

The District is governed by a seven-member Board of Education (the Board), whose members are elected by the qualified electors within the District's boundaries. During this fiscal year, three of the seven Board seats were up for election in November of 2011. Two incumbent directors, Mr. Justin Williams and Mr. Craig Richardson, were successful in their bid to retain their seats. The third seat vacated by Mr. Cliff Stahl was won by Mr. Kevin Larsen.

General duties which the Board is empowered to perform include employing all personnel necessary to maintain operations and carry out the educational programs of the District and pay their compensation; fixing attendance boundaries; establishing annual budgets; determining the educational programs carried on in the schools of the District; and prescribing the textbooks of any course of instruction or study in such educational programs. The District receives funding from local, state and federal government sources and must comply with the requirements of each of these funding sources.

The District includes as discretely presented component units eleven (11) charter schools; American Academy, Academy, Ben Franklin, Challenge to Excellence, Core Knowledge, Platte River Academy, North Star Academy, DCS Montessori, SkyView Academy, STEM (Science, Technology, Engineering and Math) and Hope Online Learning Co-Op. FY 2011-2012 marks the first year of operation for Ben Franklin and STEM Charter Schools. Charter schools are public schools approved by the DCSD Board of Education and authorized by the State of Colorado to provide alternatives for parents, pupils and teachers. These schools have separate governing boards and are funded by the State of Colorado and Douglas County Mill Levy funds, with revenues passing through the District. Though fiscally independent, the District provides many supports and services for all of these charter schools.

### **Local Factors Affecting Financial Condition**

**District Leadership:** The District's Superintendent, Dr. Elizabeth Celandia-Fagen, began her tenure at DCSD on July 2, 2010. June 30, 2012 marks the completion of her second year as the District's leader. Throughout fiscal year 2012, significant progress has been made towards achieving the goals established in the District's Strategic Plan, New Outcomes for a New Day. This Plan, approved by the Board of Education in March of 2011, includes Douglas County's commitments to parents, students, employees and community members, as well as the statement of three overriding priorities: Choice, World Class Education and System Performance. Though the District continues to focus on providing numerous choices for parents and their students and works towards achieving world class instruction in all of these choices, significant progress has been made in developing and gauging system performance. Milestones have been achieved in the development of formative and interim assessments in reading, math, social studies and science. In tandem with this assessment work, great progress has been done in creating a Guaranteed and Viable Curriculum (GVC) for all of our subject matter areas. Finally the assessment and curriculum creation work has been supported with the development of rigorous and relevant professional development.

In addition, the District has defined the teacher metrics to be included in the newly required teacher evaluations which includes student performance data as required by Colorado Senate Bill 191. Next year, teachers will be evaluated based on these new evaluation rubrics and on student performance determined by each student's results. These results are measured by data included in the District's balanced assessment system. Our balanced assessment system incorporates performance assessments to measure what matters most and does not solely rely on a student's performance on the state tests given once a year.

For FY 2013, the entire teacher compensation system has been reformed to pay the District's teachers based on their performance and their market value as opposed to their years in the classroom and their personal education credit level. During the FY 2013 hiring season (Spring of 2012), a recruitment and hiring pilot was approved to bring in new teachers at a market value salary determined by the number of applicants in a particular teacher subject opening. This pilot was successful resulting in the most efficient allocation of salary dollars. In the past, due to the constraints of the salary schedule, it has been difficult to pay hard to hire teachers, such as those in math, science and special education, enough to attract them to work in our school district. By moving to a market based pay system where we often have hundreds of applicants for some teaching positions, we offer what the market will bear freeing up salary dollars to attract and retain our hard to hire positions.

**Demographic Data**<sup>1</sup>: The District's population continues to grow, but at a slower rate from prior years. The population in 2002 was just under 210,000 whereas today, it is just over 291,000, a growth of 38.6%. Since 2010, the population has increased by about 2,600 persons or about 1%. Indicative of the nation's economic recovery, unemployment has dropped from a high of 6.7% in 2010 down to 6.1% in fiscal year 2012.

Douglas County School District enrollment continues to grow at approximately 1,500 students per year and remains the third largest school district in the State of Colorado. Enrollment for fiscal year 2012-2013 is expected to reach about 64,500 students compared to about 63,000 in the current year. Continued growth provides additional revenue as well as additional needs for classrooms, teachers, bus drivers and employees of every type. On average, since 1998, two new elementary schools have been completed each year and a high school or middle school opened every other year. This construction has been funded through voter-approved bond elections, the last one approved in November of 2006. These bond proceeds will be fully spent at the end of fiscal year 2012-2013. As we have done in the past, we will manage the increases in enrollment growth by returning to a four track calendar model allowing us to handle 25% more students in our existing buildings. These efforts will be aided by utilizing mobile buildings when necessary. In addition, the District developed a new policy during fiscal year 2011-2012 regarding assisting charter schools with building classroom spaces if they agreed to partner with the District and locate their charter schools in areas of the District experiencing high student population growth. The District agrees to sell Certificates of Participation on the charter's behalf at the District's credit rating and interest rate allowing the charter school to build its classroom spaces in areas of high growth. The Charter, then, is responsible for the lease payments on these certificates. Aspen View Academy, opening its doors in the fall of fiscal year 2013-2014, is the first partner charter school to work with the District in this way. They agreed to locate their new charter school in the Meadows area of Castle Rock, a region of the District that expects another 500 to 1000 students in the next three year planning period.

**Long-Range Capital Planning**: In addition to population growth, Douglas County is experiencing growth in most aspects of the local economy. Increases in the housing market translate to student enrollment growth. In 1984, the Long Range Planning Committee (LRPC) was created. The charge of this committee is to study school district facility and capacity needs. An advisory group comprised of community members, the LRPC keeps close track of new housing developments and student enrollment trends. Recommendations are made to the Board of Education (the Board) on enrollment capacity needs, attendance boundaries and school locations. The LRPC is charged with managing 5-year growth projections and bond cycles.

Long Range Planning Committee findings have formed the basis of the District's capital facility programs which have historically been funded primarily with the proceeds and investment income of voter approved general obligation bonds. The LRPC actively evaluates the future facilities needs of the District, and will continue to make recommendations to the Board regarding capacity, boundary and site needs. It is this committee, in collaboration with the District's Fiscal Oversight Committee, that developed the Certificate of Participation policy which provides guidelines for the District and a charter school partner to mitigate enrollment capacity shortfalls. The LRPC planning work will continue to inform all of our stakeholders about the status of our taxpayer assets and the need for additional capacity and facility improvements in the future.

The most recent bond authorization request, in November 2011, specified needs totaling \$200 million: \$93 million for facility renewal, \$70.5 million to accommodate growth with new schools and classrooms, and \$36 million for technology infrastructure upgrades and strategic deployment of technology to our schools. These specific requests were identified in the Master Capital Plan revised in January of 2011. Given the loss of the November 2011 election, the Long Range Planning Committee was charged with further prioritizing these needs based on life safety criteria. In addition to the partnership with charter schools, the Long Range Planning Committee, in collaboration with the Fiscal Oversight Committee, will investigate and make recommendations to the Board of Education regarding various ways in which the District's long term capital needs can be met.

Additional information regarding the Long-Range Planning Committee and their work is discussed under Long-Term Debt on page 26.

**Federal and State Funding**: There continues to be funding issues facing the District though the economic outlook in Colorado is improving. Based on the September, 2012 Revenue Forecast, the Governor of Colorado, Governor Hickenlooper, has proposed a budget that includes a per pupil revenue (PPR) increase for Douglas County of about \$175/student for FY 2013-2014. This would bring Douglas County's funding level up to a PPR of \$6,393. It's important to note, however, that this new proposed level is still about \$150/student less than the funding level provided in FY 2010-2011.

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<sup>1</sup> Source: Douglas County Comprehensive Annual Financial Report, December 31, 2011

Though the economy is slowly recovering, concerns remain associated with the fiscal cliff expected if the nation's legislature fails to act. In FY 2012-2013, we have budgeted enough contingency to offset the possibility of federal sequestration in which up to about 20% of our federal funding needed to meet our at risk and special education student populations would be reduced.

In planning for the current year, FY 2011-2012, we faced a budget shortfall of \$21.7 million due to the combined effect of cost increases and reductions in State funding from about \$6,542 per pupil down to \$6,215 per pupil. The Board of Education addressed this shortfall by approving \$10.0 million in reductions and budget reallocations and designating \$11.7 million of reserves to offset cuts to our schools for another year. The planned use of reserves was done in anticipation of a successful mill levy override election in November of 2011. As we were unsuccessful in this election, these reductions have been made for FY 2012-2013.

In spite of the difficult economy, the District has continued to improve its fiscal health. Our schools and departments continue to spend with caution increasing carry over balances. The District has allowed the Letter of Credit with J.P. Morgan Chase to lapse and has returned the fund balance policy back to the historical three percent over the Tabor requirement and mandating a contingency budget of at least 1% of total budgeted expenditures each year. In light of GASB 54, this policy has been further clarified by designating fund balance as the "unassigned" fund balance.

Though the State's PPR has been maintained for the coming fiscal year, the District planned for \$18.1 million in reductions to account for the one time use of reserves as well as the increase required in the Public Employees Retirement Association, PERA. Additional information is presented under General Fund Budgetary Highlights on page 24.

### **Significant Financial Policy Changes**

#### 1. Ending Fund Balance Policy and Cancellation of Letter of Credit

This policy had been revised in fiscal year 2008-2009 in response to significant reductions in State funding. With the continued improvement in the District's fiscal health, this policy has been revised back to reflect an additional 3% "unassigned" fund balance above Tabor as well as specifying a minimum of 1% of total budgeted expenditures contingency budget each year. Language was also added defining restricted and assigned fund balances pursuant to GASB 54. The Letter of Credit was allowed to lapse to save an additional \$160,000 yearly in investment fees.

#### 2. Combined General Fund Definition

Reflected in these financials is a Combined General Fund that includes all operational fund activity that is supported predominately by a transfer from the General Fund. This clarified definition requires that the capital projects fund established to account for capital expenditures (non bond or COP proceeds), now be included in the Combined General Fund.

#### 3. Capital Asset Policy

This policy has been revised to define the circumstances under which equipment purchases or projects are considered a capital asset. Any single item or project with a value of \$5,000 or more shall be capitalized and shall be accounted for in the capital projects or building funds. In addition, any District wide purchase of numerous items that in aggregate, have a value of \$5,000 or more, shall also be capitalized

#### 4. Certificate of Participation Policy

This new policy establishes limits of District outstanding Certificates of Participation (COPs) and defines the circumstances in which the District would partner with a new charter school to provide classroom spaces for new students in high growth areas of the District. The District may use COP proceeds to fund ongoing Master Capital Plan needs. COP's are subject to annual appropriation and therefore do not require an election to issue.

#### 5. Medical Fund Reserving Policy

This policy establishes a minimum and maximum Medical Fund ending fund balance as well as a target fund balance level to ensure fund financial stability. This policy also prohibits any transfers out of this fund to meet other District needs.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Douglas County School District RE.1 for its comprehensive financial report for the year ended June 30, 2011. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The District has received a Certificate of Achievement for the last twenty-four consecutive years (fiscal years ended 1987-2011). We believe our current report continues to conform to Certificate of Achievement requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Business Office, including Jeanette Prock, Kathy Howe, Julie Campbell, Susan Pederson and Stacy Murray. In addition we would like to thank the staff in the finance and treasurer's office at Douglas County and the staff of McGladrey LLP, particularly Jessica Clanton, Joel Banas and Kevin Smith for their contribution to the preparation of this report. We would especially like to express our appreciation to the members of the Board of Education for their interest and support in conducting the financial affairs of the District during the year.

Respectfully submitted,



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Dr. Elizabeth Celandia-Fagen  
Superintendent of Schools



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Bonnie J. Betz  
Chief Financial Officer



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Jack W. Bay  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Douglas County School  
District Re. 1, Colorado

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

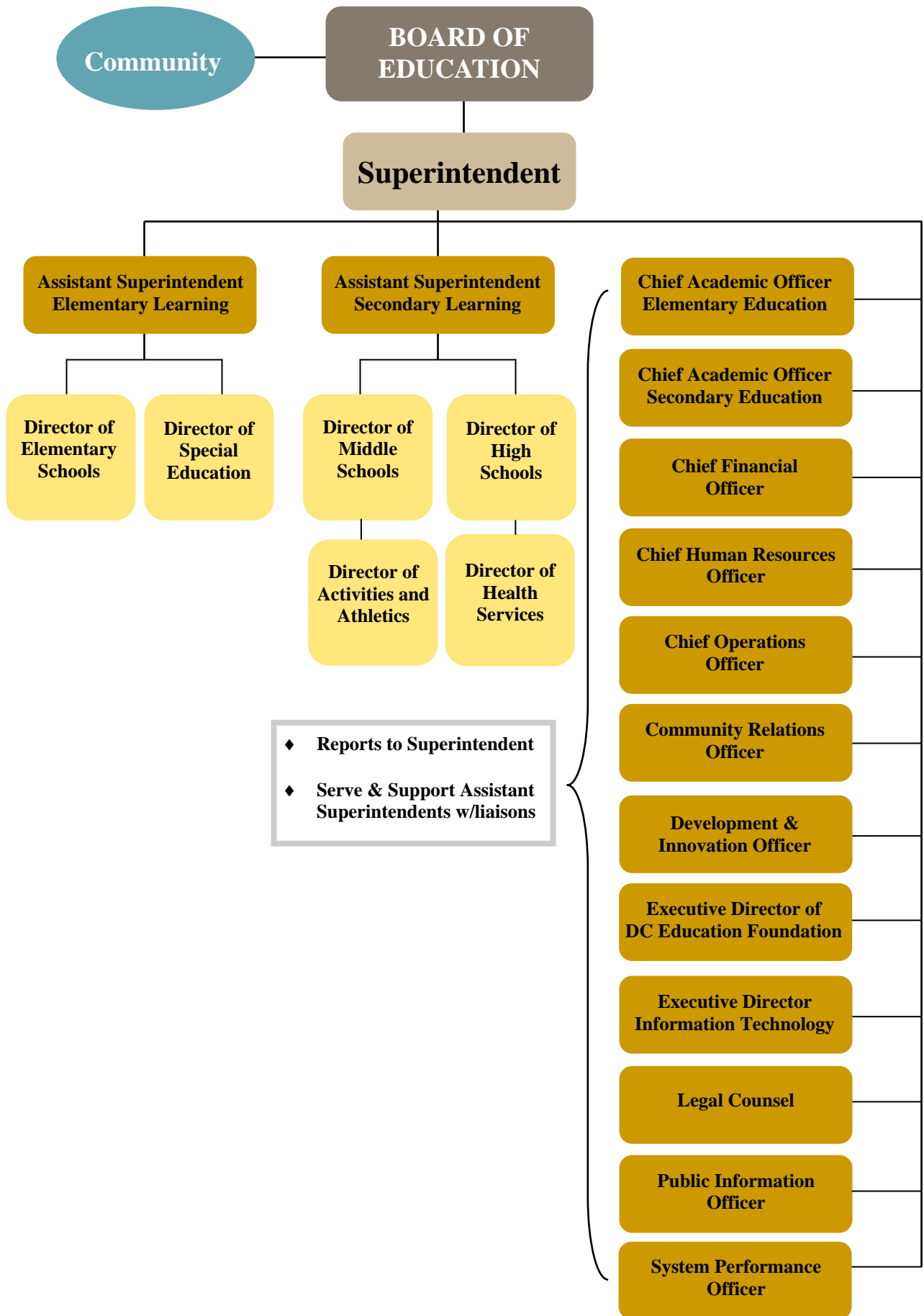


*Christopher P. Moynell*

President

*Jeffrey R. Emer*

Executive Director





***FINANCIAL  
SECTION***



## Independent Auditor's Report

Members of the Board of Education  
Douglas County School District RE.1  
Castle Rock, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Douglas County School District RE.1 (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the District's Charter Schools, discretely presented component units, of the District, which represent all of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the District's Charter Schools is based on the reports of the other auditors.

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. Other auditors audited the financial statements of the District's Charter Schools, discretely presented component units. The financial statements of the District's Charter Schools, with the exception of HOPE Online Learning Academy Co-op, were not required to be, and were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate remaining fund information, each major fund, and the aggregate discretely presented component units of the District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. That report does not include the results of other auditor's testing of internal control over financial reporting and other matters that are reported on separately by those auditors.

As explained in Note 11 of the basic financial statements and in Finding 12-II-A, included in the Compliance Section of the Comprehensive Annual Financial Report, of our consideration of the District's financial reporting referred to above, the District restated beginning net assets of the governmental activities to correct the recording of construction in progress as of June 30, 2011. Accordingly, the June 30, 2011 financial statements should no longer be relied upon with respect to this restatement. In addition, the District restated the beginning fund balances of the General Fund and the Building Projects Fund as of July 1, 2011, resulting from the change in presentation of certain capital projects funds to being reported within the General Fund.

The accounting principles generally accepted in the United States of America require that the Managements' Discussion and Analysis on pages 18 through 28 and Budgetary Comparison Information on pages 70 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual major and nonmajor fund financial statements and combining discretely presented component units financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*McGladrey LLP*

Denver, Colorado  
December 17, 2012

**Douglas County School District RE. 1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2012**

As management of Douglas County School District RE. 1 ("the District"), we offer readers this Management Discussion and Analysis as an overview of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage readers to consider this narrative in conjunction with additional information furnished in the Letter of Transmittal, located on pages 8-11 and the balance of information within this Comprehensive Annual Financial Report (the Report).

**Financial Highlights**

- The government-wide governmental activities assets of the District exceeded its liabilities at the close of FY 2012 by \$285,212,824 (net assets), an increase of \$48,672,594 over FY 2011, as a result of prudent fiscal stewardship:
  - ◇ We continue to be conservative in estimating per-pupil revenues. Our overall pupil enrollment increased greater than projections, resulting in a mid-year State Equalization Revenue increase of about \$2,000,000.
  - ◇ We continue to look for efficiencies in our health insurance plans while still providing a valued benefit to our employees. Plan design changes were made in preparation for FY 2011-2012 which included an additional health insurance choice for the employees of the District. This new choice required a nominal co-insurance premium but it offered a non-H.S.A. (Health Savings Account) option for those employees and families struggling with meeting the high deductibles associated with the H.S.A. plans. Employees continue to take more responsibility for their health care needs resulting in actual expenditures \$3,897,643 below budget. Note the financial results reported in the Medical Fund (DCSD's Internal Service Fund), page 101, which realized an increase in fund equity of 3,374,545.
  - ◇ We continue to take a proactive approach to energy management and continue to see utility expenditures below budget.
  - ◇ We discovered a FY 2006-2007 under valuation of the Construction in Progress assets requiring a one time prior year adjustment increasing the asset value by over \$21 million. This item is further disclosed in Note 11 found on page 67.
  - ◇ We again took advantage of the low interest rate environment by refunding \$71,095,000 worth of General Obligation Bonds, saving the District's taxpayers \$3,752,089.
  - ◇ Over \$12 million dollars was paid back to the District by SkyView Academy Charter providing needed capital resources to the District. These resources are reflected in the Building Fund financial statement on page 92. In 2009, the District sold Certificates of Participation (COPs) on behalf of SkyView Academy. In 2012, SkyView Academy wished to expand their school and were in need of additional capital dollars. As the District did not have a need for additional classroom spaces in the geographic area where SkyView wished to expand, the request for additional funds was denied by the District's Board of Education. This decision was supported by the new COP policy approved by the Board last spring.
  - ◇ Finally, we are continuing the District policy of allowing schools and departments to carry over discretionary budget dollars into the next fiscal year. Schools and departments, over the last two years, have combined savings of over \$19 million. This policy has empowered schools to scrutinize their expenditures without fear of losing unspent dollars.
- The government-wide liabilities total \$632,332,457 for the period ended June 30, 2012. The District's liabilities decreased \$39,022,848 from the period ended June 30, 2011 due primarily to the pay down of long term debt through the Bond Redemption Fund and the February 2012 bond refunding. In addition, the liability for the Early Separation Agreement decreased by \$1,621,498, representing the third year's pay down of this one-time benefit. Off setting a portion of this liability decrease is the scheduled phase out of the District's long standing Extended Service Severance program. The full long term liability for this program is in excess of \$6 million but \$2.9 million is scheduled to be paid in October of FY 2012-2013. The District also added capital lease obligations totaling \$1,159,302 at the end of June 30, 2012.
- At the close of the fiscal year, the District's Governmental Funds reported a combined ending fund balance of \$179,831,719. This represents an increase of \$23,341,165 from the prior year's balance at year end. This increase is primarily due to the increase in the Combined General Fund of \$19,834,502 and the Building Fund increase due to the pay-off of SkyView's COP liability.

### **Financial Highlights (Continued)**

- For FY 2011-2012, the Capital Projects Fund is included as a sub fund of the Combined General Fund and is reflected on page 76 and 77. The District's policy has been refined to define any fund that is largely supported by transfers from the General Fund as a sub-fund of the Combined General Fund. Please see Note 11 describing the FY 2010-2011 restatement due to this refined definition.

### **Overview of the Financial Statements**

The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements inclusive of governmental, proprietary, and fiduciary funds, and 3) notes to the financial statements. The Report also contains other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide stakeholders (e.g. taxpayers, state and federal government agencies, and the Board of Education) with a relevant and reliable overview of the District's finances; to assist the reader in their assessment of how the District's resources are acquired and used; to determine whether current resources were sufficient to meet current costs, and to determine whether the District's ability to provide educational services improved or deteriorated from the previous year.

#### **Government-wide Financial Statements**

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, assessing the trajectory and order of magnitude of increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation/sick leave). The government-wide financial statements distinguish functions of the District that are principally supported by taxes from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction and support services of the District.

The government-wide financial statements are comprised of the activities of the District's "neighborhood" schools (collectively known herein as the primary government), and also eleven schools operating under a charter contract approved by the Douglas County School District Board of Education. Financial information for the charter schools is detailed as component units; accordingly, each is reported separately from the financial information of the primary government.

The government-wide financial statements are located on pages 31-33 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds**

Governmental fund financial statements are government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

### **Governmental Funds (Continued)**

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Combined General Fund, the Bond Redemption Fund, the COP Redemption Fund, and the Building Fund, as all are considered to be major funds. Data from the other two governmental funds, the Federal Projects Fund and the Athletics and Activities Fund, are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is also provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its Combined General Fund. On page 70, a budgetary comparison statement has been provided for the Combined General Fund to demonstrate compliance with this budget.

### **Proprietary Funds**

The District maintains two different types of proprietary funds, Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses Enterprise Funds to account for its Nutrition Services, Child Care Services and a new fund, the Outdoor Education Fund. Alternatively, Internal Service Funds are used to accumulate and allocate costs internally among the District's various functions. The District uses an Internal Service Fund to account for its self-insured medical insurance activities.

Enterprise Funds are dependent on a charge for their services to remain sustainable - distinguished from other governmental funds in that they are fully supported by revenues earned in support of their operations. Enterprise Funds provide the same type of financial information as the government-wide financial statements. The financial detail for each of the District's Enterprise Funds; the Nutrition Services Fund, the Child Care Fund and the Outdoor Education Fund can be found separately on pages 94-95, 96-97 and 98-99 respectively. The new Outdoor Education Fund is associated with a piece of property in Larkspur, a town in south Douglas County, that was deeded to Douglas County School District from the County for instructional use. The District entered into an Inter-Governmental Agreement (IGA) with Douglas County outlining the duties and responsibilities required of each partner associated with this property.

The Medical Insurance Fund is considered a separate governmental fund and is included in the proprietary fund financial statements as an Internal Service Fund. Individual fund data for this Internal Service Fund is provided in separate detail on pages 100 and 101. Another fund, the Risk Fund, which provides services associated with property, liability and self-insured worker's compensation and predominately benefits governmental rather than business-type functions, has been included within governmental activities and in the Combined General Fund. Because the Risk Fund is separately funded through a transfer from the General Fund and not charged against other fund activity, it is not defined as an Internal Service Fund.

### **Fiduciary Funds**

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The District is responsible for ensuring the assets reported in the Agency Fund, Fund 74, held on behalf of and at the discretion of students and staff at the schools, are used only for their intended purposes. Fiduciary Funds, are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

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

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements, and can be found on pages 43-67.

## Government-wide Financial Analysis

### Net Assets

The following table provides a summary of the Governmental and Enterprise Funds' net assets as of June 30, 2012. Restated comparative data for June 30, 2011 is also presented. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$285,212,824, an increase of \$48,672,594 over June 30, 2011.

	Governmental Activities		Business-Type Activities		Total	
	Restated				Restated	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Current and other assets	\$ 224,894,636	\$ 204,343,817	\$ 1,041,608	\$ (839,009)	\$ 225,936,244	\$ 203,504,808
Capital assets	692,650,645	703,551,617	3,721,875	4,090,512	696,372,520	707,642,129
Total assets	<b>917,545,281</b>	<b>907,895,434</b>	<b>4,763,483</b>	<b>3,251,503</b>	<b>922,308,764</b>	<b>911,146,937</b>
Other liabilities	36,734,126	34,404,553	8,602,752	860,275	37,594,398	35,264,828
Long-term liabilities outstanding	595,598,331	636,950,652	-	-	595,598,331	636,950,652
Total liabilities	<b>632,332,457</b>	<b>671,355,205</b>	<b>8,602,752</b>	<b>860,275</b>	<b>633,192,729</b>	<b>672,215,480</b>
Net assets:						
Invested in capital assets, net of related debt	125,537,753	95,943,480	3,721,875	4,090,512	129,259,628	100,033,992
Restricted for:						
Emergencies	12,790,000	11,745,301	-	-	12,790,000	11,745,301
Debt Service	60,333,964	59,340,736	-	-	60,333,964	59,340,736
Capital Projects	18,002,255	29,450,305	-	-	18,002,255	29,450,305
Other Funds	1,111,160	185,120	-	-	1,111,160	185,120
Unrestricted	67,437,692	39,875,287	181,336	(1,568,281)	67,619,028	38,307,006
Total net assets	<b>\$ 285,212,824</b>	<b>\$ 236,540,229</b>	<b>\$ 3,903,211</b>	<b>\$ 2,522,231</b>	<b>\$ 289,116,035</b>	<b>\$ 239,062,460</b>

The largest portion of the District's assets, seventy-six percent (76%), reflects its investment in capital assets, less accumulated depreciation. In prior years, the largest portion of current assets, predominately cash on hand, has been in the Building Fund, restricted to the construction and remodel of schools. As of June 30, 2012, the Building Fund (Capital Projects Fund, FY 2011) reported a cash balance of \$18,391,268 of which \$12,364,049 is the result of SkyView Academy's repayment of the 2009 COP sold on their behalf. These funds will continue to be spent down for needed District building repairs and improvements as well as other one time capital infrastructure needs. Additional funding will require voter approval in a future bond election or the District and Board may propose an additional COP subject to the limits of the COP policy.

Remaining cash balances are shared between the Combined General Fund, \$115,118,454 and the Bond Redemption Fund \$59,441,578, used to make semiannual debt service payments to bond holders. At the end of the current fiscal year, the District reports positive balances in all three categories of net assets for the government as a whole.

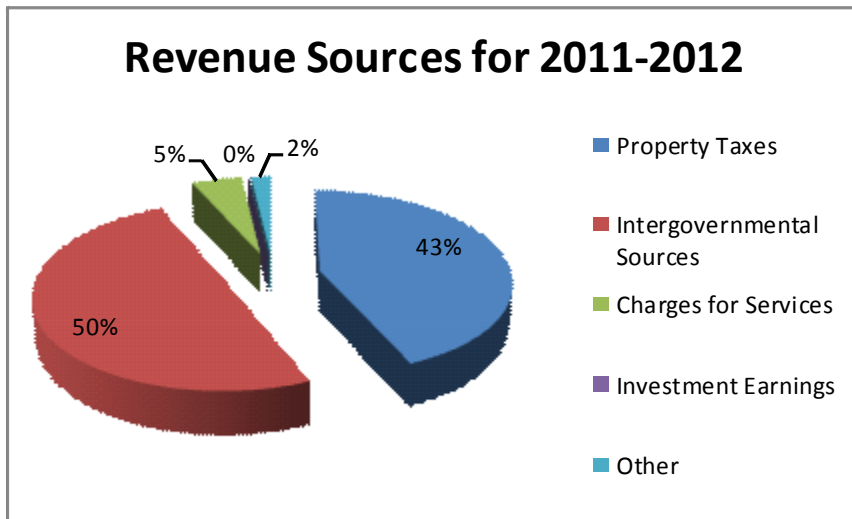
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, and to report on the financial position of the District so as to maintain transparency and provide accountability.

**Governmental Fund Financial Analysis (Continued)**

**Revenue Sources**

The District receives its revenues from local property taxes, intergovernmental sources through the state and federal government, charges for services rendered, returns on investment and several other minor sources. Listed below is a summary of the distribution of these revenues for FY 2011-2012. The largest revenue source for the District is received from State and Federal intergovernmental sources at \$270,223,934 or 49.8%, down .1% from 49.6% last year. Property taxes represent the next significant source of revenue at \$236,258,181 or 43.5%, down 0.7% from FY 2010-2011. The District also charges its charter schools and students various fees. In FY 2011-2012 this amount is \$26,326,938. The balance of the revenues are generated from investment returns and other sources.

	2011-2012		Restated 2010-2011	
Property Taxes	\$ 236,258,181	43.5%	\$ 244,884,158	44.2%
Intergovernmental Sources	270,223,934	49.8%	274,736,664	49.6%
Charges for Services	26,326,938	4.8%	24,594,662	4.4%
Investment Earnings	160,793	0.0%	423,889	0.1%
Other	10,188,833	1.9%	9,000,432	1.6%
	<u>\$ 543,158,679</u>	<u>100%</u>	<u>\$ 553,639,805</u>	<u>100%</u>



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**Governmental Fund Financial Analysis (Continued)**

**Revenues by Fund**

Overall, governmental fund revenues decreased by \$10,481,126 over last year reflective of decreased state revenues associated with a drop of \$330 per student in per pupil revenues, loss of Federal EDU Jobs and ARRA Grants and loss of the one time State BEST Grant, a State matching facility grant program, specified for Douglas County High School. This loss in revenue is net of new revenue associated with over 1,600 new students.

	<b><u>2011-2012</u></b>		<b><u>Restated 2010-2011</u></b>		<b><u>Inc/(Dec)</u></b>
Combined General Fund	\$ 453,973,917	83.6%	\$ 456,063,879	82.4%	\$ (2,089,962)
Bond/COP Redemption	69,715,225	12.8%	70,711,380	12.8%	(996,155)
Building Funds	176,013	0.0%	2,810,424	0.5%	(2,634,411)
Other Governmental Funds	19,293,524	3.6%	24,054,122	4.3%	(4,760,598)
Total	<u>\$ 543,158,679</u>	<u>100%</u>	<u>\$ 553,639,805</u>	<u>100%</u>	<u>\$ (10,481,126)</u>

**Expenditures by Fund**

At the same time, Governmental fund expenditures increased by \$2,833,007 from FY 2011 to FY 2012 due primarily to the costs associated with the increase in students. There was a year over year increase in charter school expense due to the opening of two new charter schools, Ben Franklin Academy and S.T.E.M. Note that the values for FY 2010-2011 have been restated to reflect the Capital Projects fund in the Combined General Fund as well as including as expenditures the District's payments to component units. We are proud to report that in spite of a \$330 per student decline in revenue, we were able to increase dollars to the classroom by over \$4 million from 2011. Please see the chart and graph on page 79.

	<b><u>2011-2012</u></b>		<b><u>Restated 2010-2011</u></b>		<b><u>Inc/(Dec)</u></b>
Combined General Fund	\$ 431,179,221	80.6%	\$ 419,720,215	78.9%	\$ 11,459,006
Bond/COP Redemption	70,602,913	13.2%	66,965,278	12.6%	3,637,635
Building Funds	9,876,414	1.8%	17,595,113	3.3%	(7,718,699)
Other Government Funds	23,331,138	4.4%	27,876,073	5.2%	(4,544,935)
Total	<u>\$ 534,989,686</u>	<u>100%</u>	<u>\$ 532,156,679</u>	<u>100%</u>	<u>\$ 2,833,007</u>

**Ending Fund Balances**

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$179,831,719, an increase over FY 2010-2011 of \$23,341,171. Most of this increase was in the Combined General Fund reflective of careful spending and cost saving efforts in utilities and health benefits. The pay-off of SkyView Academy's liability due to the District's 2009 COP also contributed to this increase. Note that the Building Fund will continue to be drawn down as the District completes the projects committed with the 2006 bond authority.

	<b><u>2011-2012</u></b>		<b><u>Restated 2010-2011</u></b>		<b><u>Inc/(Dec)</u></b>
Combined General Fund	\$ 100,384,340	55.8%	\$ 80,549,837	51.5%	\$ 19,834,503
Bond/COP Redemption	60,333,964	33.6%	59,340,736	37.9%	993,228
Building Funds	18,002,255	10.0%	15,338,607	9.8%	2,663,648
Other Government Funds	1,111,160	0.6%	1,261,368	0.8%	(150,208)
Total	<u>\$ 179,831,719</u>	<u>100%</u>	<u>\$ 156,490,548</u>	<u>100%</u>	<u>\$ 23,341,171</u>

**Combined General Fund Budgetary Highlights**

The District approves a budget in June based on enrollment projections for the following school year and State Legislative action in the spring. The District's expenditures were under budget in the Combined General Fund by \$33,028,098 again due to the successful monitoring and review of expenditures district-wide. In addition, \$1,170,700 of risk fund expense was reduced due to the IBNR (Incurred But Not Reported) liability being re-categorized as a long term liability as opposed to a current liability reflected in FY 2010-2011. Revenues exceeded expenditures by \$22,794,696 and were greater than budgeted by \$10,148,686. Over one half of this increase was due to greater receipts associated with charges for services.

Though the District has seen increased enrollment with decreases in PPR (per pupil revenue) over the last three years, we are guardedly optimistic that economic recovery is in the near future. For example, the PPR has been maintained into FY 2012-2013 and the September 2012 Colorado State revenue forecast indicates that for the first time in 4 years, the State's negative factor will not increase. The State is forecasting that State revenue has increased sufficiently to fund both new student growth and the inflation factor in FY 2013-2014. In FY 2010-2011, the District budget was reduced about \$26.8 million. In FY 2011-2012, the fiscal year represented in these financial statements, the District reduced budgets by a total of about \$21.7 million but offset about \$11.7 million with the use of one-time monies in anticipation of a successful election in November of 2011. The new year, then, FY 2012-2013, accounted for this \$11.7 million in reductions that had been delayed into the new fiscal year.

**Business-Type Activities**

**Nutrition Services**

In FY 2011-2012, business-type activities in Nutrition Services decreased due to the one time inventory adjustment required in the financial statements for FY 2010-2011. The District transferred \$600,000 from the General Fund to correct this negative fund for FY 2012-2013. In addition, the Board of Education approved a 25 cent increase in lunch charges to assist Nutrition Services in their progress back to financial stability.

**Business Type Activities - Nutrition Services**

	<u>2011-2012</u>	<u>2010-2011</u>	<u>Inc/(Dec)</u>
Total Assets	\$ 4,282,763	\$ 5,185,491	\$ (902,728)
Total Liabilities	(4,281,944)	(5,821,720)	1,539,776
Net Assets	<u>\$ 819</u>	<u>\$ (636,229)</u>	<u>\$ 637,048</u>

Nutrition Services continued staffing corrections during FY 2011-2012 and continued to keep food prices down by maximizing warehouse operations.

	<u>2011-2012</u>	<u>2010-2011</u>	<u>Inc/(Dec)</u>
Total Revenues	\$ 10,624,082	\$ 10,850,731	\$ (226,649)
Salaries & Benefits	(5,872,809)	(5,857,254)	(15,555)
Food Purchases	(5,958,012)	(6,088,508)	130,496
Supplies & Other	(2,332,232)	(2,450,421)	118,189
Operating Inc.(Loss)	<u>\$ (3,538,971)</u>	<u>\$ (3,545,452)</u>	<u>\$ 6,481</u>
Non Operating Revenue	4,176,019	3,729,239	446,780
Net Change in Assets	<u>\$ 637,048</u>	<u>\$ 183,787</u>	<u>\$ 453,261</u>

**Business-Type Activities (Continued)**

**Child Care**

Child Care Services increased net assets by \$456,384 for the FY 2011-2012 indicative of continued progress towards their goal of carrying three months of operating expenses at each school's Before and After School Enterprise (B.A.S.E.) program. In spite of the decrease in enrollment due to the economy, each site adjusted accordingly to improve their net operating status. In the future, sites will continue to find ways to increase enrollment through better marketing strategies and enhanced programming. The District's child care program has continued to provide safe, enriching, affordable, quality services at our elementary schools. This focus on quality is exemplified by another of these programs receiving accreditation in FY 2011-2012 by COA, the Council of Accreditation. This addition brings the total to three of these B.A.S.E. programs achieving this goal. Two more site programs are working towards this accreditation in the new fiscal year

**Business Type Activities - Child Care**

	<u>2011-2012</u>	<u>2010-2011</u>	<u>Inc./(Dec)</u>
Total Assets	\$ 4,193,549	\$ 3,682,454	\$ 511,095
Total Liabilities	(578,705)	(523,994)	(54,711)
Net Assets	<u>\$ 3,614,844</u>	<u>\$ 3,158,460</u>	<u>\$ 456,384</u>

**Outdoor Education**

In FY 2011-2012, the District started another enterprise fund called Outdoor Education. During FY 2011-2012, Douglas County purchased the Emily Griffith Center and deeded the property over to Douglas County School District allowing the District to establish an outdoor education program for our students. Though some activity is reflected in the current year fund statements, activity due primarily to facility upgrades needed to prepare for students, the Outdoor Education Program is expected to ramp up in FY 2012-2013.

**Business Type Activities - Outdoor Education**

	<u>2011-2012</u>	<u>2010-2011</u>	<u>Inc./(Dec)</u>
Total Assets	\$ 400,131	\$ -	\$ 400,131
Total Liabilities	(112,583)	-	(112,583)
Net Assets	<u>287,548</u>	-	<u>287,548</u>
Revenues	10,054	-	10,054
Salaries & benefits	(21,442)	-	(21,442)
Purchased Services	(37,037)	-	(37,037)
Supplies & Other	(214,027)	-	(214,027)
Operating Inc./ (Loss)	<u>(262,452)</u>	-	<u>(262,452)</u>
Non Operating Revenue	550,000	-	550,000
Net Change in Assets	<u>\$ 287,548</u>	<u>\$ -</u>	<u>\$ 287,548</u>

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## Capital Asset and Debt Administration

### Capital Assets

The District's investment in capital assets for governmental and business-type activities as of June 30, 2012, equaled \$692,650,645 (net of accumulated depreciation). This investment in capital assets includes land, buildings, construction in progress, service vehicles, buses, playground, office, and instructional equipment. Additional information on the District's capital assets is provided in Note 4 on page 53. It is in this area that the one time Construction in Progress correction was made as described in Note 11 on page 67.

	Governmental Activities		Business-Type Activities	
	2012	Restated 2011	2012	2011
Governmental Funds Capital Assets:				
Land and Improvements	\$ 10,475,218	\$ 10,475,218	\$ 362,320	\$ 362,320
Buildings	873,671,300	863,100,364	7,198,061	7,164,828
Machinery and Equipment	59,752,548	52,311,801	-	-
Construction in Progress	20,349,567	21,480,237	-	-
Depreciation	(271,597,988)	(243,816,003)	(3,846,005)	(3,436,636)
Total Governmental Funds Capital Assets	<u>\$ 692,650,645</u>	<u>\$ 703,551,617</u>	<u>\$ 3,714,376</u>	<u>\$ 4,090,512</u>

### Long-Term Debt

As of June 30, 2012, the District had outstanding long term debt of \$595,598,311. Of this amount, \$509,211,093 is general obligation bonded debt, which is backed by the full faith and credit of the District. Please also note the \$26,405,000 in outstanding Certificates of Participation.

	Governmental Activities			
	June 30, 2012	%	June 30, 2011	%
General Obligation Bonds	\$ 509,211,093	85.5%	\$ 543,221,501	85.3%
Registered Coupons	-	0.0%	5,815,000	0.9%
Certificates of Participation	26,405,000	4.4%	27,540,000	4.3%
Accreted Interest	18,532,441	3.1%	21,094,590	3.3%
Bond Premiums	63,924,242	10.7%	54,986,152	8.6%
Deferred Amount on Refunding	(33,586,745)	-5.6%	(23,952,516)	-3.8%
Early Separation Agreement	3,137,666	0.5%	4,759,164	0.7%
Extended Service Agreement	2,901,205	0.5%	-	0.0%
Capital Leases	1,159,302	0.2%	-	0.0%
Compensated Absences	3,914,107	0.7%	3,486,760	0.5%
Total	<u>\$ 595,598,311</u>	<u>100%</u>	<u>\$ 636,950,651</u>	<u>100%</u>

November 2006, was the last time District voters authorized the issuance of \$200,000,000 in general obligation bonds to pay the costs associated with the District's Master Capital Plan. This Plan identifies the District's needs for facilities and renovations. Since that time, elections in November of 2008 and November 2011 have failed requiring the District to be more innovative in meeting our facility needs. It is this fact that led to the development of a Certificate of Participation (COP) policy specifying a maximum COP liability to meet District facility needs along with defining the circumstances under which the District would partner with charter schools to provide needed classroom spaces.

At this juncture, identified capital projects are carefully prioritized to determine those with the greatest need or safety concern so that the remaining 2006 bond dollars are used in the most effective way possible. The District and the LRPC (Long Range Planning Committee) continue to assess the status of facilities, to determine additional facility and technological needs based on student growth, and to update the Master Capital Plan with this information.

### **Capital Asset and Debt Administration (Continued)**

The LRPC works to evaluate growth trends within the District and to provide input to the long-term capital plan mentioned above. They are charged with making recommendations for boundary changes, calendar changes and other actions which aid in accommodating the enrollment growth in the District. In addition, when the Capital Plan is presented to the Board of Education for review and approval, this committee may also make recommendations about the timing and dollar amount for future bond elections.

The District maintains credit ratings with all three credit agencies as follows: Moody's Investors Services Inc. at Aa2, Fitch, Inc. at AA, and Standard and Poor's at AA upgraded. Additional information on the District's long-term debt is provided in Note 6 starting on page 55.

On February 16, 2012, the District refunded a portion of its outstanding general obligation bonds in the amount of \$71,095,000. This resulted in a savings to the Douglas County taxpayer of \$3,752,089. The favorable refunding rates were possible because of the District's strong credit ratings and the continued favorable bond market.

### **Other Obligations of the District**

Certificates of Participation (COP) in the amount of \$26,405,000 are collateralized by specific buildings owned by the District. Certificates of Participation are subject to annual appropriation and are distinctly different from general obligation bonds which have been and must be voter-approved.

You can see from the COP summary in Note 6 on page 56, in FY 2009, the District issued \$13,920,000 in COPs on behalf of a new charter school, SkyView Academy. SkyView has paid off their obligation and the District is using these proceeds to fund our own capital improvement needs. The SkyView pay-off proceeds have been deposited in the Building Fund, Fund 45, found on page 93. The District will continue to pay semi-annual interest and annual principle payments as we have done since 2009. These payments are accounted for in Fund 39, the COP Redemption Fund. These funds will require yearly appropriations as well as yearly budgeted transfers from the General Fund.

### **Fund Balance Policy**

Both the extent and the quality of educational services affect and are affected by the financial condition of the District. The District provides its best estimate of the end-of-year fund balances to be carried forward to the ensuing year as a beginning fund balance. At a minimum, the budget adopted by the District shall ensure that unrestricted General Fund or cash emergency reserves are held in the amount required under the provisions of the Colorado State Constitution. This year the District's Fund Balance Policy was revised to include the new regulations under the Governmental Accounting Standards Board 54 (GASB 54). The District maintains an ongoing three year projection for significant operating funds.

Due to the District's healthy fund balance, the District revised the reserve requirement back to the former 3% of expenditures plus a 1% contingency budget on top of the 3% TABOR requirement. This policy revision resulted in the District allowing the JP Morgan Chase Letter of Credit to lapse. The nonrenewal of the Letter of Credit resulted in savings of over \$160,000. Compliance with and level of reserves and contingencies contemplated by this policy shall be examined every year as part of the budget development process to determine if modifications are prudent in view of uncertainties in current and future revenues and expenses.

### **Letter of Credit**

The financial statements report that the State of Colorado requires each school district to reserve 3% or more of fiscal year spending to use only for declared emergencies. Colorado Revised Statutes permit school districts to secure a letter of credit from an investment grade bank for all or a portion of the emergency reserve as long as the Board of Education has filed a letter of intent with the State Treasurer and the Department of Education. Effective FY 2012-2013, the District has allowed this Letter of Credit agreement with JP Morgan Chase Bank in the stated amount of \$12.7 million to lapse. You can see on page 34 that the financial statements report the District meets this newly revised Board of Education policy reporting an unassigned fund balance of about \$18 million.

## **Economic Factors and Fiscal Year 2012-2013 Budgets**

- Enrollment is expected to increase by approximately 1,500 students in FY 2012-2013 to about 64,500 PK-12 students throughout the District in our neighborhood and charter schools. Over the next five years, the District expects continued growth though at a decreased rate in comparison to the last five years. Additional student enrollment results in greater revenue but also increases in costs associated with the need for new teachers and additional classroom space.
- The State of Colorado did not decrease per pupil revenue going into the FY 2012-2013 but the District prepared a new year budget planning on budget reductions and budget item reallocations of \$18.1 million. The District accounted for a \$2.2 million increase in District employee retirement contributions, the re-instatement of pay for performance dollars as well as prior year budget reductions that had been offset in the current year with the use of one time monies. In addition, we reallocated compensation dollars to award a 1% increase to all employees, the first pay increase awarded in over 4 years for some of our employee groups.
- The September 2012 Colorado Revenue Forecast was favorable and in response, Governor Hickenlooper proposed a FY 2013-2014 budget that included funding for student growth and cost of living. This proposal would result in an additional \$175/student for Douglas County School District. This proposal is subject to legislative action, but we are optimistic that this represents a long term upturn in school funding for Colorado school districts.
- The General Fund's "unassigned" fund balance reported in the Combining Balance Sheet on page 76 is \$18,052,019, just over the Board's policy of 3% plus 1% of available fund balance above the Tabor Reserve requirement. Note from the "assigned" balances that the District has committed to a 2% one time pay increase for all returning benefits eligible employees and increased one time discretionary monies of \$6,400,000 to all our PK-12 schools. These one-time pays are indicative of the administration's and Board's intent to manage the District's "unassigned" fund balance at the 3% plus 1% level ensuring that resources are allocated to best meet the needs of the District's students.
- The District continues to make progress towards achieving the priorities of its strategic plan, New Outcomes for a New Day. The new year focus is on teacher evaluation and compliance with the State's SB191, mandating that student academic growth be included in the evaluation of teachers. As part of this effort, the District's pay for performance programs are being reformed so that future pay increases are related to the work our teachers do in the classroom every day for the District's students.
- Note that the transfer from the General Fund to the Capital Projects Fund reflected in the Combining Revenues, Expenditures and Changes in Fund Balance on page 77, amounted to \$8,132,184. This increased funding was approved by the Board to implement the Personal Device Initiative (PDI) specified in the strategic plan. The PDI required additional wireless access points as well as upgraded security to facilitate the process in which students may bring their own technology device into our schools to use in their classrooms. It is anticipated that this policy change will decrease our computer replacement costs by about 35% over the next 5 years.

## **Component Units**

Only summary information regarding component units appear in the District's financial statements. The District has eleven component units, all of which are charter schools. Their financial statement information is presented in a separate column in the Government-wide Statement of Net Assets and in the Statement of Activities on pages 104 and 108 respectively. After a review of the Douglas County School Foundation financial activities, the District's business administration has determined that its financial activities should not be included as a component unit in this report.

## **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 701 Prairie Hawk Drive, Castle Rock, Colorado 80109.

# ***BASIC FINANCIAL STATEMENTS***





## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Net Assets  
June 30, 2012

	Primary Government		Total	Component
	Governmental Activities	Business-Type Activities		Units Charter Schools
<b>ASSETS</b>				
Cash and Investments	\$ 207,261,650	\$ 4,353,210	\$ 211,614,860	\$ 16,073,144
Receivables:				
Property Taxes, Net of Allowance for Uncollectible Taxes	7,061,861	-	7,061,861	-
Other	2,273,281	221	2,273,502	464,042
Internal Balances	4,112,960	(4,112,960)	-	-
Inventories	696,648	801,137	1,497,785	35,107
Prepaid Costs	109,894	-	109,894	193,112
Deposits	-	-	-	86,022
Restricted Cash and Investments	1,878,996	-	1,878,996	22,277,273
Bond Issuance Costs, Net	1,499,346	-	1,499,346	3,112,146
Capital Assets:				
Non-depreciable	30,824,785	-	30,824,785	12,279,462
Depreciable, Net	661,825,860	3,721,875	665,547,735	61,792,237
Total Assets	917,545,281	4,763,483	922,308,764	116,312,545
<b>LIABILITIES</b>				
Accounts Payable	8,782,115	321,852	9,103,967	2,680,471
Accrued Compensation	20,455,219	538,420	20,993,639	1,734,546
Unearned Revenues	683,007	-	683,007	738,754
Accrued Insurance Claims	5,256,805	-	5,256,805	-
Accrued Interest Payable	1,557,000	-	1,557,000	-
Non-Current Liabilities:				
Due within One Year	46,820,291	-	46,820,291	1,199,774
Due in More than One Year	548,778,020	-	548,778,020	95,604,387
Total Liabilities	632,332,457	860,272	633,192,729	101,957,932
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	125,537,753	3,721,875	129,259,628	(7,176,216)
Restricted:				
TABOR Emergency Reserve	12,790,000	-	12,790,000	1,874,899
Debt Service	60,333,964	-	60,333,964	10,500,110
Building Funds	18,002,255	-	18,002,255	284,511
Grants	185,120	-	185,120	-
Student Activities	926,040	-	926,040	-
Unrestricted	67,437,692	181,336	67,619,028	8,871,309
Total Net Assets	\$ 285,212,824	\$ 3,903,211	\$ 289,116,035	\$ 14,354,613

See accompanying notes to the financial statements

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Activities  
For the Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Instruction	\$ 266,574,362	\$ 26,326,938	\$ 10,310,725	\$ -
Supporting Services	149,913,182	-	13,463,969	-
Payments to Component Units	54,244,208	-	-	-
Interest on Long-Term Debt	28,148,114	-	-	-
<b>Total Governmental Activities</b>	<b>498,879,866</b>	<b>26,326,938</b>	<b>23,774,694</b>	<b>-</b>
<b>Business-Type Activities:</b>				
Nutrition Services	14,163,053	10,624,082	3,576,019	-
Child Care	8,673,470	9,129,854	-	-
Outdoor Education Center	272,506	10,054	-	-
<b>Total Business-Type Activities</b>	<b>23,109,029</b>	<b>19,763,990</b>	<b>3,576,019</b>	<b>-</b>
<b>Total Primary Government</b>	<b>521,988,895</b>	<b>46,090,928</b>	<b>27,350,713</b>	<b>-</b>
<b>Component Units</b>				
Charter Schools	\$ 62,171,178	\$ 5,290,345	\$ 1,557,388	\$ 425,129

## GENERAL REVENUES

Property Taxes

Specific Ownership Taxes

State Equalization

Capital Construction Funding

COP Charter School Repayment

Investment Earnings

Grants and Contributions not Specific to Programs

Other

Transfers In (Out)

Total General Revenues and Transfers

## CHANGE IN NET ASSETS

NET ASSETS, Beginning, Restated (Note 11)

NET ASSETS, Ending

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (229,936,699)	\$ -	\$ (229,936,699)	\$ -
(136,449,213)	-	(136,449,213)	-
(54,244,208)	-	(54,244,208)	-
(28,148,114)	-	(28,148,114)	-
(448,778,234)	-	(448,778,234)	-
-	37,048	37,048	-
-	456,384	456,384	-
-	(262,452)	(262,452)	-
-	230,980	230,980	-
(448,778,234)	230,980	(448,547,254)	-
-	-	-	(54,898,316)
213,087,082	-	213,087,082	2,094,958
16,186,615	-	16,186,615	-
246,289,764	-	246,289,764	51,909,389
-	-	-	596,227
12,364,050	-	12,364,050	-
174,758	-	174,758	135,133
159,476	-	159,476	1,156,880
10,339,083	-	10,339,083	242,560
(1,150,000)	1,150,000	-	-
497,450,828	1,150,000	498,600,828	56,135,147
48,672,594	1,380,980	50,053,574	1,236,831
236,540,230	2,522,231	239,062,461	13,117,782
\$ 285,212,824	\$ 3,903,211	\$ 289,116,035	\$ 14,354,613

See accompanying notes to the financial statements

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Balance Sheet  
Governmental Funds  
June 30, 2012

	Combined General	Bond & C.O.P. Redemption	Building Funds	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 115,118,454	\$ 59,441,578	\$ 18,391,268	\$ 1,322,929	\$ 194,274,229
Receivables:					
Property Taxes, Net of Allowance for Uncollectible Taxes	5,750,415	1,311,446	-	-	7,061,861
Other	833,418	-	1,456	1,324,279	2,159,153
Due from Other Funds	4,112,960	-	-	-	4,112,960
Prepaid Costs	109,894	-	-	-	109,894
Inventories, at Cost	696,648	-	-	-	696,648
Restricted Cash and Investments	-	-	1,878,996	-	1,878,996
<b>Total Assets</b>	<b>126,621,789</b>	<b>60,753,024</b>	<b>20,271,720</b>	<b>2,647,208</b>	<b>210,293,741</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts Payable	4,854,897	-	2,265,512	670,005	7,790,414
Accrued Compensation	19,751,495	-	3,953	694,353	20,449,801
Deferred Property Tax Revenues	1,119,740	419,060	-	-	1,538,800
Unearned Revenues	511,317	-	-	171,690	683,007
<b>Total Liabilities</b>	<b>26,237,449</b>	<b>419,060</b>	<b>2,269,465</b>	<b>1,536,048</b>	<b>30,462,022</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	696,648	-	-	-	696,648
Prepaid Costs	109,894	-	-	-	109,894
Restricted:					
TABOR Emergency Reserve	12,790,000	-	-	-	12,790,000
Building Fund	-	-	18,002,255	-	18,002,255
Debt Service	-	60,333,964	-	-	60,333,964
Grants	-	-	-	185,120	185,120
Student Athletics	-	-	-	926,040	926,040
Assigned:					
Full Day Kindergarten	5,528,444	-	-	-	5,528,444
Early Separation Agreement	3,159,164	-	-	-	3,159,164
Extended Service Severance	6,000,000	-	-	-	6,000,000
FY 2014 PERA Increase	2,200,000	-	-	-	2,200,000
School Discretionary Funds-\$125/student	6,400,000	-	-	-	6,400,000
One Time Retention Pay - 2%	5,600,000	-	-	-	5,600,000
Risk Insurance (Property, Liabilities, Wk.Comp)	2,783,610	-	-	-	2,783,610
Transportation	652,543	-	-	-	652,543
School and Department Carryover Funds	19,121,379	-	-	-	19,121,379
Capital Projects	17,290,639	-	-	-	17,290,639
Unassigned	18,052,019	-	-	-	18,052,019
<b>Total Fund Balances</b>	<b>100,384,340</b>	<b>60,333,964</b>	<b>18,002,255</b>	<b>1,111,160</b>	<b>179,831,719</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 126,621,789</b>	<b>\$ 60,753,024</b>	<b>\$ 20,271,720</b>	<b>\$ 2,647,208</b>	<b>\$ 210,293,741</b>

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-wide Statement of Net Assets  
June 30, 2012

Amounts reported for governmental activities in the statement of net assets are different because:

<b>Fund Balances of Governmental Funds</b>		\$ 179,831,719
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		692,650,645
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		1,538,800
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund, the medical risk fund, are included in governmental activities in the statement of net assets.		9,814,847
Long-term liabilities, including long-term debt and bond issue costs are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	\$ (509,211,093)	
Certificates of Participation	(26,405,000)	
Accreted Interest	(18,532,441)	
Bond Premiums	(63,924,242)	
Bond Issue Costs Net	1,499,346	
Deferred Amount on Refunding	33,586,745	
Accrued Interest Payable	(1,557,000)	
Accrued Insurance Claims Payable	(2,967,222)	
Capital Leases	(1,159,302)	
Early Separation Agreement	(3,137,666)	
Extended Service Severance Agreement	(2,901,205)	
Compensated Absences	(3,914,107)	
	<u>(598,623,187)</u>	<u>(598,623,187)</u>
<b>Net Assets of Governmental Activities</b>		<u>\$ 285,212,824</u>

See accompanying notes to the financial statements

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Fiscal Year Ended June 30, 2012

	Combined General	Bond C.O.P. Redemption	Building Funds	Non-Major Governmental	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 151,248,825	\$ 68,822,741	\$ -	\$ -	\$ 220,071,566
Specific Ownership Tax	16,186,615	-	-	-	16,186,615
Intergovernmental	259,753,733	-	159,476	10,310,725	270,223,934
Charges for Services	18,098,929	-	-	8,228,009	26,326,938
Investment Earnings	101,260	44,588	14,945	-	160,793
Other	8,584,555	847,896	1,592	754,790	10,188,833
<b>Total Revenue</b>	<b>453,973,917</b>	<b>69,715,225</b>	<b>176,013</b>	<b>19,293,524</b>	<b>543,158,679</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	236,828,234	-	-	10,375,808	247,204,042
Supporting Services	130,445,685	-	-	12,749,777	143,195,462
Capital Outlay	9,661,094	-	9,876,414	205,553	19,743,061
Debt Service:					
Principal	-	40,960,449	-	-	40,960,449
Debt Issuance Costs	-	489,201	-	-	489,201
Interest and Fiscal Charges	-	29,153,263	-	-	29,153,263
Payments to Component Units	54,244,208	-	-	-	54,244,208
<b>Total Expenditures</b>	<b>431,179,221</b>	<b>70,602,913</b>	<b>9,876,414</b>	<b>23,331,138</b>	<b>534,989,686</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>22,794,696</b>	<b>(887,688)</b>	<b>(9,700,401)</b>	<b>(4,037,614)</b>	<b>8,168,993</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Refunding Bonds	-	71,095,000	-	-	71,095,000
Refunding Bond Premium	-	14,185,059	-	-	14,185,059
Payment to Refunded Bond Escrow Agent	-	(84,800,060)	-	-	(84,800,060)
Issuance of Capital Lease	3,478,130	-	-	-	3,478,130
COP Charter School Repayment	-	-	12,364,049	-	12,364,049
Transfers In	44,588	1,445,505	-	3,887,406	5,377,499
Transfers Out	(6,482,911)	(44,588)	-	-	(6,527,499)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,960,193)</b>	<b>1,880,916</b>	<b>12,364,049</b>	<b>3,887,406</b>	<b>15,172,178</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>19,834,503</b>	<b>993,228</b>	<b>2,663,648</b>	<b>(150,208)</b>	<b>23,341,171</b>
<b>FUND BALANCES, Beginning, Restated</b>	<b>80,549,837</b>	<b>59,340,736</b>	<b>15,338,607</b>	<b>1,261,368</b>	<b>156,490,548</b>
<b>FUND BALANCES, Ending</b>	<b>\$ 100,384,340</b>	<b>\$ 60,333,964</b>	<b>\$ 18,002,255</b>	<b>\$ 1,111,160</b>	<b>\$ 179,831,719</b>

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2012

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

**Net change in fund balances of governmental funds** \$ 23,341,171

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlays exceeded loss on disposal of capital assets and depreciation.

Capital Outlay - Instruction	\$ 17,258,234	
Depreciation related to Instructional Assets	(24,975,963)	
Depreciation related to Supporting Services	(3,150,122)	
Loss on Disposal of Assets	<u>(33,121)</u>	(10,900,972)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (6,984,484)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal Payments - G.O. Bonds	\$ 34,010,449	
Principal Payments - Registered Coupons	5,815,000	
Principal Payments - COPs	1,135,000	
Issuance of Refunding Bonds	(71,095,000)	
Bond Premium	(14,185,059)	
Payment to Refunding Bond Escrow Agent	84,800,060	
Change in Accreted Interest	2,562,149	
Change in Accrued Interest	422,762	
Change in Bond Issue Costs	(332,227)	
Change in Compensated Absences	(427,347)	
Change in Early Separation and Extended Service Agreement	(1,279,707)	
Issuance of Capital Lease	(3,478,130)	
Capital Lease Payments	2,318,828	
Amortization of Bond Premium	4,383,035	
Amortization of Deferred Amount on Refunding	<u>(3,206,938)</u>	<u>41,442,875</u>

Some expenses reported in the state of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (1,600,541)

Internal Service Funds are used by management to charge the cost of medical insurance to individual funds. The net revenue (expense) of the Internal Service Fund, the Medical Risk Fund are reported with governmental activities. 3,374,545

**Change in net assets of governmental activities** \$ 48,672,594

See accompanying notes to the financial statements

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Net Assets  
Proprietary Funds  
June 30, 2012

	Business Type Activities Enterprise Funds			Total	Governmental Activities
	Nutrition Services Fund 51	Child Care Fund 52	Non-Major Outdoor Ed Center Fund 54		Internal Service Fund
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 1,210	\$ 3,951,869	\$ 400,131	\$ 4,353,210	\$ 12,987,421
Other Receivables	78	143	-	221	114,128
Inventories	801,137	-	-	801,137	-
<b>Total Current Assets</b>	<b>802,425</b>	<b>3,952,012</b>	<b>400,131</b>	<b>5,154,568</b>	<b>13,101,549</b>
<b>Capital Assets:</b>					
Building	362,320	-	-	362,320	-
Machinery and Equipment	6,901,948	296,113	-	7,198,061	-
Accumulated Depreciation	(3,783,930)	(54,576)	-	(3,838,506)	-
<b>Total Capital Assets</b>	<b>3,480,338</b>	<b>241,537</b>	<b>-</b>	<b>3,721,875</b>	<b>-</b>
<b>Total Assets</b>	<b>4,282,763</b>	<b>4,193,549</b>	<b>400,131</b>	<b>8,876,443</b>	<b>13,101,549</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	70,884	139,288	111,680	321,852	991,701
Accrued Compensation	98,100	439,417	903	538,420	5,418
Due to Other Funds	4,112,960	-	-	4,112,960	-
Accrued Insurance Claims	-	-	-	-	2,289,583
<b>Total Current Liabilities</b>	<b>4,281,944</b>	<b>578,705</b>	<b>112,583</b>	<b>4,973,232</b>	<b>3,286,702</b>
<b>NET ASSETS</b>					
Invested in Capital Assets	3,480,338	241,537	-	3,721,875	-
Unrestricted	(3,479,519)	3,373,307	287,548	181,336	9,814,847
<b>Total Net Assets</b>	<b>819</b>	<b>3,614,844</b>	<b>287,548</b>	<b>3,903,211</b>	<b>9,814,847</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,282,763</b>	<b>\$ 4,193,549</b>	<b>\$ 400,131</b>	<b>\$ 8,876,443</b>	<b>\$ 13,101,549</b>

See accompanying notes to the financial statements



## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds			Total	Governmental Activities
	Nutrition Services Fund 51	Child Care Fund 52	Non-Major Outdoor Ed Center Fund 54		Internal Service Funds
<b>OPERATING REVENUES</b>					
Food Charges	\$ 10,556,819	\$ -	\$ -	\$ 10,556,819	\$ -
Charges for Services	-	9,128,940	10,054	9,138,994	38,403,472
Other	67,263	914	-	68,177	150,256
<b>Total Operating Revenue</b>	<b>10,624,082</b>	<b>9,129,854</b>	<b>10,054</b>	<b>19,763,990</b>	<b>38,553,728</b>
<b>OPERATING EXPENSES</b>					
Salaries and Benefits	5,872,809	6,754,554	21,442	12,648,805	426,503
Food Purchases	5,958,012	-	-	5,958,012	-
Purchased Services	703,599	401,711	37,037	1,142,347	-
Depreciation	394,426	8,443	-	402,869	-
Supplies	661,998	696,495	50,093	1,408,586	-
Other	572,209	812,267	163,934	1,548,410	4,905
Insurance and Claims	-	-	-	-	34,761,740
<b>Total Operating Expenses</b>	<b>14,163,053</b>	<b>8,673,470</b>	<b>272,506</b>	<b>23,109,029</b>	<b>35,193,148</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,538,971)</b>	<b>456,384</b>	<b>(262,452)</b>	<b>(3,345,039)</b>	<b>3,360,580</b>
<b>NONOPERATING REVENUES</b>					
Federal Government Lunch Program	2,715,339	-	-	2,715,339	-
Commodity Contribution	733,935	-	-	733,935	-
State Match	126,745	-	-	126,745	-
Investment Earnings	-	-	-	-	13,965
<b>Total Nonoperating Revenues</b>	<b>3,576,019</b>	<b>-</b>	<b>-</b>	<b>3,576,019</b>	<b>13,965</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers In	600,000	-	550,000	1,150,000	-
<b>CHANGE IN NET ASSETS</b>	<b>637,048</b>	<b>456,384</b>	<b>287,548</b>	<b>1,380,980</b>	<b>3,374,545</b>
<b>NET ASSETS (DEFICIT), Beginning</b>	<b>(636,229)</b>	<b>3,158,460</b>	<b>-</b>	<b>2,522,231</b>	<b>6,440,302</b>
<b>NET ASSETS, Ending</b>	<b>\$ 819</b>	<b>\$ 3,614,844</b>	<b>\$ 287,548</b>	<b>\$ 3,903,211</b>	<b>\$ 9,814,847</b>

See accompanying notes to the financial statements

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds			Total	Governmental Activities
	Nutrition Services Fund 51	Child Care Fund 52	Non-Major Outdoor Ed Fund 54		Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 10,624,639	\$ 9,129,711	\$ 10,054	\$ 19,764,404	\$ 38,325,625
Payments to Suppliers	(6,954,179)	(1,873,905)	(139,384)	(8,967,468)	(34,618,465)
Payments to Employees	(5,889,361)	(6,736,411)	(20,539)	(12,646,311)	(428,326)
Net Cash Provided (Used) by Operating Activities	<u>(2,218,901)</u>	<u>519,395</u>	<u>(149,869)</u>	<u>(1,849,375)</u>	<u>3,278,834</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Federal Government Lunch Payments	3,030,379	-	-	3,030,379	-
State Match	126,746	-	-	126,746	-
Interfund Transfers	(903,482)	-	550,000	(353,482)	-
Net Cash Provided by Noncapital Financing Activities	<u>2,253,643</u>	<u>-</u>	<u>550,000</u>	<u>2,803,643</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>					
Purchase of Equipment	(34,233)	-	-	(34,233)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Earnings on Investments	-	-	-	-	13,965
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>509</b>	<b>519,395</b>	<b>400,131</b>	<b>920,035</b>	<b>3,292,799</b>
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<b>701</b>	<b>3,432,474</b>	<b>-</b>	<b>3,433,175</b>	<b>9,694,622</b>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u><b>\$ 1,210</b></u>	<u><b>\$ 3,951,869</b></u>	<u><b>\$ 400,131</b></u>	<u><b>\$ 4,353,210</b></u>	<u><b>\$ 12,987,421</b></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ (3,538,971)	\$ 456,384	\$ (262,452)	\$ (3,345,039)	\$ 3,360,580
Adjustments to Operating Income (Loss) not Affecting Cash Flows:					
Depreciation	394,426	8,443	-	402,869	-
Food Commodities	733,935	-	-	733,935	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Other Receivables	557	(143)	-	414	(114,128)
Decrease in Inventories	227,446	-	-	227,446	-
Increase (Decrease) in Accounts Payable	(19,742)	36,568	111,680	128,506	15,446
Increase (Decrease) in Accrued Compensation	(16,552)	18,143	903	2,494	(1,823)
Increase in Accrued Insurance Claims	-	-	-	-	18,759
Total Adjustments	<u>1,320,070</u>	<u>63,011</u>	<u>112,583</u>	<u>1,495,664</u>	<u>(81,746)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><b>\$ (2,218,901)</b></u>	<u><b>\$ 519,395</b></u>	<u><b>\$ (149,869)</b></u>	<u><b>\$ (1,849,375)</b></u>	<u><b>\$ 3,278,834</b></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Donated Federal Government Commodity Items	<u><b>\$ 733,935</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 733,935</b></u>	<u><b>\$ -</b></u>

See accompanying notes to the financial statements

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Net Assets  
Fiduciary Funds  
June 30, 2012

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	Private Purpose Trust Scholarship Fund 75	Agency Fund 74
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and Investments	\$ 63,866	7,365,135
Accounts Receivable	-	1,440
	<u>                    </u>	<u>                    </u>
Total Assets	<u>63,866</u>	<u>7,366,575</u>
<b>LIABILITIES</b>		
Accounts Payable	-	69,495
Assigned Student Related Activities	-	7,297,080
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>-</u>	<u>\$ 7,366,575</u>
<b>NET ASSETS</b>		
Held in Trust for Scholarships	<u>63,866</u>	
	<u>                    </u>	
Total Net Assets	<u>\$ 63,866</u>	

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Changes in Fiduciary Net Assets  
For the Fiscal Year Ended June 30, 2012

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	<u>Private Purpose Trust Scholarship</u>
ADDITIONS	
Contributions	\$ 59,800
Total Additions	<u>59,800</u>
DEDUCTIONS	
Grants and Scholarships	<u>25,500</u>
Total Deductions	<u>25,500</u>
CHANGE IN NET ASSETS	34,300
NET ASSETS, Beginning	<u>29,566</u>
NET ASSETS, Ending	<u><u>\$ 63,866</u></u>

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Reporting Entity**

The Douglas County School District RE.1 (the District) is a political subdivision of the State of Colorado governed by an elected seven-member board of education. The accompanying financial statements present the District and the component units for which the District is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the District.

***Discretely Presented Component Units*** - The District's charter schools consist of eleven separately authorized charters: Academy, American Academy, Ben Franklin Academy, Challenge to Excellence, Core Knowledge, North Star Academy, Platte River Academy, DCS Montessori, SkyView, STEM High (Science, Technology, Engineering and Math), and Hope Online Learning Academy Co-Op. Charter schools are public schools authorized by the State of Colorado to provide alternatives for parents, pupils and teachers. The schools have separate governing boards but are fiscally dependent on the District for the majority of funding, and their exclusion would render the District's financial statements incomplete. Charter schools are considered discretely presented component units for external financial reporting purposes. The charter schools report within their reporting entities various foundations formed for fund-raising or debt administration. Separate financial statements for all charter schools are available at each school location and online, and each charter school's financial statements are summarized in the supplement section of this report.

***Joint Venture (Parker Joint Service Facility)*** - In September 1991, the District and the Parker Fire Protection District (Parker Fire) entered into a joint venture agreement for the construction and operation of a transportation facility (The Facility). Currently, the District acts in the capacity of administrator, under the joint control of the District's Board and the governing body of Parker Fire. The District's share of operating costs for The Facility is 45%.

The Facility is solely responsible for the transportation operations, maintenance and services of the District and Parker Fire. The Facility is funded through the budgetary process of both parties to the joint venture in proportion to their respective shares and anticipated usage. The District records operating payments for transportation operations and usage as transportation expenditures in the Combined General Fund. Separate financial statements for this joint venture can be obtained at its offices, 17801 East Plaza Drive, Parker, Colorado.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., Statement of Net Assets and Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services which are reasonably equivalent to the services provided to external organizations. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues. The District does not allocate indirect expenses.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Government-wide and Fund Financial Statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except grant revenues which are considered to be available if they are collected within 90 days. Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and risk management claims, are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to November 1, 1989, generally were followed in both the government-wide and proprietary fund financial statements to the extent those standards did not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Nutrition Services Fund, the Child Care Fund, the Outdoor Education Fund and the Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The Capital Projects Fund is included in the Combined General Fund since all the revenues come from the General Fund.

The *Bond and COP Redemption Lease Payment Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Building Funds* account for only the acquisition and construction of major capital facilities funded by the sale of general obligation bonds or certificates of participation.

The District reports the following major proprietary funds:

The *Nutrition Services Fund* accounts for the financial activities associated with the District's school lunch program.

The *Child Care Fund* accounts for the activities of the intersession and before and after school programs. This fund is presented as a major fund for public interest purposes.

Additionally, the District reports the following fund types:

The *Internal Service Fund* accounts for health activities associated with a self funded health insurance plan, a fully insured health plan, as well as other employee benefits, including dental and vision.

The *Agency Fund* is used to account for resources used at the sole discretion of each school, including the school's student activities. The District holds all resources in a purely custodial capacity.

The *Private-Purpose Trust Scholarship Fund* accounts for the activities of various scholarship accounts. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, and other governments and are therefore not available to support the District's own programs.

**Assets, Liabilities, and Net Assets or Fund Balance**

Deposits and Investments

The District's cash and cash equivalents are defined as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the District, as well as for its component units, are reported at fair value. Investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as Internal Balances.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Assets, Liabilities, and Net Assets or Fund Balance (Continued)**

Receivables and Payables (Continued)

Property taxes are levied on December 15. Property taxes are payable in full by April 30, or in two equal installments due February 28 and June 15. The County bills and collects property taxes for all taxing districts within the County. Property tax receipts are remitted to the District in the subsequent month. Delinquent property taxes are subject to sale of tax certificates in the following November. Property taxes levied in the current year but not received at year-end are identified as property taxes receivable and are presented net of an allowance for uncollectible taxes. Any taxes not collected within 60 days after year-end are recorded as deferred revenue in the fund financial statements.

Specific ownership taxes are collected by the County for motor vehicles registered in the District's assessment area. Tax receipts collected by the County are remitted to the District in the subsequent month. Specific ownership taxes are recorded as receivables and revenues when collected by the County.

Inventories and Prepaid Costs

All inventories are valued at cost using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements.

Restricted Assets

The District and its component units restrict cash and investments representing debt service reserves and unspent bond proceeds.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an individual or aggregate cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at 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.

First year depreciation is calculated at one-half year, regardless of the purchase date. Property and equipment of the District, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:



NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Assets, Liabilities, and Net Assets or Fund Balance (Continued)**Capital Assets (Continued)

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20 - 40
Portable classrooms	25
Vehicles	8
Office equipment	7 - 10
Computer equipment	5

Deferred Revenues /Unearned Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Deferred revenues in the governmental funds include grant funds that have been collected but the corresponding expenditures have not been incurred. Property taxes earned but not available are also recorded as deferred revenue in the fund financial statements. Unearned revenue in the statement of net assets consists of succeeding year's property taxes that will not be recognized as revenue until the year for which it is levied, and unearned grant proceeds.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. Unused sick leave is paid to employees, up to a maximum of 130 days, upon termination after completing ten years of service. Vacation time must be used the same fiscal year it is earned. A liability for these amounts is reported in the government-wide financial statements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Fund Balance/Net Assets

The District implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for fiscal year 2011. In the fund financial statements, governmental funds report the following classification of fund balance:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Assets, Liabilities, and Net Assets or Fund Balance (Continued)**

Fund Balance/Net Assets (Continued)

*Nonspendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

*Restricted* - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

*Committed* - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Fund balance of the District may be committed for a specific source by formal action of the Board of Education. Amendments or modifications of the committed fund balance must also be approved by formal action of the Board of Education.

*Assigned* - includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, the Board delegates authority to the Superintendent or the Chief Financial Officer.

*Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund and negative fund balances in other governmental funds. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding unspent bond and COP proceeds, as of June 30, 2012, of \$20,271,720. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. As of June 30, 2012, the District has \$12,790,000 restricted by enabling legislation.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 2: DEPOSITS AND INVESTMENTS

At June 30, 2011, deposits and investments were reported in the financial statements as follows:

Governmental Activities *	\$	209,140,646
Business-type Activies		4,353,210
Private Purpose Trust Scholarship		63,866
Agency		7,365,135
Total	\$	<u>220,922,857</u>

\* Governmental Activities include the Governmental Fund and the Internal Service Fund (the Medical Fund).

Cash and investments at June 30, 2012, consisted of the following:

Deposits	\$	6,636,801
Cash on Hand		50,608
Investments		214,235,448
Total	\$	<u>220,922,857</u>

**Deposits**

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is \$250,000 per official custodian. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State statutes. The State regulatory commissioners regulate the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to at least 102% of the uninsured deposits. At June 30, 2012, the District bank deposits were covered by FDIC Insurance or falls under the provisions of PDPA.

The charter schools had restricted cash balances totaling \$22,277,273 at June 30, 2012 for required debt service reserves.

**Investments**

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)Investments (Continued)

The District's investment policy does not further restrict its investment options.

At June 30, 2012, the District had the following investments:

Investment Type	Rating Standard & Poor's or Moody's	Less Than 1 year	1-5 years	Fair Value
Money Market Funds	AAAm	\$ 71,134,209	\$ -	\$ 71,134,209
Investment Pool	AAAm	132,099,797	-	132,099,797
US Agency Securities	AA-AAA	-	11,001,442	11,001,442
	Total	\$ 203,234,006	\$ 11,001,442	\$ 214,235,448

*Local Government Investment Pools* - At June 30, 2012, the District had \$132,099,797 invested in local government investment pools with \$131,499,567 invested in CSAFE, Colorado Surplus Asset Fund, and \$600,230 in COLOTRUST, Colorado Local Government Liquid Asset Trust.

Both are statutory trusts organized and existing under the laws of the State of Colorado intended solely for the use of Colorado local governments. Investments of the trust are limited to those allowed by State statutes. CSAFE, Colorado Surplus Asset Fund Trust, was formed in 1988 and is an original Colorado local government investment pool developed by Colorado local governments for Colorado local governments. CSAFE's sole purpose is to serve government entities in Colorado to meet their daily cash management needs with an emphasis on 1) safety, 2) liquidity, 3) transparency and 4) competitive yields. Colorado Surplus Asset Fund Trust ("CSAFE") is a local government investment pool trust fund organized under C.R.S. §24-75-701, *et seq.*, registered as such with the Colorado Securities Commissioner pursuant to the Local Government Investment Pool Trust Fund Administration and Enforcement Act, C.R.S. §11-51-901, *et seq.* As such a trust, CSAFE pools and invests the funds of Colorado local government participants within the investment policies and limitations set forth in CSAFE's Indenture of Trust and C.R.S. §24-75-601, *et seq.* Participants include municipalities, counties, school districts and special districts. Colorado Surplus Asset Fund Trust ("CSAFE"), is structured to be a stable value investment pool to meet the investment needs of local governments in Colorado. CSAFE will follow strict guidelines to maintain a AAAM credit rating from Standard & Poor's. The portfolio will be priced by a third party entity (US Bank N.A.) each week to calculate its net asset value. Davidson Fixed Income Management, Inc. (DFIM) will independently research each security in the portfolio to ensure compliance with all regulations and rating requirements, and to implement a high level of due diligence. CSAFE's investment policy is designed with a priority given to safety of principal. The Trust will invest primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, AAAM rated money market funds, approved Colorado Banks and highly rated commercial paper. Asset allocation will be in full conformance with S&P AAAM credit rating guidelines. The Trust's investments will conform to its Permitted Investments and is structured to meet Standard & Poor's investment guidelines to achieve a AAAM rating, the highest attainable rating for a Local Government Investment Pool. The weighted average maturity of the portfolio shall not exceed 60 days per S&P guidelines. CSAFE seeks to maintain, but does not guarantee, a net asset value at \$1.00 per share.

COLOTRUST began operations on January 1, 1985 and is Colorado's original and largest pooled investment trust. COLOTRUST serves over 1,200 local government entities and has current combined assets of over \$5 billion. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully selected to provide maximum safety and liquidity, while still maximizing interest earnings. The District invests in COLOTRUST's PLUS+ account, which can invest in U.S. Treasury securities, government agency obligations, and in the highest rated commercial paper. PLUS+ holds an AAA rating from all three rating agencies: Standard and Poor's (AAAM), Fitch (AAA/V1+), and Moody's (Aaa).

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**Investments (Continued)**

Cutwater Colorado Investor Services Corp. (CCISC), a subsidiary of Cutwater Asset Management (formerly MBIA Inc.), serves as the investment advisor and administrator. The change in asset management names was due to MBIA restructuring its operations. Cutwater Asset Management has issued a guarantee to protect COLOTRUST participants against losses of principal during the term of their investment in COLOTRUST and upon liquidation of funds. This commitment provides that Cutwater Asset Management will pay to COLOTRUST the amount of any realized losses which result in a material decline in the constant net asset value per share maintained by each portfolio, including any reductions in participant balances adjusted to maintain the constant net asset value.

*Custodial Credit Risk* – There is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The full amount of US Agency securities is exposed to custodial credit risk because they are uninsured, unregistered and held by the District’s brokerage firm, which is also the counterparty. The District does not have a policy for custodial credit risk. As of June 30, 2012, 4.69% of total investments were subject to this risk.

*Interest Rate Risk* - State statutes limit investments in U.S. Agency securities to an original maturity of five years, unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit investments in U.S. Agency securities to the highest rating issued by nationally recognized statistical rating organizations (NRSROs).

The District’s investment policy and State statutes limit investments in money market funds to those with the highest rating issued by NRSROs and with a constant share price, or to money market funds that invest only in specified securities.

*Concentration of Credit Risk* - State statutes and the District’s investment policy do not limit the amount the District may invest in one issuer. At June 30, 2012, the District’s investment in U. S. Agency securities represented 33.36% of its total investments.

NOTE 3: INTERFUND BALANCES AND TRANSFERS

Interfund balances are created when there is a liability of one fund due to another fund. Interfund balances for the year ended June 30, 2012, were composed of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Nutrition Services	General	<u>\$ 4,112,960</u>

Nutrition Services expenditures have exceeded revenues for the past two years. As a result, the General Fund has covered the negative cash balance that occurred from normal ongoing operations.

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 3: INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers are used to move revenues from the fund that collects them to specific programs accounted for in other funds, in accordance with budget authorization. Transferred funds are without recourse. Transfers during the fiscal year ended June 30, 2012, were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General	Student Athletics	\$ 3,887,406
General	Outdoor Education	550,000
General	Nutrition Services	600,000
General	COP Redemption Fund	1,445,505
Bond Redemption	General	44,588
	Total	<u>\$ 6,527,499</u>

Certain interest earnings of the Debt Service Fund were transferred to the General Fund as allowed by State statute. All other transfers were made from the General Fund to support the operations of various other funds that statute or budget requires to expend them.

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## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 4: CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2012 was as follows:

	Restated Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>Governmental Activities</b>				
Land	\$ 10,475,218	\$ -	\$ -	\$ 10,475,218
Construction in Progress	21,480,237	4,871,058	(6,001,728)	20,349,567
Total Capital Assets	31,955,455	4,871,058	(6,001,728)	30,824,785
Not Being Depreciated				
Buildings and Improvements	863,100,364	10,570,936	-	873,671,300
Machinery and Equipment	52,311,801	7,817,968	(377,221)	59,752,548
Total Capital Assets	915,412,165	18,388,904	(377,221)	933,423,848
Being Depreciated				
Accumulated Depreciation				
Building and Improvements	(201,047,307)	(24,129,477)	-	(225,176,784)
Machinery and Equipment	(42,768,696)	(3,996,608)	344,100	(46,421,204)
Less Accumulated Depreciation	(243,816,003)	(28,126,085)	344,100	(271,597,988)
Total Accumulated Depreciation	671,596,162	(9,737,181)	(33,121)	661,825,860
Net Capital Assets	\$ 703,551,617	\$ (4,866,123)	\$ (6,034,849)	\$ 692,650,645
<b>Business Type Activities</b>				
Buildings and Improvements	\$ 362,320	\$ -	\$ -	\$ 362,320
Machinery and Equipment	7,164,828	34,232	(999)	7,198,061
Total Depreciable Capital Assets	7,527,148	34,232	(999)	7,560,381
Less Accumulated Depreciation				
Building and Improvements	(13,912)	(7,496)	-	(21,408)
Machinery and Equipment	(3,422,724)	(395,373)	999	(3,817,098)
Total Accumulated Depreciation	(3,436,636)	(402,869)	999	(3,838,506)
Net Capital Assets	\$ 4,090,512	\$ (368,637)	\$ -	\$ 3,721,875

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 4: CAPITAL ASSETS (Continued)

<u>Charter Schools</u>	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Land	\$ 9,495,031	\$ 2,736,906	\$ -	\$ 12,231,937
Construction in Progress	2,290,991	47,525	(2,290,991)	47,525
Total Capital Assets Not Depreciated	11,786,022	2,784,431	(2,290,991)	12,279,462
Buildings and Improvements	60,953,697	9,299,959	(119,272)	70,134,384
Machinery and Equipment	3,592,916	965,804	(245,423)	4,313,297
Total Capital Assets Depreciated	64,546,613	10,265,763	(364,695)	74,447,681
Accumulated Depreciation:				
Buildings and Improvements	(7,983,100)	(1,436,648)	-	(9,419,748)
Machinery and Equipment	(2,484,317)	(992,578)	241,199	(3,235,696)
Total Accumulated Depreciation	(10,467,417)	(2,791,773)	241,199	(12,655,444)
Net Capital Assets Being Depreciated	54,079,196	7,473,990	(123,496)	61,792,237
Net Capital Assets	\$ 65,865,218	\$ 10,258,421	\$ (2,414,487)	\$ 74,071,699

Depreciation expense was charged to programs of the District as follows:

Governmental Activities:	
Instruction	\$ 24,975,963
Supporting Services	3,150,122
Subtotal	28,126,085
Business Type Activities:	
Nutrition Services	394,426
Child Care	8,443
Subtotal	402,869
Total	\$ 28,528,954



DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 5: ACCRUED COMPENSATION

Salaries and benefits of certain contractually employed personnel are paid over a 12-month period from September to August, but are earned during a school year of approximately 9 to 10 months. Accordingly, the accrued compensation is reflected as a liability of the respective funds in the accompanying financial statements. The salaries and benefits earned, but unpaid, at June 30, 2012 are recorded in the funds as follows:

Governmental Activities:	
Combined General	\$ 19,751,495
Non-major Governmental Funds	694,353
Internal Service Fund (Medical Fund)	5,418
Building Funds	<u>3,953</u>
Subtotal	<u>20,455,219</u>
Business-Type Activities:	
Nutrition Services	98,100
Child Care	439,417
Outdoor Education Center	<u>903</u>
Subtotal	<u>538,420</u>
Total	<u>\$ 20,993,639</u>

Accrued compensation for the charter schools as of June 30, 2012, was \$1,734,546.

NOTE 6: LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Payments	Balance June 30, 2012	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 543,221,541	\$ 71,095,000	\$ 105,105,448	\$ 509,211,093	\$ 40,687,777
Registered Coupons	5,815,000	-	5,815,000	-	-
Certificates of Participation	27,540,000	-	1,135,000	26,405,000	1,170,000
Accreted Interest	21,094,590	-	2,562,149	18,532,441	-
Bond Premiums	54,986,151	14,185,059	5,246,968	63,924,242	-
Deferred Amount on Refunding	(23,952,516)	(12,841,167)	(3,206,938)	(33,586,745)	-
Early Separation Agreement	4,759,164	-	1,621,498	3,137,666	1,586,475
Extended Service Agreement	-	2,901,205	-	2,901,205	2,901,205
Capital Leases	-	3,478,130	2,318,828	1,159,302	-
Compensated Absences	3,486,760	639,609	212,262	3,914,107	474,834
Total	<u>\$ 636,950,690</u>	<u>\$ 79,457,836</u>	<u>\$ 120,810,215</u>	<u>\$ 595,598,311</u>	<u>\$ 46,820,291</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 6: LONG-TERM LIABILITIES (Continued)**General Obligation Debt**

The District issues general obligation (G.O.) bonds and certificates of participation (COP) to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

G.O. Bonds and COPs outstanding at June 30, 2012, consisted of the following:

\$74,390,000 G.O. Refunding Bonds, Series 1996; interest ranging from 4.90% to 7.00% payable semiannually; principal payable annually beginning in December 1997 with the final payment due in December 2016. A portion of these bonds was refunded in fiscal 2007.	\$ 25,925,000
\$409,936 G.O. Capital Appreciation Bonds, Series 2002B; price ranging from 59.484% to 70.624% yielding 4.55% to 4.90%; interest compounds semiannually; principal payable annually beginning December 2009 with the final payment due in 2012.	62,222
\$65,000,000 G.O. Bonds, Series 2004A; interest ranging from 5.50% to 5.75% payable semiannually; principal payable annually beginning in December 2008. The final payment is due December 2014.	10,285,000
\$158,920,000 G.O. Refunding Bonds, Series 2004B; interest ranging from 2% to 5% payable semiannually; principal payable annually beginning in December 2005. The final payment is due in December 2019.	135,665,000
\$11,900,000 G.O. Refunding Bonds, Series 2005A; yielding 2.05% to 3.85% with interest ranging from 3% to 5.5% payable semiannually; principal payable annually beginning December 2005. The final payment is due December 2016.	2,425,000
\$1,194,956 G.O. Capital Appreciation Bonds, Series 2005B; price ranging from 63.39% to 81.90% yielding 3.42% to 4.23%; interest compounds semiannually; principal payable annually beginning December 2010 with the final payment due December 2015.	583,980
\$44,115,000 G.O. Refunding Bonds, Series 2006A; interest ranging from 4% to 5% payable semiannually; principal payable annually beginning December 2007. The final payment is due December 2016.	\$ 30,205,000

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 6: LONG-TERM LIABILITIES (Continued)

**General Obligation Debt (Continued)**

\$147,635,000 G.O. Improvement Bonds, Series 2006B; interest ranging from 3.5% to 5% payable semiannually; principal payable annually beginning in December 2009. The final payment is due in December 2027. A portion of these bonds was refunded in fiscal year 2011.	\$ 31,365,000
\$2,364,942 G.O. Capital Appreciation Bonds, Series 2006B; price ranging from 63.39% to 81.90% yielding 3.82% to 3.88%; interest compounds semiannually; principal payable annually beginning in December 2013 with the final payment due December 2014.	2,364,942
\$47,400,000 G.O. Improvement Bonds, Series 2007A; interest ranging from 4% to 5% payable semiannually; principal payment beginning in December 2008. The final payment is due December 2028.	15,655,000
\$2,599,949 G.O. Capital Appreciation Bonds, Series 2007A; yielding 3.8% to 4.26%; interest compounds semiannually; principal payable annually beginning December 2012. The final payment is due December 2017.	2,599,949
\$13,945,000 G.O. Refunding Bonds, Series 2007B; interest ranging from 4% to 5% payable semiannually; principal payable annually beginning in December 2017 and the final payment due December 2018.	13,945,000
\$87,310,000 G.O. Refunding Bonds, Series 2009; interest ranging from 2% to 5.25%; interest payable semiannually; principal payable annually beginning December 2009. The final payment is due December 2025.	81,665,000
\$540,000 G.O. Capital Appreciation Bonds, Series 2009; yielding 3.25%; interest compounds semiannually; principal payable annually beginning in December 2015 and the final payment due December 2015.	540,000
\$85,285,000 G.O. Refunding Bonds, Series 2010; interest ranging from 2% to 5.0%; interest payable semiannually; principal payable annually beginning December 2010. The final payment is due December 2025.	\$ 84,270,000

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 6: LONG-TERM LIABILITY (Continued)**General Obligation Debt (Continued)**

\$560,000 G.O. Capital Appreciation Bonds, Series 2010; yielding 2.25% to 2.5% interest compounds semiannually; principal payable annually beginning in December 2016 and the final payment due December 2017.	\$ 560,000
\$71,095,000 G.O. Capital Appreciation Bonds, Series 2012; yielding 3.25% interest compounds semiannually; principal payable annually beginning in December 2015 and the final payment due December 2015.	<u>71,095,000</u>
Total General Obligation Bonds	\$ <u><u>509,211,093</u></u>

**Certificates of Participation**

\$5,075,000 Certificates of Participation, Series 2003, interest ranging from 2% to 4.2% payable semiannually, principal payable annually beginning in December 2004 with the final payment due in December 2017.	\$ 2,450,000
\$13,830,000 Certificates of Participation, Series 2006, interest ranging from 4% to 4.75% payable semiannually, principal payable annually beginning in December 2008 with the final payment due in December 2021.	10,480,000
\$13,920,000 Certificates of Participation, Series 2009; interest ranging from 2% to 5% payable semiannually; principal payable annually beginning in January 2011 with the final payment due in January 2031.	<u>13,475,000</u>
Total Certificates of Participation	\$ <u><u>26,405,000</u></u>

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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 6: LONG-TERM LIABILITY (Continued)

**Accreted Interest**

Accreted compound interest on capital appreciation bonds,  
due and payable upon final payment of each respective bond. \$ 18,532,441

**Future Debt Service Requirements**

The following schedule represents the District's debt service requirements to maturity for outstanding bonded debt, registered coupons and certificates of participation mandatory sinking fund requirements at June 30, 2012:

FYE	Principal	Interest	Total
2013	\$ 40,687,777	\$ 29,053,787	\$ 69,741,564
2014	38,001,380	31,862,745	69,864,125
2015	39,238,688	30,268,962	69,507,650
2016	43,868,534	23,488,291	67,356,825
2017	37,060,143	19,616,533	56,676,676
2018-2022	175,379,571	62,169,004	237,548,575
2023-2027	103,335,000	26,028,188	129,363,188
2028-2032	31,640,000	2,595,750	34,235,750
Total	<u>\$ 509,211,093</u>	<u>\$ 225,083,260</u>	<u>\$ 734,294,353</u>

**Certificates of Participation**

FYE	Principal	Interest	Total
2013	\$ 1,170,000	\$ 1,119,752	\$ 2,289,752
2014	1,840,000	1,070,524	2,910,524
2015	1,910,000	1,004,505	2,914,505
2016	1,975,000	934,193	2,909,193
2017	2,045,000	859,378	2,904,378
2018-2022	9,565,000	3,109,994	12,674,994
2023-2027	3,960,000	1,546,625	5,506,625
2028-2032	3,940,000	468,000	4,408,000
Total	<u>\$ 26,405,000</u>	<u>\$ 10,112,971</u>	<u>\$ 36,517,971</u>

**Current and Advance Refunding Debt**

In February 2012, the District issued general obligation refunding bonds in the amount of \$71,095,000 at an interest rate of 3.25% for the purpose of advance refunding 2005B, 2006B, and 2007A general obligation bonds for bonds maturing December 15, 2011 to 2025. This refunding was undertaken to reduce total debt service payments by \$4,697,661 and resulted in an economic gain of \$3,752,089.

The net proceeds of this refunding were deposited in an irrevocable trust with escrow agent to provide for all future debt service payments on these general obligation bonds. As a result, these bonds are defeased and the liability for these bonds have been removed from the government-wide statement of net assets. The advance refunding resulting in a difference between the reacquisition price in the net carrying amount of the old debt of \$12,841,167. This difference, reported on the statement of net assets as a deferred amount on refunding, is being amortized over the life of the new bonds using a method approximating the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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NOTE 6: LONG-TERM LIABILITIES (Continued)

**Defeased Debt**

In prior years, the District issued various general obligation refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded general obligation bonds. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the financial statements. At June 30, 2012, the outstanding balance of the defeased debt was \$331,010,000.

**Employee Compensation**

Compensated absences are expected to be liquidated with revenues of the General Fund.

**Early Separation Agreement**

As part of a cost savings plan, the District initiated an early separation agreement in the spring of 2009 for employees considering retirement at the end of the school year. Employees who accepted this voluntary agreement received one year of salary payable over five years, starting in November 2009. The 141 plan participants are not required to provide any additional future services to the District in order to receive the prescribed benefits. The first two of these payments of \$1.6 million, were paid to the plan administrator, AON, in September 2009 and 2010, to be transmitted to the participating employees. Thereafter, the remaining three payments will be made annually within the same time frame. As of June 30, 2012, the remaining liability was approximately \$3.14 million. The Board has approved the full appropriation as part of the fiscal 2012-2013 budget.

During the 2012 fiscal year, the District initiated a phase out of an extended service agreement offered within the DCFT classified and certified contracts. Employees who are eligible to retire by June 30, 2012, June 30, 2013 and June 30, 2014 are eligible to take advantage of this benefit phase out. The calculated current year liability for those employees retiring June 30, 2012 is \$2,901,205 and the total final phase out liability is estimated at \$6 million. This phase out benefit allowed the District to reallocate ongoing compensation dollars to fund a 1% pay increase for all employees.

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## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 6: LONG-TERM LIABILITIES (Continued)**Charter School Debt Activity**

Charter School debt activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Payments	Balance June 30, 2012	Due Within One Year
<b>Charter Schools:</b>					
<u>American Academy:</u>					
Loan	\$ 16,875,000	\$ -	\$ 165,000	\$ 16,710,000	\$ 175,000
Discount	(133,836)	-	(4,957)	(128,879)	-
<u>Academy Castle Rock</u>					
<u>Lifelong Learning Center:</u>					
Loan	7,450,000	-	150,000	7,300,000	155,000
Discount	(31,199)	-	(1,248)	(29,951)	-
Loss on Refunding	(630,404)	-	(25,216)	(605,188)	-
<u>Ben Franklin Academy:</u>					
Compensated Absences	-	4,785	-	4,785	300
<u>Challenge to Excellence:</u>					
Loan	7,040,000	-	145,000	6,895,000	150,000
Loan	-	600,000	101,826	498,174	115,324
Loan Premium	29,504	-	1,135	28,369	-
Loss on Refunding	(314,247)	-	(13,663)	(300,584)	-
<u>Core Knowledge:</u>					
Loan	6,650,000	-	100,000	6,550,000	105,000
Loss on Refunding	(600,560)	-	(26,111)	(574,449)	-
Premium	180,159	-	7,428	172,731	-
Compensated Absences	-	23,425	-	23,425	6,000
<u>Hope Online:</u>					
Note Payable	115,155	-	115,155	-	-
<u>Montessori:</u>					
Loan	8,560,000	-	185,000	8,375,000	195,000
<u>North Star:</u>					
Building Lease	10,900,000	-	100,000	10,800,000	105,000
<u>Platte River:</u>					
Loan	6,910,000	-	185,000	6,725,000	190,000
Loss on Refunding	(1,218,683)	-	(58,032)	(1,160,651)	-
Discount	(51,561)	-	(2,455)	(49,106)	-
Compensated Absences	13,365	15,485	13,365	15,485	3,150
<u>Skyview Academy:</u>					
Loan	13,730,000	25,650,000	13,730,000	25,650,000	-
Loan Premium	321,103	-	321,103	-	-
<u>STEM:</u>					
Series 2012A	-	9,835,000	-	9,835,000	-
Series 2012B	-	70,000	-	70,000	-
Total	<u>\$ 75,793,796</u>	<u>\$ 36,198,695</u>	<u>\$ 15,188,330</u>	<u>\$ 96,804,161</u>	<u>\$ 1,199,774</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 6: LONG-TERM LIABILITIES (Continued)

**Charter School Capital Leases and Loans**

Colorado Educational and Cultural Facilities Authority (Authority) has issued Charter School Revenue Bonds on behalf of the Charter Schools. The Charter Schools make monthly payments to the Authority under various lease agreements. Additionally, Hope Online leases software under a capital lease. Minimum lease payments, to maturity for capital leases and loans, are as follows:

<u>Year Ended June 30, 2012</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,190,324	\$ 5,255,756	\$ 6,446,080
2014	1,314,480	5,910,121	7,224,601
2015	1,468,790	5,846,234	7,315,024
2016	1,938,687	5,751,594	7,690,281
2017	11,280,893	5,642,372	16,923,265
2018-2022	32,645,000	18,001,473	50,646,473
2023-2027	10,510,000	14,632,793	25,142,793
2028-2032	14,085,000	11,099,868	25,184,868
2033-2037	14,800,000	6,335,666	21,135,666
2038-2041	10,175,000	1,691,467	11,866,467
Total	<u>\$ 99,408,174</u>	<u>\$ 80,167,344</u>	<u>\$ 179,575,518</u>

Charter School operating lease expenses for the year ending June 30, 2012 are \$331,227.

**Charter School Long Term Lease Commitments**

<u>Year Ended June 30, 2012</u>	<u>STEM</u>	<u>Hope Online</u>	<u>Ben Franklin Academy</u>	<u>Total</u>
2013	\$ -	\$ 331,227	\$ 933,189	\$ 1,264,416
2014	352,975	327,684	962,956	1,643,615
2015	710,595	258,636	1,016,718	1,985,949
2016	712,045	258,636	1,056,866	2,027,547
2017	712,925	258,424	1,096,498	2,067,847
2018-2022	-	1,067,000	6,072,498	7,139,498
2023-2027	-	-	7,048,938	7,048,938
2028-2031	-	-	6,439,304	6,439,304
Total	<u>\$ 2,488,540</u>	<u>\$ 2,501,607</u>	<u>\$ 24,626,967</u>	<u>\$ 29,617,114</u>

NOTE 7: SHORT-TERM DEBT

During the fiscal year ended June 30, 2012, the District did not borrow funds from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year.



DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 8: RISK MANAGEMENT

The deductible for all perils, except flood, windstorm and earthquake, is subject to a per occurrence deductible of \$100,000. The District has no excess coverage for physical damage and collision, upset or overturning of vehicles off premises. Further, the Colorado Governmental Immunity Act provides local governments with immunity from liability in excess of \$150,000 per person per occurrence and \$600,000 aggregate per occurrence.

The District purchases commercial insurance for claims in excess of the District's self-insured retention. Settled claims for the past three fiscal years have not exceeded the commercial coverage.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR).

The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The claims liability was determined actuarially. The property claims liability is based on the current reserves.

The claims liability is considered to be reasonably estimated (measurable) and probable of assertion.

The following represents the change in the claims liability for the District during the fiscal year ended June 30, 2012.

	<u>Medical</u>	<u>Property/Workers Compensation</u>	<u>Total</u>
Claims Liability June 30, 2009	\$ 3,437,534	\$ 2,238,063	\$ 5,675,597
Claims Incurred and Adjusted	30,970,354	2,457,080	33,427,434
Claim Payments	<u>(30,407,888)</u>	<u>(2,595,534)</u>	<u>(33,003,422)</u>
Claims Liability June 30, 2010	<u>4,000,000</u>	<u>2,099,609</u>	<u>6,099,609</u>
Claims Incurred and Adjusted	23,557,558	2,372,831	25,930,389
Claim Payments	<u>(25,286,734)</u>	<u>(1,935,058)</u>	<u>(27,221,792)</u>
Claims Liability June 30, 2011	<u>2,270,824</u>	<u>2,537,382</u>	<u>4,808,206</u>
Claims Incurred and Adjusted	16,872,644	1,136,663	18,009,307
Claim Payments	<u>(16,853,885)</u>	<u>(706,823)</u>	<u>(17,560,708)</u>
Claims Liability June 30, 2012	<u>\$ 2,289,583</u>	<u>\$ 2,967,222</u>	<u>\$ 5,256,805</u>

The full medical claim liability of \$2,289,583 is due within one year and so is included in the fund statement level of the Medical Fund financial statements. Alternatively, the property and workers compensation claim liability is not a matured liability and so is only reported in the statement of activities in the government-wide statements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 9: PENSION PLAN**Defined Benefit Pension Plan**

*Plan Description* –The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained on line at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

*Basis of Accounting for the SDTF* – The financial statements of the SDTF are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the employer pays compensation to the member and the employer is statutorily committed to pay these contributions to the SDTF. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The SDTF plan investments are presented at fair value except for short-term investments that are recorded at cost, which approximates fair value.

*Funding Policy* – The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4, of the CRS, as amended. The contribution rate for members is 8.0%. The contribution rate for the District is 10.15% of covered salary. A portion of the District’s contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund, discussed below. The District is also required to pay an amortization equalization disbursement (AED) and a supplemental amortization equalization disbursement (SAED) equal to the following statutory percentages of the total payroll. If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; however, no member contributions are required.

<b>Start Date</b>	<b>Statutory Employer Rate</b>	<b>Amortization Equalization Disbursement</b>	<b>Supplemental Amortization Equalization Disbursement</b>	<b>Total Employer Rate</b>
January 1, 2008	10.15%	1.40%	0.50%	12.05%
January 1, 2009	10.15%	1.80%	1.00%	12.95%
January 1, 2010	10.15%	2.20%	1.50%	13.85%
January 1, 2011	10.15%	2.60%	2.00%	14.75%
January 1, 2012	10.15%	3.00%	2.50%	15.65%

For the years ending June 30, 2010, 2011, and 2012, the District’s employer contributions to the SDTF were \$34,488,384, \$37,768,910 and \$39,173,651, respectively, equal to its required contributions for each year.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 9: PENSION PLAN (Continued)**Post-Employment Health Care Benefits**

*Plan Description* – The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment health care trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12, of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained on line at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

*Basis of Accounting for the HCTF* - The financial statements for the HCTF are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period on which the employer pays compensation to the member and the employer is statutorily committed to pay these contributions to the HCTF. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The HCTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

*Funding Policy* - The District is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4, of the CRS, as amended. The apportionment of the contribution to the HCTF from the defined benefit employer contribution is established under Title 24, Article 51, Section 208, of the CRS, as amended. For the years ending June 30, 2010, 2011, and 2012, the District's employer contributions to the HCTF were \$2,841,531, \$2,640,258 and \$2,939,165 respectively, equal to its required contributions for each year.

**Defined Contribution Pension Plans**

*PERA Plan Description* – Employees of the District who are members of the SDTF, discussed on the previous page, may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14, of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available Annual Report for Colorado PERA's 401(k) Plan. That report may be obtained on line at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

*Funding Policy* - The 401(k) Plan is funded by voluntary member contributions of up to a maximum IRS limit of \$16,500 for 2012. The limits for calendar years 2010 and 2011 were also \$16,500, and catch-up contributions up to \$5,500 for each of these years, were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402, of the CRS, as amended. For the year ended June 30, 2012, the 401(k) Plan member contributions from the District were \$4,560,916.

**DCSD Plan Description**

Douglas County School District provides eligible Administrators and Professional/Technical employees with an employer benefit 401(a) plan. In this plan, the district contributes 2% of the staff member's annual salary into the 401(a) account each year. The approximate total of annual 401(a) contributions for Administrators and Professional/Technical staff is \$400,000. The district utilizes two companies, AXA Advisors and MetLife to administer the 401(a) plans.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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NOTE 10: COMMITMENTS AND CONTINGENCIES

**Claims and Judgments**

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by federal and state agencies, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

**Committed Construction**

At June 30, 2012, the District had contractual commitments for the construction of various major capital projects and facilities of \$2,869,445. General obligation bond proceeds and investment earnings will provide funding for these future expenditures. In addition, the District has committed an additional \$2,693,250 for life and safety projects at Douglas County High School representing the required match for the Colorado Best Grant awarded in FY 2010.

**Litigation**

The District is involved in various litigation. The outcome of the litigation cannot be predicted at this time.

**Tabor Amendment**

In November 1992, Colorado voters passed Article X, Section 20 (Tabor Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Tabor Amendment. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. In November 1998, voters within the District authorized the District to collect, retain, and spend all District revenues received in 1998 and each year thereafter, notwithstanding the limitations of the Tabor Amendment. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Tabor Amendment requires the District to establish a reserve for emergencies. At June 30, 2012, the District and charter school reserves of \$12,790,000 and \$1,874,899 respectively, were recorded as a restriction of fund balance in the appropriate funds.

The State of Colorado requires each school district reserve 3% or more of fiscal year spending to use only for declared emergencies. Colorado Revised Statutes permit school districts to secure a letter of credit from an investment grade bank for all or a portion of the emergency reserve, as long as the Board of Education has filed a letter of intent with the State Treasurer and the Department of Education. On July 1, 2009, the District entered into such an agreement with JP Morgan Chase Bank in the stated amount of \$12.7 million for fiscal year 2009-2010. The District renewed this letter of credit for FY 2010-2011 and 2011-2012. Upon approval of the ending fund balance policy revision the Board approved the non-renewal of this letter of credit for FY 2012-2013. Over \$169,000 was saved of investment fees and \$10,000,000 applicable to the TABOR Reserve was invested in a secure investment with RBC Global Assets Management.

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 11: RESTATEMENT

During the fiscal year ended June 30, 2012, the District determined that there was an error in the reporting of ending capital asset balances during fiscal years 2007 through 2011, and as a result, have restated the beginning net assets of the governmental activities of the District. In addition, the District restated the beginning fund balance of the General Fund and the Building Projects fund as of July 1, 2011, resulting from the change in presentation of certain capital projects funds being reported within the General Fund.

The effect of the restatement and the fund type reclassifications are as follows:

	<u>Governmental Activities</u>	<u>Combined General Fund</u>	<u>Building Projects Fund</u>
Net Assets/Fund Balance, June 30, 2011, as previously reported	\$ 215,261,072	\$ 66,438,139	\$ 29,450,305
Restatement due to error in CIP	21,279,158	-	-
Change in fund type presentation	-	14,111,698	(14,111,698)
Net Assets/Fund Balance, July 2, 2011, as restated	<u>\$ 236,540,230</u>	<u>\$ 80,549,837</u>	<u>\$ 15,338,607</u>



***REQUIRED  
SUPPLEMENTARY  
INFORMATION***

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Budgetary Comparison Schedule  
 Combined General Fund  
 For the Fiscal Year Ended June 30, 2012

	2012		Actual	Variance with Budget
	Adopted Budget	Amended Budget		
<b>REVENUES</b>				
Taxes:				
Local Property Taxes	\$ 149,199,088	\$ 149,199,088	\$ 151,248,825	\$ 2,049,737
Specific Ownership Taxes	16,000,000	16,000,000	16,186,615	186,615
Total Taxes	<u>165,199,088</u>	<u>165,199,088</u>	<u>167,435,440</u>	<u>2,236,352</u>
Intergovernmental State Funding:				
State Equalization	237,747,052	246,649,971	246,289,764	(360,207)
Special Education	6,774,749	6,774,749	7,936,558	1,161,809
Vocational Education	407,600	422,681	521,750	99,069
Other	4,897,765	4,797,546	5,005,661	208,115
Total Intergovernmental State Funding	<u>249,827,166</u>	<u>258,644,947</u>	<u>259,753,733</u>	<u>1,108,786</u>
Other:				
Investment Income	257,600	257,600	101,260	(156,340)
Charges for Services	12,952,802	12,952,802	18,098,929	5,146,127
Other	3,250,908	6,770,794	8,584,555	1,813,761
Total Revenue	<u>431,487,564</u>	<u>443,825,231</u>	<u>453,973,917</u>	<u>10,148,686</u>
<b>EXPENDITURES</b>				
Current Operating:				
Instructional Services	249,065,696	244,754,453	234,857,230	9,897,223
Supporting Services:				
Pupil Support Services	30,779,380	32,174,979	29,863,578	2,311,401
Operations and Maintenance	39,151,885	56,972,655	53,476,376	3,496,279
Central Supporting Services	84,682,572	65,526,691	49,076,735	16,449,956
Capital Outlay	-	8,199,705	9,661,094	(1,461,389)
Payment to Component Units	33,798,960	56,579,436	54,244,208	2,335,228
Total Expenditures	<u>437,478,493</u>	<u>464,207,919</u>	<u>431,179,221</u>	<u>33,028,698</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(5,990,929)</u>	<u>(20,382,688)</u>	<u>22,794,696</u>	<u>43,177,384</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Capital Lease	-	-	3,478,130	3,478,130
Transfers In	19,210,276	26,701,096	25,270,048	(1,431,048)
Transfers Out	(43,314,158)	(31,058,510)	(31,708,371)	(649,861)
Total Other Financing Sources (Uses)	<u>(24,103,882)</u>	<u>(4,357,414)</u>	<u>(2,960,193)</u>	<u>(2,080,909)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (30,094,811)</u>	<u>\$ (24,740,102)</u>	19,834,503	<u>\$ 44,574,605</u>
FUND BALANCE, Beginning, Restated			<u>80,549,837</u>	
FUND BALANCE, Ending			<u>\$ 100,384,340</u>	

See accompanying independent auditors' report and note to required supplementary information



DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2012

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NOTE 1: BUDGET COMPLIANCE TO COLORADO STATE LAW

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds. The budgetary comparison schedules are presented on the GAAP basis.

Budgets are required by state law for all funds. During May, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. Public hearings are conducted by the Board of Education to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution. Revisions are allowed until the final budget is adopted on or before December 31. After this date, the Board may adopt a supplemental budget if additional revenue becomes available.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department in the General Fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education through a formal resolution.

The General Fund Revised Appropriation Resolution approved by the Board in June of 2012 reflected a total appropriation increase of \$26,729,426 reflecting greater than expected ending fund balances as well as increases in student counts over projection. In addition, a Supplemental Appropriation was approved to account for the February 2012 bond refunding activity reported in the Bond Redemption Fund financial statements.



***SUPPLEMENTARY  
INFORMATION***



## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund  
Comparative Balance Sheet  
June 30, 2012

(With comparative information at June 30, 2011)

	2012	*Restated 2011
<b>ASSETS</b>		
Cash and Investments	\$ 115,118,454	\$ 88,097,788
Receivables:		
Property Taxes, Net of Allowance for Uncollectible Taxes	5,750,415	10,860,328
Other	833,418	1,091,933
Inventories	696,648	727,782
Due from Other Funds	4,112,960	10,330,918
Prepaid Costs	109,894	35,000
Restricted Cash and Investments	-	469,198
	<u>126,621,789</u>	<u>111,612,947</u>
<b>LIABILITIES</b>		
Accounts Payable	4,854,897	2,519,801
Accrued Compensation	19,751,495	20,281,068
Due to Charter School	-	19,999
Deferred Property Tax Revenues	1,119,740	6,615,763
Unearned Revenues	511,317	455,778
Accrued Insurance Claims	-	1,170,700
	<u>26,237,449</u>	<u>31,063,109</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Inventories	696,648	727,782
Prepaid Costs	109,894	35,000
Restricted:		
TABOR Emergency Reserve	12,790,000	11,745,301
Assigned:		
Full Day Kindergarten	5,528,444	4,490,780
Early Separation	3,159,164	4,759,164
Risk Insurance	2,783,610	783,884
Transportation	652,543	249,425
School and Department Carryover Funds	19,121,379	16,831,076
Capital Projects	17,290,639	14,111,698
Extended Service Severance	6,000,000	-
FY 2014 PERA Increase	2,200,000	-
School Discretionary Funds - \$125/student	6,400,000	-
One Time Retention Pay - 2%	5,600,000	-
Unassigned	18,052,019	26,815,727
	<u>100,384,340</u>	<u>80,549,837</u>
<b>Total Fund Balances</b>	<u>100,384,340</u>	<u>80,549,837</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 126,621,789</u>	<u>\$ 111,612,946</u>

\* Restated due to reclassification of Fund 21 and Fund 43 to the Combined General Fund

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

General Fund  
Combining Balance Sheet  
June 30, 2012

	General Fund 10	Risk Insurance Fund 18	Full Day Kindergarten Fund 19	Transportation Fund 25	Capital Projects Fund 43	Combined General Fund
<b>ASSETS</b>						
Cash and Investments	\$ 87,407,514	\$ 2,846,371	\$ 5,988,856	\$ 1,165,023	\$ 17,710,690	\$ 115,118,454
Receivables:						
Property Taxes, Net of Allowance for Uncollectible Taxes	5,750,415	-	-	-	-	5,750,415
Other	669,954	-	-	162,292	1,172	833,418
Inventories	419,374	-	-	277,274	-	696,648
Due from Other Funds	4,112,960	-	-	-	-	4,112,960
Prepaid Costs	109,894	-	-	-	-	109,894
<b>Total Assets</b>	<b>98,470,111</b>	<b>2,846,371</b>	<b>5,988,856</b>	<b>1,604,589</b>	<b>17,711,862</b>	<b>126,621,789</b>
<b>LIABILITIES</b>						
Accounts Payable	4,195,924	62,725	9,023	166,002	421,223	4,854,897
Accrued Compensation	19,045,186	36	197,503	508,770	-	19,751,495
Deferred Property Tax Revenues	1,119,740	-	-	-	-	1,119,740
Unearned Revenues	257,431	-	253,886	-	-	511,317
<b>Total Liabilities</b>	<b>24,618,281</b>	<b>62,761</b>	<b>460,412</b>	<b>674,772</b>	<b>421,223</b>	<b>26,237,449</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	419,374	-	-	277,274	-	696,648
Prepaid Costs	109,894	-	-	-	-	109,894
Restricted:						
TABOR Emergency Reserve	12,790,000	-	-	-	-	12,790,000
Assigned:						
Full Day Kindergarten	-	-	5,528,444	-	-	5,528,444
Early Separation	3,159,164	-	-	-	-	3,159,164
Extended Service Severance	6,000,000	-	-	-	-	6,000,000
FY 2014 PERA Increase	2,200,000	-	-	-	-	2,200,000
School Discretionary Funds -\$125/std	6,400,000	-	-	-	-	6,400,000
One Time Retention Pay - 2%	5,600,000	-	-	-	-	5,600,000
Risk Insurance	-	2,783,610	-	-	-	2,783,610
Transportation	-	-	-	652,543	-	652,543
School and Department Carryover	19,121,379	-	-	-	-	19,121,379
Capital Projects	-	-	-	-	17,290,639	17,290,639
Unassigned	18,052,019	-	-	-	-	18,052,019
<b>Total Fund Balances</b>	<b>73,851,830</b>	<b>2,783,610</b>	<b>5,528,444</b>	<b>929,817</b>	<b>17,290,639</b>	<b>100,384,340</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 98,470,111</b>	<b>\$ 2,846,371</b>	<b>\$ 5,988,856</b>	<b>\$ 1,604,589</b>	<b>\$ 17,711,862</b>	<b>\$ 126,621,789</b>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Combined General Fund  
 For the Fiscal Year Ended June 30, 2012

	ACTUAL					Combined General Fund
	General Fund 10	Risk Insurance Fund 18	Full Day Kindergarten Fund 19	Transportation Fund 25	Capital Projects Fund 43	
<b>REVENUES</b>						
Property Taxes	\$151,248,825	\$ -	\$ -	\$ -	\$ -	\$151,248,825
Specific Ownership Tax	16,186,615	-	-	-	-	16,186,615
Intergovernmental State Sources:						
Equalization	246,289,764	-	-	-	-	246,289,764
Special Education	7,936,558	-	-	-	-	7,936,558
Vocational Education	521,750	-	-	-	-	521,750
Other State	916,110	-	-	4,089,551	-	5,005,661
Charges for Services	12,102,710	-	3,467,289	2,528,930	-	18,098,929
Investment Earnings	101,260	-	-	-	-	101,260
Other	7,344,748	-	25,810	-	1,213,997	8,584,555
<b>Total Revenues</b>	<b>442,648,340</b>	<b>-</b>	<b>3,493,099</b>	<b>6,618,481</b>	<b>1,213,997</b>	<b>453,973,917</b>
<b>EXPENDITURES</b>						
Current Operating:						
Instructional Services	231,786,982	-	3,035,322	-	34,926	234,857,230
Supporting Services:						
Pupil Support Services	29,810,125	-	31,873	-	21,580	29,863,578
Operations and Maintenance	34,956,826	483,639	-	17,744,766	291,145	53,476,376
Central Supporting Services	46,930,107	1,971,279	138,240	37,109	-	49,076,735
Capital Outlay	-	-	-	338,532	9,322,562	9,661,094
Payments to Component Units	54,244,208	-	-	-	-	54,244,208
<b>Total Expenditures</b>	<b>397,728,248</b>	<b>2,454,918</b>	<b>3,205,435</b>	<b>18,120,407</b>	<b>9,670,213</b>	<b>431,179,221</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>44,920,092</b>	<b>(2,454,918)</b>	<b>287,664</b>	<b>(11,501,926)</b>	<b>(8,456,216)</b>	<b>22,794,696</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Capital Lease	-	-	-	-	3,478,130	3,478,130
Transfer From Bond Redemption	44,588	-	-	-	-	44,588
Transfers In/Out	(31,708,371)	4,454,644	750,000	11,888,632	8,132,184	(6,482,911)
<b>Total Other Financing Sources (Uses)</b>	<b>(31,663,783)</b>	<b>4,454,644</b>	<b>750,000</b>	<b>11,888,632</b>	<b>11,610,314</b>	<b>(2,960,193)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>13,256,309</b>	<b>1,999,726</b>	<b>1,037,664</b>	<b>386,706</b>	<b>3,154,098</b>	<b>19,834,503</b>
<b>FUND BALANCES, Beginning, Restated</b>	<b>60,595,521</b>	<b>783,884</b>	<b>4,490,780</b>	<b>543,111</b>	<b>14,136,541</b>	<b>80,549,837</b>
<b>FUND BALANCES, Ending</b>	<b>\$ 73,851,830</b>	<b>\$2,783,610</b>	<b>\$5,528,444</b>	<b>\$ 929,817</b>	<b>\$ 17,290,639</b>	<b>\$100,384,340</b>

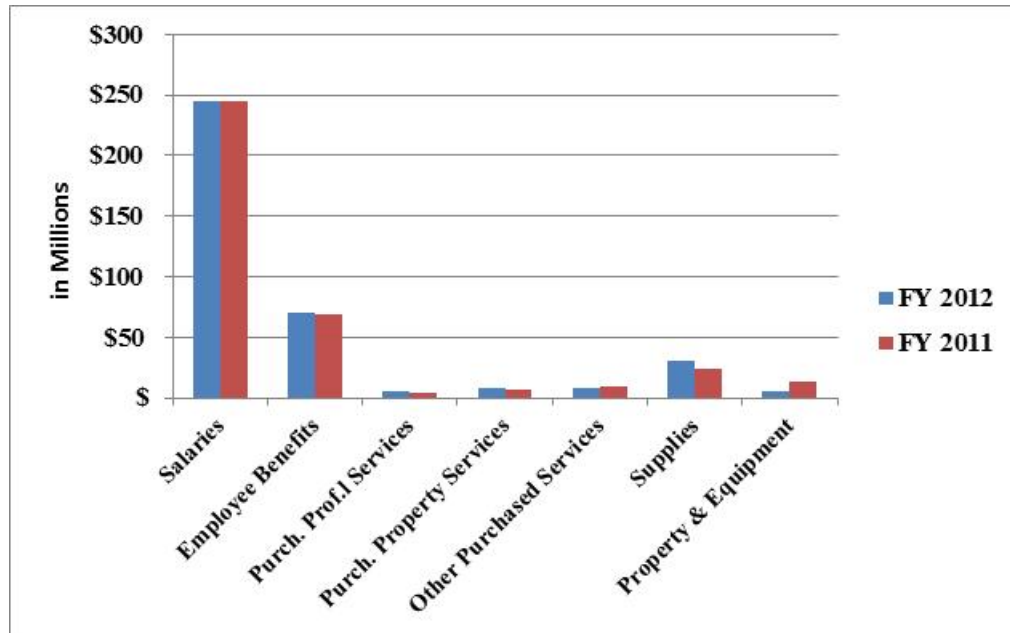
DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Schedule of Expenditures by Object - Budget and Actual  
 Combined General Fund  
 For the Fiscal Year Ended June 30, 2012

(With comparative actual information for the year end June 30, 2011)

	2012				Restated 2011 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
<b>EXPENDITURES</b>					
Salaries	\$ 232,618,801	\$ 249,860,692	\$ 245,133,682	\$ (4,727,010)	\$ 244,838,208
Employee Benefits	71,425,805	75,534,016	70,498,444	(5,035,572)	69,558,783
Purchased Professional Services	3,547,437	5,763,793	5,303,337	(460,456)	4,662,605
Purchased Property Services	7,907,633	8,489,704	7,664,816	(824,888)	6,953,343
Other Purchased Services	5,144,964	9,618,259	7,662,845	(1,955,414)	9,687,238
Supplies	69,219,266	46,296,180	31,622,226	(14,673,954)	23,630,783
Property & Equipment	2,012,278	10,714,314	9,661,094	(1,053,220)	13,093,982
Prop & Equip Capital Lease Adjustment	-	-	(3,478,130)	(3,478,130)	-
Chargebacks/Credits	11,803,349	1,351,525	(611,429)	(1,962,954)	910,558
<b>Total Expenditures</b>	<b>403,679,533</b>	<b>407,628,483</b>	<b>373,456,885</b>	<b>(34,171,598)</b>	<b>373,335,500</b>
Capital Lease Expense	-	-	3,478,130	3,478,130	-
Charter Schools	33,798,960	56,579,436	54,244,208	(2,335,228)	46,384,715
Interfund Transfers	24,103,882	4,357,414	6,438,323	(2,080,909)	7,704,116
<b>Total Expenditures</b>	<b>\$ 461,582,375</b>	<b>\$ 468,565,333</b>	<b>\$ 437,617,546</b>	<b>\$ (35,109,605)</b>	<b>\$ 427,424,331</b>

**Comparative Actual For Year End June 2011 and 2012  
 Combined General Fund Expenditures by Object**





DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

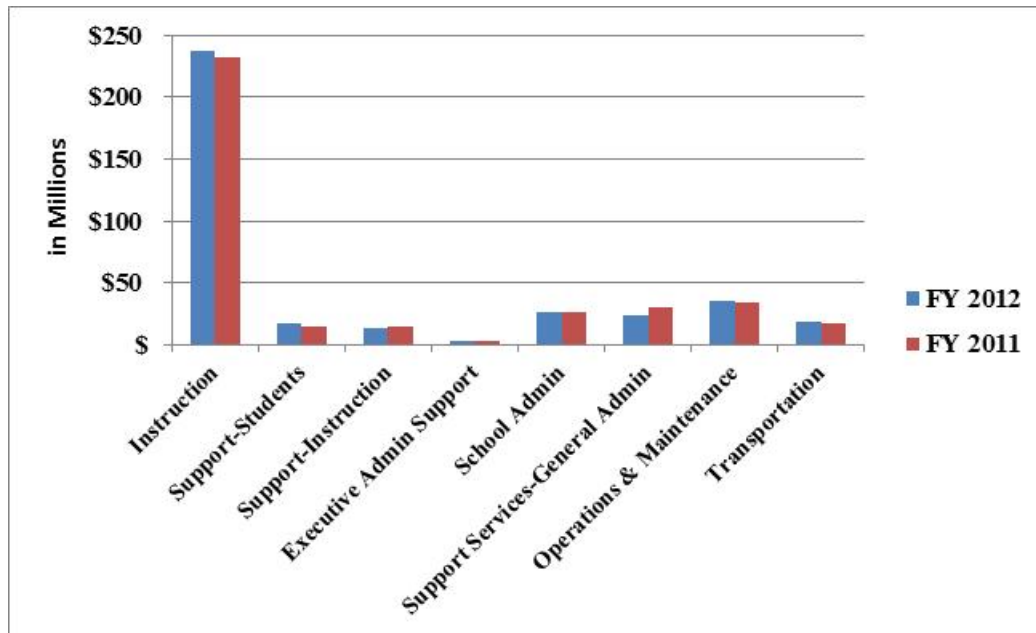
Schedule of Expenditures by Program - Budget and Actual  
Combined General Fund

For the Fiscal Year Ended June 30, 2012

(With comparative actual information for the year end June 30, 2011)

	2012			Variance with Budget	Restated 2011 Actual
	Adopted Budget	Amended Budget	Actual		
<b>EXPENDITURES</b>					
Instruction	\$ 249,065,696	\$ 244,754,453	\$ 236,828,234	\$ (7,926,219)	\$ 232,407,760
Support - Students	15,172,693	15,172,693	16,763,698	1,591,005	14,143,769
Support - Instruction	15,606,687	16,293,063	13,099,880	(3,193,183)	15,031,220
Executive Admin Support	2,696,473	7,796,968	2,622,951	(5,174,017)	2,875,068
School Admin	27,193,251	27,330,038	26,177,541	(1,152,497)	26,421,204
Support Services - General Admin	37,487,890	39,342,078	24,112,562	(15,229,516)	30,619,440
Operations & Maintenance	38,702,556	38,809,903	35,731,612	(3,078,291)	34,483,012
Transportation	17,754,287	18,129,287	18,120,407	(8,880)	17,354,027
<b>Total Expenditures</b>	<b>403,679,533</b>	<b>407,628,483</b>	<b>373,456,885</b>	<b>(34,171,598)</b>	<b>373,335,500</b>
Capital Lease Financing	-	-	3,478,130	3,478,130	-
Charter Schools	33,798,960	56,579,436	54,244,208	(2,335,228)	46,384,715
Interfund Transfers	24,103,882	4,357,414	6,438,323	2,080,909	7,704,116
<b>Total Expenditures</b>	<b>\$ 461,582,375</b>	<b>\$ 468,565,333</b>	<b>\$ 437,617,546</b>	<b>\$ (30,947,787)</b>	<b>\$ 427,424,331</b>

**Combined General Fund Expense by Program  
FY 2011 and FY 2012**



## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund  
 Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances  
 For the Fiscal Years Ended June 30, 2012  
 (With comparative information for the year ended June 30, 2011)

	2012	*Restated 2011
<b>REVENUES</b>		
Taxes	\$ 167,435,440	\$ 174,265,715
Intergovernmental:		
State Equalization	246,289,764	244,359,000
Special Education	8,851,626	7,424,114
Vocational Education	521,750	557,251
Other State	4,090,593	5,275,100
Charges for Services	18,098,929	16,624,471
Investment Earnings	101,260	97,882
Other	8,584,555	6,518,483
<b>Total Revenue</b>	<b>453,973,917</b>	<b>455,122,016</b>
<b>EXPENDITURES</b>		
Current Operating:		
Instructional Services	234,857,230	231,266,281
Supporting Services:		
Pupil Support Services	29,863,578	28,315,561
Operations and Maintenance	53,476,376	50,518,664
Central Supporting Services	49,076,735	48,150,974
Capital Outlay	6,182,964	11,852,729
Debt Service:		
Principal	-	1,035,000
Interest and Fiscal Charges	-	1,254,428
Charter School Allocations	54,244,208	46,384,715
<b>Total Expenditures</b>	<b>427,701,091</b>	<b>418,778,352</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>26,272,826</b>	<b>36,343,664</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	44,588	69,025
Transfers Out	(6,482,911)	(1,956,579)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,438,323)</b>	<b>(1,887,554)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>19,834,503</b>	<b>34,456,110</b>
FUND BALANCES, Beginning, Restated	80,549,837	46,093,727
FUND BALANCES, Ending	<b>\$ 100,384,340</b>	<b>\$ 80,549,837</b>

\* Restated due to reclassification of Fund 21 and Fund 43 to the Combined General Fund.

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2012

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	Governmental Designated Purpose Grants Fund 22	Athletics and Activities Fund 26	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ -	\$ 1,322,929	\$ 1,322,929
Receivables:			
Intergovernmental and Grants	<u>1,324,279</u>	<u>-</u>	<u>1,324,279</u>
Total Assets	<u>1,324,279</u>	<u>1,322,929</u>	<u>2,647,208</u>
<b>LIABILITIES</b>			
Accounts Payable	314,529	355,476	670,005
Accrued Compensation	654,820	39,533	694,353
Deferred Revenues - Grants	<u>169,810</u>	<u>1,880</u>	<u>171,690</u>
Total Liabilities	<u>1,139,159</u>	<u>396,889</u>	<u>1,536,048</u>
<b>FUND BALANCES</b>			
Restricted:			
Grants	<u>185,120</u>	<u>926,040</u>	<u>1,111,160</u>
Total Fund Balances	<u>185,120</u>	<u>926,040</u>	<u>1,111,160</u>
Total Liabilities and Fund Balances	<u>\$ 1,324,279</u>	<u>\$ 1,322,929</u>	<u>\$ 2,647,208</u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Non-Major Governmental Funds  
 For the Fiscal Year Ended June 30, 2012

	Governmental Designated Purpose Grants Fund 22	Athletics and Activities Fund 26	Total Total Non-Major Governmental Funds
<b>REVENUES</b>			
Intergovernmental	\$ 10,310,725	\$ -	\$ 10,310,725
Charges for Services	-	8,228,009	8,228,009
Other	189,836	564,954	754,790
<b>Total Revenues</b>	<b>10,500,561</b>	<b>8,792,963</b>	<b>19,293,524</b>
<b>EXPENDITURES</b>			
Current Operating:			
Instruction	10,375,808	-	10,375,808
Supporting Services	-	12,749,777	12,749,777
Capital Outlay	124,753	80,800	205,553
<b>Total Expenditures</b>	<b>10,500,561</b>	<b>12,830,577</b>	<b>23,331,138</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>(4,037,614)</b>	<b>(4,037,614)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	3,887,406	3,887,406
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>3,887,406</b>	<b>3,887,406</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>(150,208)</b>	<b>(150,208)</b>
FUND BALANCE, Beginning	185,120	1,076,248	1,261,368
FUND BALANCE, Ending	<u>\$ 185,120</u>	<u>\$ 926,040</u>	<u>\$ 1,111,160</u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

## Schedule of Revenues, Expenses and Changes in Fund Balance

## Fund 22

## Governmental Designated Purpose Grants Fund

For the Fiscal Year Ended June 30, 2012

(With comparative actual information for the year ended June 30, 2011)

	2012				2011 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
<b>REVENUES</b>					
Intergovernmental:					
Federal	\$ 11,038,513	\$ 11,038,513	\$ 9,968,027	\$ (1,070,486)	\$ 15,064,167
State and Local	214,007	214,007	342,698	128,691	484,499
Other	150,500	150,500	189,836	39,336	144,587
Total Revenues	<u>11,403,020</u>	<u>11,403,020</u>	<u>10,500,561</u>	<u>(902,459)</u>	<u>15,693,253</u>
<b>EXPENDITURES</b>					
Instruction:					
Salaries and Benefits	7,761,181	7,761,181	7,499,971	261,210	11,653,741
Purchased Services	1,203,017	1,203,017	1,462,052	(259,035)	1,529,244
Supplies and Materials	2,007,541	2,007,541	1,118,923	888,618	1,417,120
Capital Outlay	137,584	137,584	124,753	12,831	162,046
Other	293,697	293,697	294,862	(1,165)	931,102
Total Expenditures	<u>11,403,020</u>	<u>11,403,020</u>	<u>10,500,561</u>	<u>902,459</u>	<u>15,693,253</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
FUND BALANCE, Beginning			<u>185,120</u>		<u>185,120</u>
FUND BALANCE, Ending			<u>\$ 185,120</u>		<u>\$ 185,120</u>



## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Schedule of Revenues, Expenses and Changes in Fund Balances  
Fund 26  
Athletics and Activities Fund  
For the Fiscal Year Ended June 30, 2012  
(With comparative information for the year ended June 30, 2011)

	2012			Variance with Budget	2011 Actual
	Adopted Budget	Amended Budget	Actual		
<b>REVENUES</b>					
Charges for Services:					
Student Fees	\$ 5,608,152	\$ 5,921,281	\$ 7,671,798	\$ 1,295,560	\$ 7,682,745
Gate Fees	726,278	518,306	556,211	134,363	287,446
Other	778,182	820,219	564,954	103,229	390,678
Total Revenues	<u>7,112,612</u>	<u>7,259,806</u>	<u>8,792,963</u>	<u>1,533,152</u>	<u>8,360,869</u>
<b>EXPENDITURES</b>					
Supporting Services:					
Salaries and Benefits	4,328,319	4,328,319	4,909,729	581,410	4,695,022
Purchased Services	1,682,950	1,682,950	1,907,221	224,271	1,934,028
Supplies	4,421,503	4,421,503	5,390,545	969,042	4,872,500
Capital Outlay	12,360	12,360	80,800	68,440	18,547
Other	718,689	718,689	542,282	(176,407)	662,723
Total Expenditures	<u>11,163,821</u>	<u>11,163,821</u>	<u>12,830,577</u>	<u>1,666,756</u>	<u>12,182,820</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,051,209)	(3,904,015)	(4,037,614)	3,199,908	(3,821,951)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	<u>3,887,406</u>	<u>3,887,406</u>	<u>3,887,406</u>	-	<u>3,887,406</u>
NET CHANGES IN FUND BALANCES	<u>\$ (163,803)</u>	<u>\$ (16,609)</u>	<u>(150,208)</u>	<u>\$ 3,199,908</u>	<u>65,455</u>
FUND BALANCE, Beginning			<u>1,076,248</u>		<u>1,010,798</u>
FUND BALANCE, Ending			<u>\$ 926,040</u>		<u>\$ 1,076,253</u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

## Comparative Balance Sheet

## Fund 31

## Bond Redemption Fund

For the Fiscal Year Ended June 30, 2012

(With comparative information at June 30, 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and Investments	\$ 59,441,578	\$ 61,393,212
Receivables:		
Property Taxes, Net of Allowance for Uncollectible Taxes	<u>1,311,446</u>	<u>3,766,622</u>
Total Assets	<u>60,753,024</u>	<u>65,159,834</u>
<b>LIABILITIES</b>		
Due to Other Funds	-	3,911,577
Deferred Revenues	<u>419,060</u>	<u>1,907,521</u>
Total Liabilities	<u>419,060</u>	<u>5,819,098</u>
<b>FUND BALANCES</b>		
Restricted:		
Debt Service	<u>60,333,964</u>	<u>59,340,736</u>
Total Fund Balances	<u>60,333,964</u>	<u>59,340,736</u>
 Total Liabilities and Fund Balances	 <u>\$ 60,753,024</u>	 <u>\$ 65,159,834</u>



## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Schedule of Revenues, Expenses and Changes in Fund Balances  
Fund 31  
Bond Redemption Fund  
For the Fiscal Year Ended June 30, 2012  
(With comparative information for the year ended June 30, 2011)

	2012				2011 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
<b>REVENUES</b>					
Property Taxes	\$ 69,723,385	\$ 69,723,385	\$ 68,822,741	\$ (900,644)	\$ 70,618,443
Investment Earnings	125,000	125,000	44,588	(80,412)	92,937
Total Revenues	<u>69,848,385</u>	<u>69,848,385</u>	<u>68,867,329</u>	<u>(981,056)</u>	<u>70,711,380</u>
<b>EXPENDITURES</b>					
Debt Service:					
Principal Retirement	34,010,448	34,010,448	39,825,449	5,815,001	37,144,739
Debt Issuance Costs	500,000	479,999	489,201	9,202	542,871
Interest and Fiscal Charges	34,712,937	34,712,937	27,994,862	(6,718,075)	29,277,668
Total Expenditures	<u>69,223,385</u>	<u>69,203,384</u>	<u>68,309,512</u>	<u>(893,872)</u>	<u>66,965,278</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>					
	<u>625,000</u>	<u>645,001</u>	<u>557,817</u>	<u>(1,874,928)</u>	<u>3,746,102</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Bond Refunding	-	71,095,000	71,095,000	-	86,405,000
Refunding Bond Premium	-	14,185,059	14,185,059	-	17,247,133
Payment to Refunded Bond Escrow Agent	-	(84,800,060)	(84,800,060)	(84,800,060)	(103,113,364)
Transfers Out	(364,000)	(364,000)	(44,588)	319,412	(69,025)
Total Other Financing Sources (Uses)	<u>(364,000)</u>	<u>115,999</u>	<u>435,411</u>	<u>(84,480,648)</u>	<u>469,744</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 261,000</u>	<u>\$ 761,000</u>	<u>993,228</u>	<u>\$ 232,228</u>	<u>4,215,846</u>
<b>FUND BALANCE, Beginning</b>			<u>59,340,736</u>		<u>55,124,890</u>
<b>FUND BALANCE, Ending</b>			<u>\$ 60,333,964</u>		<u>\$ 59,340,736</u>



## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Schedule of Revenues, Expenses and Changes in Fund Balances  
Fund 39  
Certificate of Participation Lease Payment Fund  
For the Fiscal Year Ended June 30, 2012  
(With comparative information for the year ended June 30, 2011)

	2012			Variance with Budget	2011 Actual
	Adopted Budget	Amended Budget	Actual		
<b>REVENUES</b>					
Other Revenue	\$ -	\$ 847,896	\$ 847,896	\$ -	\$ -
Total Revenues	-	847,896	847,896	-	-
<b>EXPENDITURES</b>					
Debt Service:					
Principal Retirement		1,140,000	1,135,000	(5,000)	-
Interest and Fiscal Charges	-	1,158,832	1,158,401	(431)	-
Total Expenditures	-	2,298,832	2,293,401	(5,431)	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	-	(1,450,936)	(1,445,505)	(5,431)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	2,555,264	1,445,505	(1,109,759)	-
Total Other Financing Sources (Uses)	-	2,555,264	1,445,505	(4,000,769)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 1,104,328</b>	<b>-</b>	<b>\$ (1,104,328)</b>	<b>-</b>
FUND BALANCE, Beginning			-		-
FUND BALANCE, Ending			\$ -		\$ -

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

## Comparative Balance Sheet

## Building Funds

June 30, 2012

(With comparative information at June 30, 2011)

	2012	*Restated 2011
<b>ASSETS</b>		
Cash and Investments	\$ 18,391,268	\$ 8,639,461
Other Receivables	1,456	180
Restricted Cash and Investments	1,878,996	-
Total Assets	<u>20,271,720</u>	<u>8,639,641</u>
<b>LIABILITIES</b>		
Accounts Payable	2,265,512	2,097,092
Accrued Compensation	3,953	3,953
Total Liabilities	<u>2,269,465</u>	<u>2,101,045</u>
<b>FUND BALANCES</b>		
Restricted:		
Building Expenditures	18,002,255	6,538,596
Total Fund Balances	<u>18,002,255</u>	<u>6,538,596</u>
Total Liabilities and Fund Balances	<u>\$ 20,271,720</u>	<u>\$ 8,639,641</u>

\*Restated due to reclassification of Fund 21 and Fund 43 to the Combined General Fund.

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combining Balance Sheet  
 Building Funds  
 June 30, 2012

	2012			Building Funds
	Fund 41	Fund 44	Fund 45	Total
<b>ASSETS</b>				
Cash and Investments	\$ 78,198	\$ 8,561,264	\$ 9,751,806	\$ 18,391,268
Other Receivables	-	-	1,456	1,456
Restricted Cash	-	180	1,878,816	1,878,996
<b>Total Assets</b>	<b>78,198</b>	<b>8,561,444</b>	<b>11,632,078</b>	<b>20,271,720</b>
<b>LIABILITIES</b>				
Accounts Payable	31,887	2,065,205	168,420	2,265,512
Accrued Compensation	-	3,953	-	3,953
<b>Total Liabilities</b>	<b>31,887</b>	<b>2,069,158</b>	<b>168,420</b>	<b>2,269,465</b>
<b>FUND BALANCES</b>				
Assigned	46,311	6,492,286	11,463,658	18,002,255
<b>Total Fund Balances</b>	<b>46,311</b>	<b>6,492,286</b>	<b>11,463,658</b>	<b>18,002,255</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 78,198</b>	<b>\$ 8,561,444</b>	<b>\$ 11,632,078</b>	<b>\$ 20,271,720</b>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Schedule of Revenues, Expenses and Changes in Fund Balances  
 Building Funds  
 For the Fiscal Year Ended June 30, 2012  
 (With comparative information for the year ended June 30, 2011)

	2012			Variance with Budget	2011
	Adopted Budget	Amended Budget	Actual		*Restated Actual
<b>REVENUES</b>					
Investment Earnings	\$ 250,000	\$ 250,000	\$ 14,945	\$ (235,055)	\$ 231,523
Intergovernmental	-	-	159,476	159,476	1,572,533
Other	-	-	1,592	1,592	1,006,368
<b>Total Revenues</b>	<b>250,000</b>	<b>250,000</b>	<b>176,013</b>	<b>(73,987)</b>	<b>2,810,424</b>
<b>EXPENDITURES</b>					
Capital Outlay:					
Building and Building Improvements	14,725,274	14,263,189	7,806,378	(6,456,811)	12,400,726
Purchased Services	50,000	50,000	775,203	725,203	533,541
Supplies and Materials	145,000	145,000	222,234	77,234	1,751,983
Equipment	-	-	856,384	856,384	1,736,663
Services Provided by District Personnel	1,130,416	192,278	215,326	23,048	1,168,866
Other	-	938,140	889	(937,251)	3,334
<b>Total Expenditures</b>	<b>16,050,690</b>	<b>15,588,607</b>	<b>9,876,414</b>	<b>(5,712,193)</b>	<b>17,595,113</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(15,800,690)</b>	<b>(15,338,607)</b>	<b>(9,700,401)</b>	<b>6,100,289</b>	<b>(14,784,689)</b>
<b>OTHER FINANCING SOURCES</b>					
SkyView Repayment of COP	-	-	12,364,049	12,364,049	-
<b>Total Financing Sources</b>	<b>-</b>	<b>-</b>	<b>12,364,049</b>	<b>12,364,049</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ (15,800,690)</b>	<b>\$ (15,338,607)</b>	<b>2,663,648</b>	<b>\$ 18,464,338</b>	<b>\$ (14,784,689)</b>
FUND BALANCE, Beginning, Restated			15,338,607		30,123,296
FUND BALANCE, Ending			<u>\$ 18,002,255</u>		<u>15,338,607</u>

\*Restated due to reclassification of Fund 21 and Fund 43 to the Combined General Fund.

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combining Schedule of Revenues, Expenses and Changes in Fund Balances  
 Building Funds  
 For the Fiscal Year Ended June 30, 2012

	2012 Actual			Total Building Projects
	Fund 41	Fund 44	Fund 45	
<b>REVENUES</b>				
Investment Earnings	\$ -	\$ 14,945	\$ -	\$ 14,945
Intergovernmental	-	159,476	-	159,476
Other	-	10	1,582	1,592
<b>Total Revenues</b>	<b>-</b>	<b>174,431</b>	<b>1,582</b>	<b>176,013</b>
<b>EXPENDITURES</b>				
Capital Outlay:				
Buildings & Building Improvements	705,113	7,101,265	-	7,806,378
Purchased Services	5,389	103,845	665,969	775,203
Supplies and Materials	666	221,568	-	222,234
Equipment	-	620,380	236,004	856,384
Services Provided by District Personnel	-	215,326	-	215,326
Other	149	740	-	889
<b>Total Expenditures</b>	<b>711,317</b>	<b>8,263,124</b>	<b>901,973</b>	<b>9,876,414</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(711,317)</b>	<b>(8,088,693)</b>	<b>(900,391)</b>	<b>(9,700,401)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sky View Repayment of COP	-	-	12,364,049	12,364,049
<b>Total Financing Sources</b>	<b>-</b>	<b>-</b>	<b>12,364,049</b>	<b>12,364,049</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(711,317)</b>	<b>(8,088,693)</b>	<b>11,463,658</b>	<b>2,663,648</b>
FUND BALANCE, Beginning, Restated	757,628	14,580,979	-	15,338,607
<b>FUND BALANCE, Ending</b>	<b>\$ 46,311</b>	<b>\$ 6,492,286</b>	<b>\$ 11,463,658</b>	<b>\$ 18,002,255</b>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

## Comparative Balance Sheet

Fund 51

Nutrition Services Fund

June 30, 2012

(With comparative information at June 30, 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 1,210	\$ 701
Intergovernmental and Grant Receivables	-	315,040
Other Receivables	78	635
Inventories	<u>801,137</u>	<u>1,028,583</u>
Total Current Assets	<u>802,425</u>	<u>1,344,959</u>
Capital Assets:		
Building	362,320	362,320
Machinery and Equipment	6,901,948	6,868,715
Accumulated Depreciation	<u>(3,783,930)</u>	<u>(3,390,503)</u>
Total Capital Assets	<u>3,480,338</u>	<u>3,840,532</u>
Total Assets	<u>4,282,763</u>	<u>5,185,491</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	70,884	90,626
Interfund Loans Payable	4,112,960	5,616,442
Accrued Compensation	<u>98,100</u>	<u>114,652</u>
Total Current Liabilities	<u>4,281,944</u>	<u>5,821,720</u>
<b>NET ASSETS (DEFICIT)</b>		
Invested in Capital Assets	3,480,338	3,840,532
Unrestricted	<u>(3,479,519)</u>	<u>(4,476,761)</u>
Total Net Assets (Deficit)	<u>819</u>	<u>(636,229)</u>
Total Liabilities and Net Assets	<u>\$ 4,282,763</u>	<u>\$ 5,185,491</u>



## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Schedule of Revenues, Expenses and Changes in Fund Net Assets  
Fund 51  
Nutrition Services Fund  
For the Fiscal Year Ended June 30, 2012  
(With comparative information for the year ended June 30, 2011)

	2012			Variance with Budget	2011 Actual
	Adopted Budget	Amended Budget	Actual		
<b>OPERATING REVENUE</b>					
Food Charges	\$ 11,204,212	\$ 11,204,212	\$ 10,556,819	\$ (707,393)	\$ 10,850,000
Other	62,000	62,000	67,263	65,263	731
Total Operating Revenue	<u>11,266,212</u>	<u>11,266,212</u>	<u>10,624,082</u>	<u>(642,130)</u>	<u>10,850,731</u>
<b>OPERATING EXPENSES</b>					
Salaries and Benefits	5,977,410	5,977,410	5,872,809	(104,601)	5,857,254
Food Purchases	5,732,400	5,732,400	5,958,012	225,612	6,088,508
Purchased Services	613,147	613,147	703,599	90,452	616,521
Depreciation	195,000	195,000	394,426	199,426	263,086
Supplies	548,000	1,000,000	661,998	(338,002)	966,162
Other	670,600	670,600	572,209	(98,391)	604,652
Total Operating Expenses	<u>13,736,557</u>	<u>14,188,557</u>	<u>14,163,053</u>	<u>25,504</u>	<u>14,396,183</u>
<b>OPERATING LOSS</b>	<u>(2,470,345)</u>	<u>(2,922,345)</u>	<u>(3,538,971)</u>	<u>(616,626)</u>	<u>(3,545,452)</u>
<b>NONOPERATING REVENUES</b>					
Federal Government Lunch Program	2,163,770	2,163,770	2,715,339	551,569	2,628,897
Commodity Contribution	750,000	750,000	733,935	(16,065)	957,756
State Match	122,027	122,027	126,745	4,718	139,586
Sale of Capital Assets	-	-	-	-	3,000
Transfers from General Fund	-	600,000	600,000	-	-
Total Nonoperating Revenues	<u>3,035,797</u>	<u>3,635,797</u>	<u>4,176,019</u>	<u>540,222</u>	<u>3,729,239</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 565,452</u>	<u>\$ 713,452</u>	637,048	<u>\$ (76,404)</u>	183,787
<b>NET ASSETS, Beginning</b>			<u>(636,229)</u>		<u>(820,016)</u>
<b>NET ASSETS, Ending</b>			<u>\$ 819</u>		<u>\$ (636,229)</u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

## Comparative Balance Sheet

Fund 52

Child Care Fund

June 30, 2012

(With comparative information at June 30, 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 3,951,869	\$ 3,432,474
Receivables	143	-
Total Current Assets	<u>3,952,012</u>	<u>3,432,474</u>
Capital Assets:		
Machinery and Equipment	296,113	296,113
Accumulated Depreciation	<u>(54,576)</u>	<u>(46,133)</u>
Total Capital Assets	<u>241,537</u>	<u>249,980</u>
Total Assets	<u>4,193,549</u>	<u>3,682,454</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	139,288	102,720
Accrued Compensation	<u>439,417</u>	<u>421,274</u>
Total Current Liabilities	<u>578,705</u>	<u>523,994</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	241,537	249,980
Unrestricted	<u>3,373,307</u>	<u>2,908,480</u>
Total Net Assets	<u>3,614,844</u>	<u>3,158,460</u>
Total Liabilities and Net Assets	<u>\$ 4,193,549</u>	<u>\$ 3,682,454</u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Schedule of Revenues, Expenses and Changes in Fund Net Assets  
Fund 52  
Child Care Fund  
For the Fiscal Year Ended June 30, 2012  
(With comparative information for the year ended June 30, 2011)

	2012				2011 Actual
	Adoped Budget	Amended Budget	Actual	Variance with Budget	
<b>OPERATING REVENUE</b>					
Charges for Services	\$ 8,810,214	\$ 8,810,214	\$ 9,128,940	\$ 318,726	\$ 8,905,075
Other	-	-	914	914	5,577
Total Operating Revenue	<u>8,810,214</u>	<u>8,810,214</u>	<u>9,129,854</u>	<u>319,640</u>	<u>8,910,652</u>
<b>OPERATING EXPENSES</b>					
Salaries and Benefits	6,656,164	6,656,164	6,754,554	98,390	6,840,320
Purchased Services	218,724	689,578	401,711	(287,867)	449,890
Depreciation	-	-	8,443	8,443	8,317
Supplies	425,992	425,992	696,495	270,503	584,656
Field Trips and Other	1,509,334	1,038,480	812,267	(226,213)	677,648
Total Operating Expenses	<u>8,810,214</u>	<u>8,810,214</u>	<u>8,673,470</u>	<u>(136,744)</u>	<u>8,560,831</u>
OPERATING INCOME	-	-	456,384	182,896	349,821
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	456,384	<u>\$ 182,896</u>	349,821
NET ASSETS, Beginning			<u>3,158,460</u>		<u>2,808,639</u>
NET ASSETS, Ending			<u>\$ 3,614,844</u>		<u>\$ 3,158,460</u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Comparative Balance Sheet  
Fund 54  
Outdoor Education Center Fund  
June 30, 2012

(With comparative information for the year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 400,131	\$ -
Total Current Assets	<u>400,131</u>	<u>-</u>
Total Assets	<u><u>400,131</u></u>	<u><u>-</u></u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	111,680	-
Accrued Compensation	<u>903</u>	<u>-</u>
Total Current Liabilities	<u>112,583</u>	<u>-</u>
<b>NET ASSETS</b>		
Unrestricted	<u>287,548</u>	<u>-</u>
Total Net Assets	<u>287,548</u>	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 400,131</u></u>	<u><u>\$ -</u></u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

## Schedule of Revenues, Expenses and Changes in Fund Net Assets

## Fund 54

## Outdoor Education Center Fund

For the Fiscal Year Ended June 30, 2012

(With comparative information for the year ended June 30, 2011)

	2012			Variance with Budget	2011 Actual
	Adopted Budget	Amended Budget	Actual		
<b>OPERATING REVENUE</b>					
Charges for Services	\$ -	\$ 99,100	\$ 10,054	\$ (89,046)	\$ -
Other	-	5,000	-	(5,000)	-
Total Operating Revenue	-	104,100	10,054	(94,046)	-
<b>OPERATING EXPENSES</b>					
Salaries and Benefits	-	61,250	21,442	39,808	-
Purchased Services	-	1,000	37,037	(36,037)	-
Supplies	-	78,650	50,093	28,557	-
Equipment	-	150,000	163,729	-	-
Field Trips and Other	-	363,200	205	362,995	-
Total Operating Expenses	-	654,100	272,506	395,323	-
OPERATING INCOME (LOSS)	-	(550,000)	(262,452)	301,277	-
<b>NONOPERATING REVENUE</b>					
Interfund Transfers	-	550,000	550,000	-	-
CHANGE IN NET ASSETS	\$ -	\$ -	287,548	\$ 301,277	-
NET ASSETS, Beginning			-		-
NET ASSETS, Ending			\$ 287,548		\$ -

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

## Comparative Balance Sheet

Fund 65

Medical Fund (Internal Service Fund)

June 30, 2012

(With comparative information for year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 12,987,421	\$ 9,694,622
Other Receivables	114,128	-
Total Assets	<u>13,101,549</u>	<u>9,694,622</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	991,701	976,255
Accrued Compensation	5,418	7,241
Accrued Insurance Claims	2,289,583	2,270,824
Total Current Liabilities	<u>3,286,702</u>	<u>3,254,320</u>
<b>NET ASSETS</b>		
Unrestricted	<u>9,814,847</u>	<u>6,440,302</u>
Total Net Assets	<u>9,814,847</u>	<u>6,440,302</u>
Total Liabilities and Net Assets	<u>\$ 13,101,549</u>	<u>\$ 9,694,622</u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Schedule of Revenues, Expenses and Changes in Fund Equity  
Fund 65  
Medical Fund (Internal Service Fund)  
For the Fiscal Year Ended June 30, 2012  
(With comparative information for the year ended June 30, 2011)

	2012			Variance with Budget	2011 Actual
	Adopted Budget	Amended Budget	Actual		
<b>REVENUE</b>					
Health Revenue	\$ 37,262,798	\$ 37,262,798	\$ 35,257,229	\$ (2,005,569)	\$ 37,684,127
Dental Revenue	1,900,000	1,900,000	1,929,758	29,758	1,804,387
Other	1,300,000	1,300,000	1,366,741	66,741	159,631
Total Revenue	<u>40,462,798</u>	<u>40,462,798</u>	<u>38,553,728</u>	<u>(1,909,070)</u>	<u>39,648,145</u>
<b>EXPENSES</b>					
Health Plan	37,136,266	36,666,040	30,758,739	(5,907,301)	34,732,371
Dental Plan	661,192	648,435	2,658,093	2,009,658	2,726,380
Stop Loss Premiums	500,654	495,168	487,356	(7,812)	311,403
Purchased Services	995,698	982,477	857,552	(124,925)	1,171,846
Other	28,802	506,958	4,905	(502,053)	3,193
Salaries and Benefits	478,993	502,528	426,503	(76,025)	405,743
Total Expenses	<u>39,801,605</u>	<u>39,801,606</u>	<u>35,193,148</u>	<u>(4,608,458)</u>	<u>39,350,936</u>
OPERATING INCOME (LOSS)	661,193	661,192	3,360,580	2,699,388	297,209
<b>NONOPERATING REVENUES</b>					
Transfers In	-	-	-	-	3,816,710
Investment Earnings	-	-	13,965	13,965	18,527
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>13,965</u>	<u>13,965</u>	<u>3,835,237</u>
CHANGE IN NET ASSETS	<u>\$ 661,193</u>	<u>\$ 661,192</u>	3,374,545	<u>\$ 2,713,353</u>	4,132,446
NET ASSETS			<u>6,440,302</u>		<u>2,307,856</u>
NET ASSETS			<u>\$ 9,814,847</u>		<u>\$ 6,440,302</u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Changes in Assets and Liabilities  
Fund 74  
Agency Fund  
For the Fiscal Year Ended June 30, 2012

	Balance 6/30/2011	Additions	Deductions	Balance 6/30/2012
<u>Student Activity Funds</u>				
ASSETS				
Cash and Investments	\$ 1,864,170	\$ 2,353,166	\$ 1,544,867	\$ 2,672,469
LIABILITIES				
Accrued Liabilities:				
Due to Student Groups	1,864,170	2,353,166	1,544,867	2,672,469
Total Liabilities	1,864,170	2,353,166	1,544,867	2,672,469
<u>School Discretionary Funds</u>				
ASSETS				
Cash and Investments	4,396,917	3,236,785	3,000,021	4,633,681
LIABILITIES				
Accrued Liabilities:				
Deferred Revenue	52,421	69,495	52,421	69,495
Due to Schools	4,344,496	3,167,290	2,947,600	4,564,186
Total Liabilities	4,396,917	3,236,785	3,000,021	4,633,681
<u>Coke Discretionary Funds</u>				
ASSETS				
Cash and Investments	42,353	40,225	23,593	58,985
Accounts Receivable	75,577	-	74,137	1,440
Total Assets	117,930	40,225	97,730	60,425
LIABILITIES				
Accrued Liabilities:				
Due to Schools	117,930	40,225	97,730	60,425
Total Liabilities	117,930	40,225	97,730	60,425
Grand Total Fiduciary Assets	\$ 6,379,017	\$ 5,630,176	\$ 4,642,618	\$ 7,366,575
Grand Total Fiduciary Liabilities	\$ 6,379,017	\$ 5,630,176	\$ 4,642,618	\$ 7,366,575



## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Schedule of Changes in Fiduciary Net Assets - Budget and Actual  
Fund 75  
Private Purpose Trust Scholarship  
For the Fiscal Year Ended June 30, 2012  
(With comparative information for the year ended June 30, 2011)

	2012			Variance with Budget	2011 Actual
	Adopted Budget	Amended Budget	Actual		
ADDITIONS					
Contributions	\$ 61,600	\$ 61,600	\$ 59,800	\$ (1,800)	\$ 61,600
Total Additions	61,600	61,600	59,800	(1,800)	61,600
DEDUCTIONS					
Grants and Scholarships	72,500	72,500	25,500	(47,000)	73,500
Total Deductions	72,500	72,500	25,500	47,000	73,500
CHANGE IN NET ASSETS	<u>\$ (10,900)</u>	<u>\$ (10,900)</u>	34,300	<u>\$ (48,800)</u>	(11,900)
NET ASSETS, Beginning			29,566		41,466
NET ASSETS, Ending			<u>\$ 63,866</u>		<u>\$ 29,566</u>

## DOUGLAS COUNTY SCHOOL DISTRICT RE1

Combining Statement of Net Assets  
Component Units  
June 30, 2012

	American Academy	American Academy Building Corporation	Academy Charter School	Academy Castle Rock Lifelong Learning Center	Ben Franklin Academy
<b>ASSETS</b>					
Cash and Investments	\$ 1,391,390	\$ 138,123	\$ 1,786,366	\$ 43,753	\$ 748,468
Accounts Receivable	4,199	50	-	-	3,743
Inerfund Receivables	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid Costs	30,653	-	-	-	-
Deposits	-	-	-	-	-
Restricted Cash and Investments	-	1,683,435	-	788,874	-
Bond Issuance Costs, Net	-	341,638	-	262,070	-
Capital Assets, Net:					
Land	-	1,833,333	-	1,354,756	-
Construction in Progress	-	-	-	-	-
Buildings and Improvements	-	15,574,272	88,395	7,045,058	-
Machinery and Equipment	-	75,542	35,111	88,348	9,000
Accumulated Depreciation	-	(1,188,898)	(49,648)	(1,697,262)	(1,620)
<b>Total Assets</b>	<b>1,426,242</b>	<b>18,457,495</b>	<b>1,860,224</b>	<b>7,885,597</b>	<b>759,591</b>
<b>LIABILITIES</b>					
Accounts Payable	102,320	12	-	-	64,414
Retainage/Rent Payable	-	-	-	-	-
Due to Colorado Dept. of Education	-	-	-	-	-
Accrued Compensation	185,026	-	182,921	-	295,405
Accrued Interest Payable	-	103,634	53,942	-	-
Deferred Revenues	111,869	-	9,400	-	7,025
Non-Current Liabilities:					
Due within One Year	-	175,000	-	155,000	300
Due in More Than One Year	-	16,406,121	-	6,509,861	4,485
<b>Total Liabilities</b>	<b>399,215</b>	<b>16,684,767</b>	<b>246,263</b>	<b>6,664,861</b>	<b>371,629</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	-	54,766	73,858	388,109	7,380
Restricted for:					
Emergencies	200,000	-	133,000	-	133,000
Debt Service, Repairs and Maintenance	-	1,579,801	-	788,874	-
Capital Projects	-	-	-	-	-
Unrestricted	827,027	138,161	1,407,103	43,753	247,582
<b>Total Net Assets</b>	<b>\$ 1,027,027</b>	<b>\$ 1,772,728</b>	<b>\$ 1,613,961</b>	<b>\$ 1,220,736</b>	<b>\$ 387,962</b>

## DOUGLAS COUNTY SCHOOL DISTRICT RE1

## Combining Statement of Net Assets (Continued)

## Component Units

June 30, 2012

	Challenge to Excellence	C2E Building Corporation	Core Knowledge Charter School	CKCS Building Corporation	Hope Online Learning Academy Co-op	Montessori Charter School
<b>ASSETS</b>						
Cash and Investments	\$ 1,701,489	\$ -	\$ 1,317,668	101,729	\$ 1,089,082	\$1,576,896
Accounts Receivable	1,031	-	140	-	339,423	572
Interfund Receivables	-	-	-	-	-	-
Inventories	-	-	-	-	-	8,081
Prepaid Costs	8,475	-	21,835	-	120,821	-
Deposits	-	-	27,045	-	58,977	-
Restricted Cash and Investments	600,000	663,966	-	683,348	565,821	-
Bond Issuance Costs, Net	-	283,007	-	267,262	-	-
Capital Assets, Net:						
Land	-	1,010,419	-	235,020	-	-
Construction in Progress	-	-	-	-	-	-
Buildings and Improvements	733,112	4,754,070	-	6,411,202	-	321,891
Machinery and Equipment	144,174	-	5,328	32,464	3,251,421	17,600
Accumulated Depreciation	(75,943)	(1,208,797)	(2,132)	(943,930)	(2,316,382)	(36,223)
<b>Total Assets</b>	<b>3,112,338</b>	<b>5,502,665</b>	<b>1,369,884</b>	<b>6,787,095</b>	<b>3,109,163</b>	<b>1,888,817</b>
<b>LIABILITIES</b>						
Accounts Payable	66,825	-	38,884	-	1,044,861	30,633
Retainage Payable	-	-	-	-	139,876	-
Due to Colorado Dept. of Education	-	-	-	-	147,893	-
Accrued Compensation	132,876	-	95,514	-	78,360	112,468
Accrued Interest Payable	1,606	27,738	-	58,839	-	-
Deferred Revenues	-	-	-	-	491,908	66,966
Non-Current Liabilities:						
Due within One Year	115,324	150,000	6,000	105,000	-	-
Due in More Than One Year	382,850	6,472,785	17,425	6,043,282	-	-
<b>Total Liabilities</b>	<b>699,481</b>	<b>6,650,523</b>	<b>157,823</b>	<b>6,207,121</b>	<b>1,902,898</b>	<b>210,067</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	303,169	(1,784,086)	3,196	(146,264)	799,433	303,268
Restricted for:						
Emergencies	124,000	-	129,000	-	575,292	113,000
Debt Service, Repairs and Maintenance	600,000	636,228	64,998	624,509	-	-
Capital Projects	-	-	-	-	-	-
Unrestricted	1,385,688	-	1,014,867	101,729	(168,460)	1,262,482
<b>Total Net Assets</b>	<b>\$ 2,412,857</b>	<b>\$ (1,147,858)</b>	<b>\$ 1,212,061</b>	<b>\$ 579,974</b>	<b>\$ 1,206,265</b>	<b>\$ 1,678,750</b>

## DOUGLAS COUNTY SCHOOL DISTRICT RE1

Combining Statement of Net Assets (Continued)  
 Component Units  
 June 30, 2012

	Montessori Foundation	North Star Academy	North Star Building Corporation	Platt River Academy	Platte River Building Corporation	SkyView Academy
<b>ASSETS</b>						
Cash and Investments	\$ 168,605	\$ 1,612,576	\$ -	\$ 2,158,954	\$ -	\$ 773,741
Accounts Receivable	19,779	-	-	24,627	-	1,344
Interfund Receivables	-	-	-	-	-	-
Inventories	27,026	-	-	-	-	-
Prepaid Costs	126	6,931	-	-	-	4,271
Deposits	-	-	-	-	-	-
Restricted Cash and Investments	1,182,572	-	1,268,564	-	819,140	-
Bond Issuance Costs, Net	676,052	-	282,596	-	270,123	-
Capital Assets, Net:						
Land	508,415	-	465,000	-	553,332	-
Construction in Progress	-	-	-	-	-	-
Buildings and Improvements	6,632,750	-	8,718,635	-	5,454,383	-
Machinery and Equipment	241,364	-	151,399	-	-	5,502
Accumulated Depreciation	(2,529,427)	-	(961,741)	-	(1,098,196)	(2,200)
<b>Total Assets</b>	<b>6,927,262</b>	<b>1,619,507</b>	<b>9,924,453</b>	<b>2,183,581</b>	<b>5,998,782</b>	<b>782,658</b>
<b>LIABILITIES</b>						
Accounts Payable	168	51,384	-	37,271	-	77,194
Retainage Payable	-	-	-	-	-	-
Due to Colorado Dept. of Education	-	-	-	-	-	-
Accrued Compensation	-	150,347	-	235,865	-	179,672
Accrued Interest Payable	233,515	-	148,500	870	101,745	-
Deferred Revenues	-	-	-	6,800	-	44,786
Non-Current Liabilities:						
Due within One Year	195,000	-	105,000	3,150	190,000	-
Due in More Than One Year	8,185,000	-	10,695,000	12,335	5,325,243	-
<b>Total Liabilities</b>	<b>8,613,683</b>	<b>201,731</b>	<b>10,948,500</b>	<b>296,291</b>	<b>5,616,988</b>	<b>301,652</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	(2,845,846)	-	(2,138,547)	-	(335,601)	3,302
Restricted for:						
Emergencies	-	123,086	-	104,000	-	140,000
Debt Service, Repairs and Maintenance	967,701	-	1,114,500	-	717,395	-
Capital Projects	-	-	-	284,511	-	-
Unrestricted	196,724	1,294,690	-	1,498,779	-	337,704
<b>Total Net Assets</b>	<b>\$ (1,681,421)</b>	<b>\$ 1,417,776</b>	<b>\$ (1,024,047)</b>	<b>\$ 1,887,290</b>	<b>\$ 381,794</b>	<b>\$ 481,006</b>

## DOUGLAS COUNTY SCHOOL DISTRICT RE1

## Combining Statement of Net Assets (Continued)

## Component Units

June 30, 2012

	Sky View Academy Building Corportation	STEM High Charter School	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 211,694	\$ 1,252,610	\$ 16,073,144
Accounts Receivable	-	69,134	464,042
Interfund Receivables	-	-	-
Inventories	-	-	35,107
Prepaid Costs	-	-	193,112
Deposits	-	-	86,022
Restricted Cash and Investments	12,815,033	1,206,520	22,277,273
Bond Issuance Costs, Net	470,918	258,480	3,112,146
Capital Assets, Net:			
Land	3,534,756	2,736,906	12,231,937
Construction in Progress	47,525	-	47,525
Buildings and Improvements	9,739,619	4,660,997	70,134,384
Machinery and Equipment	-	256,044	4,313,297
Accumulated Depreciation	(452,610)	(90,435)	(12,655,444)
<b>Total Assets</b>	<b>26,366,935</b>	<b>10,350,256</b>	<b>116,312,545</b>
<b>LIABILITIES</b>			
Accounts Payable	47,775	63,892	1,625,633
Retainage Payable	3,407	-	143,283
Due to Colorado Dept. of Education	-	-	147,893
Accrued Compensation	-	86,092	1,734,546
Accrued Interest Payable	7,980	25,293	763,662
Deferred Revenues	-	-	738,754
Non-Current Liabilities:			
Due within One Year	-	-	1,199,774
Due in More Than One Year	25,650,000	9,905,000	95,604,387
<b>Total Liabilities</b>	<b>25,709,162</b>	<b>10,080,277</b>	<b>101,957,932</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	(1,753,505)	(108,848)	(7,176,216)
Restricted for:			
Emergencies	-	100,521	1,874,899
Debt Service, Repairs and Maintenance	2,199,584	1,206,520	10,500,110
Capital Projects	-	-	284,511
Unrestricted	211,694	(928,214)	8,871,309
<b>Total Net Assets</b>	<b>\$ 657,773</b>	<b>\$ 269,979</b>	<b>\$ 14,354,613</b>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combining Statement of Activities  
Component Units  
For the Fiscal Year Ended June 30, 2012

Functions/Programs	American Academy	American Academy Building Corporation	Academy Charter School	Academy Castle Rock Lifelong Learning Center	Ben Franklin Academy
<b>EXPENSES</b>					
Instruction	\$ 2,955,778	\$ -	\$ 2,734,483	\$ -	\$ 2,854,224
Supporting Services	2,232,724	415,415	960,148	204,677	1,503,100
Interest on Long-Term Debt	-	1,258,303	-	376,323	-
<b>Total Expenses</b>	<b>5,188,502</b>	<b>1,673,718</b>	<b>3,694,631</b>	<b>581,000</b>	<b>4,357,324</b>
<b>PROGRAM REVENUES</b>					
Charges for Services	853,967	-	224,746	-	582,246
Capital Grants and Contributions	-	-	-	-	9,000
Operating Grants and Contributions	7,151	-	-	-	-
<b>Total Program Revenues</b>	<b>861,118</b>	<b>-</b>	<b>224,746</b>	<b>-</b>	<b>591,246</b>
<b>Net Program Expenses</b>	<b>(4,327,384)</b>	<b>(1,673,718)</b>	<b>(3,469,885)</b>	<b>(581,000)</b>	<b>(3,766,078)</b>
<b>GENERAL REVENUES</b>					
Per Pupil Operating Revenue	5,202,211	-	3,932,146	-	3,627,398
Mill Levy	348,783	-	262,476	-	239,238
Capital Construction	66,631	-	50,173	-	46,501
Investment Earnings	10,129	2,772	12,166	196	42
Contributions and Grants	169,514	45,427	-	-	208,300
Other	43,003	-	4,763	12,173	13,020
<b>TRANSFERS</b>	<b>(1,464,205)</b>	<b>1,464,205</b>	<b>(821,067)</b>	<b>821,067</b>	<b>-</b>
<b>Total General Revenues &amp; Transfers</b>	<b>4,376,066</b>	<b>1,512,404</b>	<b>3,440,657</b>	<b>833,436</b>	<b>4,134,499</b>
<b>CHANGE IN NET ASSETS</b>	<b>48,682</b>	<b>(161,314)</b>	<b>(29,228)</b>	<b>252,436</b>	<b>368,421</b>
<b>NET ASSETS, Beginning</b>	<b>978,345</b>	<b>1,934,042</b>	<b>1,643,189</b>	<b>968,300</b>	<b>19,541</b>
<b>NET ASSETS, Ending</b>	<b>\$ 1,027,027</b>	<b>\$ 1,772,728</b>	<b>\$ 1,613,961</b>	<b>\$ 1,220,736</b>	<b>\$ 387,962</b>

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

## Combining Statement of Activities (Continued)

## Component Units

For the Fiscal Year Ended June 30, 2012

Functions/Programs	Challenge to Excellence	C2E Building Corporation	Core Knowledge Charter School	CKCS Building Corporation	Hope Online Learning Academy Co-op	DCS Montessori Charter School
<b>EXPENSES</b>						
Instruction	\$ 2,135,128	\$ -	\$ 2,642,115	\$ -	\$15,857,413	\$ 2,258,757
Supporting Services	881,738	169,789	1,006,797	284,066	3,184,169	797,616
Interest on Long-Term Debt	18,369	351,948	-	359,397	-	-
Total Expenses	3,035,235	521,737	3,648,912	643,463	19,041,582	3,056,373
<b>PROGRAM REVENUES</b>						
Charges for Services	248,267	-	675,903	-	-	1,339,893
Capital Grants and Contributions	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	1,546,359	-
Total Program Revenues	248,267	-	675,903	-	1,546,359	1,339,893
Net Program Expenses	(2,786,968)	(521,737)	(2,973,009)	(643,463)	(17,495,223)	(1,716,480)
<b>GENERAL REVENUES</b>						
Per Pupil Operating Revenue	3,002,210	-	3,203,965	-	17,764,646	2,189,543
Mill Levy	200,409	-	215,456	-	-	145,866
Capital Construction	38,303	-	41,169	-	-	27,991
Investment Earnings	4,099	82	1,442	114	29,036	27,713
Contributions and Grants	-	-	86,162	-	-	25,714
Other	13,378	-	34,383	-	-	2,173
TRANSFERS	(473,516)	473,516	(776,683)	776,683	-	(668,739)
Total General Revenues & Transfers	2,784,883	473,598	2,805,894	776,797	17,793,682	1,750,261
CHANGE IN NET ASSETS	(2,085)	(48,139)	(167,115)	133,334	298,459	33,781
NET ASSETS, Beginning	2,414,942	(1,099,719)	1,379,176	446,640	907,806	1,644,969
NET ASSETS, Ending	\$ 2,412,857	\$ (1,147,858)	\$ 1,212,061	\$ 579,974	\$ 1,206,265	\$ 1,678,750

## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combining Statement of Activities (Continued)  
 Component Units  
 For the Fiscal Year Ended June 30, 2012

Functions/Programs	Montessori Foundation	North Star Academy	North Star Building Corporation	Platte River Academy	Platte River Building Corporation	Sky View Academy
<b>EXPENSES</b>						
Instruction	\$ -	\$ 2,520,632	\$ -	\$ 2,329,658	\$ -	\$2,617,742
Supporting Services	601,942	620,252	329,577	659,340	137,259	1,434,220
Interest on Long-Term Debt	512,800	-	893,682	-	369,724	-
Total Expenses	<u>1,114,742</u>	<u>3,140,884</u>	<u>1,223,259</u>	<u>2,988,998</u>	<u>506,983</u>	<u>4,051,962</u>
<b>PROGRAM REVENUES</b>						
Charges for Services	-	202,299	-	204,715	-	688,146
Capital Grants and Contributions	329,569	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	3,878
Total Program Revenues	<u>329,569</u>	<u>202,299</u>	<u>-</u>	<u>204,715</u>	<u>-</u>	<u>692,024</u>
Net Program Expenses	<u>(785,173)</u>	<u>(2,938,585)</u>	<u>(1,223,259)</u>	<u>(2,784,283)</u>	<u>(506,983)</u>	<u>(3,359,938)</u>
<b>GENERAL REVENUES</b>						
Per Pupil Operating Revenue	-	3,466,984	-	2,963,828	-	3,758,146
Mill Levy	-	232,592	-	199,156	-	250,982
Capital Construction	-	44,431	-	37,979	-	48,049
Investment Earnings	42,254	-	-	5,005	83	-
Contributions and Grants	-	81,574	-	3,035	-	333,142
Other	-	74,988	-	15,066	-	25,163
TRANSFERS	<u>668,739</u>	<u>(1,017,082)</u>	<u>1,017,082</u>	<u>(495,988)</u>	<u>495,988</u>	<u>(777,896)</u>
Total General Revenues & Transfers	<u>710,993</u>	<u>2,883,487</u>	<u>1,017,082</u>	<u>2,728,081</u>	<u>496,071</u>	<u>3,637,586</u>
CHANGE IN NET ASSETS	(74,180)	(55,098)	(206,177)	(56,202)	(10,912)	282,648
NET ASSETS, Beginning	<u>(1,607,241)</u>	<u>1,472,874</u>	<u>(817,870)</u>	<u>1,943,492</u>	<u>392,706</u>	<u>198,358</u>
NET ASSETS, Ending	<u>\$ (1,681,421)</u>	<u>\$ 1,417,776</u>	<u>\$ (1,024,047)</u>	<u>\$ 1,887,290</u>	<u>\$ 381,794</u>	<u>\$ 481,006</u>



## DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combining Statement of Activities (Continued)  
 Component Units  
 For the Fiscal Year Ended June 30, 2012

Functions/Programs	SkyView Academy Building Corporation	STEM High Charter School	Totals
<b>EXPENSES</b>			
Instruction	\$ -	\$ 1,142,426	\$ 40,048,356
Supporting Services	559,623	1,960,480	17,942,932
Interest on Long-Term Debt	-	39,344	4,179,890
Total Expenses	<u>559,623</u>	<u>3,142,250</u>	<u>62,171,178</u>
<b>PROGRAM REVENUES</b>			
Charges for Services	270,163	-	5,290,345
Capital Grants and Contributions	-	86,560	425,129
Operating Grants and Contributions	-	-	1,557,388
Total Program Revenues	<u>270,163</u>	<u>86,560</u>	<u>7,272,862</u>
Net Program Expenses	<u>(289,460)</u>	<u>(3,055,690)</u>	<u>(54,898,316)</u>
<b>GENERAL REVENUES</b>			
Per Pupil Operating Revenue	-	2,798,312	51,909,389
Mill Levy	-	-	2,094,958
Capital Construction	-	195,000	596,227
Investment Earnings	-	-	135,133
Contributions and Grants	-	204,012	1,156,880
Other	4,450	-	242,560
TRANSFERS	<u>772,896</u>	<u>-</u>	<u>-</u>
Total General Revenues & Transfers	<u>777,346</u>	<u>3,197,324</u>	<u>56,135,147</u>
CHANGE IN NET ASSETS	487,886	141,634	1,236,831
NET ASSETS, Beginning	<u>169,887</u>	<u>128,345</u>	<u>13,117,782</u>
NET ASSETS, Ending	<u>\$ 657,773</u>	<u>\$ 269,979</u>	<u>\$ 14,354,613</u>



***STATISTICAL  
SECTION***



DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Listing of Statistical Information

The Statistical Section presents detailed information that assists users in utilizing the basic financial statements, related notes to the financial statements, required and other supplementary information to assess the condition of Douglas County School District Re.1.

**Financial Trends Data ..... 116-123**

These schedules show trend information to help the reader understand the District’s performance and financial position over time.

- Net Assets by Component
- Change in Net Assets
- Fund Balances, Governmental Funds
- Change in Fund Balances, Governmental Funds

**Revenue Capacity Data ..... 124-128**

These schedules present property tax information related to the District.

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

**Debt Capacity Data..... 129-133**

These schedules present information regarding the District’s levels of outstanding debt and other related information.

- Ratios of Outstanding Debt by Type
- Ratios of Net General Bonded Debt Outstanding
- Direct and Overlapping Debt
- Legal Debt Margin

**Demographic and Economic Statistics ..... 134-135**

These schedules provide demographic and economic indicators relative to the District.

- Demographic and Economic Statistics
- Principal Employers

**Operating Information ..... 136-140**

These schedules contain service and infrastructure data pertaining the District operations for the last ten years.

- Full-time Equivalent District Employees by Function/Program
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

Douglas County School District Re. 1  
Net Assets by Component  
Last Ten Fiscal Years  
(Unaudited)

	2012	Restated 2011	2010
<b>General activities:</b>			
Invested in capital assets, net of related debt	\$ 125,537,753	\$ 95,943,480	\$ 37,510,363
Restricted	92,237,379	100,536,282	97,561,208
Unrestricted	67,437,692	40,060,467	6,722,286
<b>Total governmental activities net assets</b>	<b>\$ 285,212,824</b>	<b>\$ 236,540,229</b>	<b>\$ 141,793,857</b>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 3,721,875	\$ 4,090,512	\$ 4,332,085
Restricted	-	-	-
Unrestricted	181,336	(1,568,281)	(1,371,707)
<b>Total business-type activities net assets</b>	<b>\$ 3,903,211</b>	<b>\$ 2,522,231</b>	<b>\$ 2,960,378</b>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 129,259,628	\$ 100,033,992	\$ 41,842,448
Restricted	92,237,379	100,536,282	97,561,208
Unrestricted	67,619,028	38,492,186	5,350,579
<b>Total primary government net assets</b>	<b>\$ 289,116,035</b>	<b>\$ 239,062,460</b>	<b>\$ 144,754,235</b>

Source: School District Financial Records

Table 1

2009	2008	2007	2006	2005	2004	2003
\$ 42,172,382	\$ 27,281,732	\$ 42,795,199	\$ 27,400,729	\$ 28,463,470	\$ 16,433,613	\$ 32,531,924
141,671,418	204,803,878	230,580,780	47,339,851	38,211,478	40,454,333	40,194,873
(72,687,504)	(150,796,048)	(157,426,046)	34,217,591	29,532,320	26,231,152	10,271,176
<b>\$ 111,156,296</b>	<b>\$ 81,289,562</b>	<b>\$ 115,949,933</b>	<b>\$ 108,958,171</b>	<b>\$ 96,207,268</b>	<b>\$ 83,119,098</b>	<b>\$ 82,997,973</b>
\$ 2,730,010	\$ 2,505,690	\$ 1,414,170	\$ 2,201,834	\$ 2,459,217	\$ 2,541,010	\$ 2,322,819
-	-	-	60,115	446,916	399,128	362,467
659,110	5,122,236	7,770,595	7,591,959	5,721,828	4,749,688	3,596,325
<b>\$ 3,389,120</b>	<b>\$ 7,627,926</b>	<b>\$ 9,184,765</b>	<b>\$ 9,853,908</b>	<b>\$ 8,627,961</b>	<b>\$ 7,689,826</b>	<b>\$ 6,281,611</b>
\$ 44,902,392	\$ 29,787,422	\$ 44,209,369	\$ 29,602,563	\$ 30,922,687	\$ 18,974,623	\$ 34,854,743
141,671,418	204,803,878	230,580,780	47,399,966	38,658,394	40,853,461	40,557,340
(72,028,394)	(145,673,812)	(149,655,451)	41,809,550	35,254,148	30,980,840	13,867,501
<b>\$ 114,545,416</b>	<b>\$ 88,917,488</b>	<b>\$ 125,134,698</b>	<b>\$ 118,812,079</b>	<b>\$ 104,835,229</b>	<b>\$ 90,808,924</b>	<b>\$ 89,279,584</b>

Douglas County School District Re. 1  
Change in Net Assets  
Last Ten Fiscal Years  
(Unaudited)

	2012	2011	2010*
<b>EXPENSES</b>			
Governmental activities			
Instruction	\$ 266,574,362	\$ 255,901,180	\$ 305,026,427
Supporting services	149,913,182	142,363,827	182,308,594
Payment to Component Units	54,244,208	46,384,715	-
Interest on long-term debt	28,148,114	35,322,746	31,755,542
Total governmental activities expenses	<u>498,879,866</u>	<u>479,972,468</u>	<u>519,090,563</u>
Business-type activities			
Nutrition services	14,163,053	14,396,183	15,301,521
Child care services	8,673,470	8,560,831	8,857,027
Outdoor Education services	272,506	-	-
Total business-type activities expenses	<u>23,109,029</u>	<u>22,957,014</u>	<u>24,158,548</u>
<b>PROGRAM REVENUES</b>			
Governmental activities			
Charges for services - tuition and other fees	26,326,938	24,594,662	17,634,758
Charges for services - operating grants and contributions	23,774,694	28,805,131	26,849,162
Charges for services - capital grants and contributions	-	-	63,492
Total governmental activities	<u>50,101,632</u>	<u>53,399,793</u>	<u>44,547,412</u>
Business-type activities			
Charges for services - nutrition services	10,624,082	10,850,000	11,621,798
Operating grants and contributions	3,576,019	3,726,239	2,917,705
Charges for services - child care services	9,129,854	8,905,075	9,122,383
Charges for services - outdoor education services	10,054	-	-
Total business-type activities	<u>23,340,009</u>	<u>23,481,314</u>	<u>23,661,886</u>
Total primary government program revenues	<u>73,441,641</u>	<u>76,881,107</u>	<u>68,209,298</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>			
Governmental activities			
Property taxes	213,087,082	232,462,054	227,029,556
Specific ownership taxes	16,186,615	15,522,850	15,949,421
State equalization	246,289,764	244,359,000	249,467,855
Capital construction funding	-	-	-
COP Charter School Repayment	12,364,050	-	-
Investment earnings	174,758	442,416	1,331,324
Grants and Contributions not Specific to Programs	159,476	1,572,533	-
Other	10,339,083	9,160,063	11,402,556
Transfers	(1,150,000)	-	-
Loss on disposal of fixed assets	-	-	-
Total governmental activities	<u>497,450,828</u>	<u>503,518,916</u>	<u>505,180,712</u>
Business-type activities			
Investment earnings	-	-	-
Other	-	9,308	67,920
Capital contributions	-	-	-
Extraordinary item (w/o assets <\$5k)	-	-	-
Transfers	1,150,000	-	-
	<u>1,150,000</u>	<u>9,308</u>	<u>67,920</u>
Total primary government general revenues	<u>498,600,828</u>	<u>503,528,224</u>	<u>505,248,632</u>
<b>CHANGE IN NET ASSETS</b>			
Governmental activities	48,672,594	76,946,241	30,637,561
Business-type activities	1,380,980	533,608	(428,742)
	<u>\$ 50,053,574</u>	<u>\$ 77,479,849</u>	<u>\$ 30,208,819</u>

\*Payments to Component Units were included under instructional expense 2010 and prior.

Source: School District Financial Records



Table 2

	2009	2008	2007	2006	2005	2004	2003
\$	280,588,259	\$ 330,050,883	\$ 262,994,204	\$ 233,882,864	\$ 187,821,090	\$ 186,074,931	\$ 171,122,026
	197,239,443	153,020,191	138,132,132	128,319,312	135,530,533	118,397,629	118,096,505
	-	-	-	-	-	-	-
	31,732,601	32,362,410	31,977,580	27,443,334	24,756,529	23,699,823	-
	509,560,303	515,433,484	433,103,916	389,645,510	348,108,152	328,172,383	289,218,531
	16,488,675	13,958,595	11,369,440	10,018,401	9,611,357	8,479,501	7,993,994
	9,464,830	7,596,573	6,740,000	6,017,367	5,285,843	4,824,752	4,088,242
	-	-	-	-	-	-	-
	25,953,505	21,555,168	18,109,440	16,035,768	14,897,200	13,304,253	12,082,236
	18,493,995	13,907,195	5,902,190	9,523,795	5,064,605	2,048,105	5,374,975
	24,380,125	19,776,495	35,835,862	20,063,968	15,478,462	12,820,469	12,926,244
	-	-	-	-	-	-	-
	42,874,120	33,683,690	41,738,052	29,587,763	20,543,067	14,868,574	18,301,219
	9,851,990	9,412,258	9,437,965	8,982,460	8,414,646	7,895,770	7,313,843
	2,803,292	2,346,509	1,685,307	1,540,352	1,299,615	1,154,370	1,014,476
	9,158,931	8,223,883	6,903,660	6,379,827	5,716,911	5,065,330	4,256,557
	-	-	-	-	-	-	-
	21,814,213	19,982,650	18,026,932	16,902,639	15,431,172	14,115,470	12,584,876
	64,688,333	53,666,340	59,764,984	46,490,402	35,974,239	28,984,044	30,886,095
	224,686,214	210,261,080	187,833,547	181,523,863	164,416,802	149,108,516	132,783,354
	17,932,981	19,748,994	18,554,862	17,903,441	17,457,338	16,805,822	15,626,518
	234,872,441	191,877,073	161,027,430	158,044,093	144,582,516	133,281,395	121,500,792
	-	-	-	-	-	-	(610,660)
	-	-	-	-	-	-	-
	5,157,300	11,510,006	10,879,889	4,674,447	3,021,191	2,093,829	6,079,789
	-	-	-	-	-	-	-
	13,786,604	13,692,270	20,061,898	10,662,806	11,445,244	11,834,193	6,144,749
	117,377	-	-	-	(269,836)	(555,712)	-
	-	-	-	-	-	-	(506,362)
	496,552,917	447,089,423	398,357,626	372,808,650	340,653,255	312,568,043	281,018,180
	-	5	200,428	116,376	65,213	14,065	13,928
	17,863	15,674	17,567	242,700	69,114	27,221	13,041
	-	-	-	-	-	-	610,660
	-	-	(804,630)	-	-	-	-
	(117,377)	-	-	-	269,836	555,712	-
	(99,514)	15,679	(586,635)	359,076	404,163	596,998	637,629
	496,453,403	447,105,102	397,770,991	373,167,726	341,057,418	313,165,041	281,655,809
	29,866,734	(34,660,371)	6,991,762	12,750,903	13,088,170	(735,766)	10,100,868
	(4,238,806)	(1,556,839)	(669,143)	1,225,947	938,135	1,408,215	1,140,269
\$	25,627,928	\$ (36,217,210)	\$ 6,322,619	\$ 13,976,850	\$ 14,026,305	\$ 672,449	\$ 11,241,137

Douglas County School District Re. 1  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

	2012	Restated <sup>(1)</sup> 2011	2010	2009
<b>Combined General Fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ 2,065,105
Nonspendable	696,648	727,782	750,463	-
Prepaid Costs	109,894	35,000	-	-
Restricted - TABOR Emergency Reserve	12,790,000	11,745,301	12,313,022	12,414,008
Assigned:				
Full Day Kindergarten	5,528,444	4,490,780	3,574,802	-
Risk Insurance	2,783,610	783,884	1,330,183	-
Early Separation Agreement	3,159,164	4,759,164	6,386,525	-
Extended Service Severance	6,000,000	-	-	-
FY 2014 PERA Increase	2,200,000	-	-	-
School Discretionary Funds-\$125/student	6,400,000	-	-	-
One Time Retention Pay - 2%	5,600,000	-	-	-
Capital Projects**	17,290,639	14,111,698	-	-
Transportation	652,543	249,425	-	-
School and Department Carryover Funds	19,121,379	16,831,076	11,541,117	-
Unassigned	18,052,019	26,815,727	10,197,615	6,141,834
<b>Total general fund</b>	<b>\$ 100,384,340</b>	<b>\$ 80,549,837</b>	<b>\$ 46,093,727</b>	<b>\$ 20,620,947</b>
<b>All other governmental funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds	-	-	10,422,477	5,649,724
Restricted:				
Building Funds	18,002,255	15,338,607	30,123,296	81,761,934
Debt Service/Lease Payment Funds	60,333,964	59,340,736	55,124,890	45,430,371
Grants	185,120	185,120	-	-
Student Athletics Activities Fund	926,040	1,076,248	-	-
<b>Total all other governmental funds</b>	<b>\$ 79,447,379</b>	<b>\$ 75,940,711</b>	<b>\$ 95,670,663</b>	<b>\$ 132,842,029</b>
<b>Governmental Funds</b>				
Reserved/Assigned	\$ 93,043,921	\$ 88,448,794	\$ 108,734,148	\$ 147,321,142
Unreserved	86,787,798	68,041,754	33,030,242	6,141,834
<b>Total governmental funds</b>	<b>\$ 179,831,719</b>	<b>\$ 156,490,548</b>	<b>\$ 141,764,390</b>	<b>\$ 153,462,976</b>

\*Formerly known as Unreserved , reported in

\*\* In prior years the ending fund balance in these funds were other governmental funds. For FY 2012 these funds are now considered a part of the combined general fund.

Note (1): FY 2011 was the 1st year in which GASB 54 compliance was required accounting for the new "Assigned" fund balance category.

Source: School District Financial Records

Table 3

	2008	2007	2006	2005	2004	2003
\$	1,213,125	\$ 1,183,606	\$ 1,088,263	\$ 1,042,739	\$ 926,177	\$ 906,856
	-	-	-	-	-	-
	-	-	-	-	-	-
	11,750,000	10,377,000	9,236,009	8,741,175	7,887,264	7,227,135
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	7,224,933	24,065,111	24,561,408	19,962,669	17,213,000	4,207,968
\$	20,188,058	\$ 35,625,717	\$ 34,885,680	\$ 29,746,583	\$ 26,026,441	\$ 12,341,959
\$	-	\$ -	\$ 741,728	\$ 474,440	\$ 469,902	\$ 493,525
	5,837,202	11,764,401	9,778,315	9,953,667	11,519,349	10,928,083
	152,572,604	185,916,546	64,480,360	92,169,492	92,279,191	60,906,650
	40,481,274	34,287,234	32,441,936	25,227,192	30,537,110	28,675,957
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	198,891,080	\$ 231,968,181	\$ 107,442,339	\$ 127,824,791	\$ 134,805,552	\$ 101,004,215
\$	211,854,205	\$ 243,528,787	\$ 117,766,611	\$ 137,608,705	\$ 143,618,993	\$ 109,138,206
	7,224,933	24,065,111	24,561,408	19,962,669	17,213,000	4,207,968
\$	219,079,138	\$ 267,593,898	\$ 142,328,019	\$ 157,571,374	\$ 160,831,993	\$ 113,346,174

Douglas County School District Re. 1  
Change in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

	2012	Restated 2011	2010	2009
<b>REVENUES</b>				
Taxes	\$ 236,258,181	\$ 244,884,158	\$ 244,581,528	\$ 235,594,106
Payment in Lieu of Taxes	-	92,000	123,192	71,114
Intergovernmental	270,223,934	274,736,664	276,380,509	259,252,566
Charges for services	26,326,938	24,594,662	17,634,758	18,493,995
Investment Earnings	160,793	423,889	1,084,491	4,937,959
Other	10,188,833	8,908,432	11,279,364	13,715,490
<b>Total Revenues</b>	<b>543,158,679</b>	<b>553,639,805</b>	<b>551,083,842</b>	<b>532,065,230</b>
<b>EXPENDITURES</b>				
Current operating				
Instruction	247,204,042	246,797,488	285,889,484	287,206,411
Supporting Services	143,195,462	138,836,902	154,940,755	161,978,101
Other charges	-	-	-	-
Capital Outlay	19,743,061	30,882,869	72,549,474	85,360,848
Payment to Component Unit	54,244,208	46,384,715	867,667	-
Debt Service:				
Debt issuance costs	489,201	542,871	832,407	-
Principal	40,960,449	38,179,739	30,823,505	28,945,000
Interest and fiscal charges	29,153,263	30,532,096	31,755,542	31,732,601
<b>Total Expenditures</b>	<b>534,989,686</b>	<b>532,156,680</b>	<b>577,658,834</b>	<b>595,222,961</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	71,095,000	86,405,000	101,770,000	-
Premium on Bonds	14,185,059	17,247,133	13,504,761	-
Payments to Refunded Bond Escrow	(84,800,060)	(103,113,364)	(100,398,355)	-
COP Charter School Repayment	12,364,049	-	-	-
Issuance of Capital Lease	3,478,130	-	-	-
Transfers In	5,377,499	19,227,111	21,136,366	24,358,656
Transfers Out	(6,527,499)	(23,043,821)	(21,136,366)	(26,817,087)
<b>Total other financing sources (uses)</b>	<b>15,172,178</b>	<b>(3,277,941)</b>	<b>14,876,406</b>	<b>(2,458,431)</b>
<b>Net change in fund balances</b>	<b>\$ 23,341,172</b>	<b>\$ 18,205,185</b>	<b>\$ (11,698,586)</b>	<b>\$ (65,616,162)</b>
Debt service as a percentage of noncapital expenditures	13.7%	13.8%	12.6%	11.9%

Source: School District Financial Records

Table 4

	2008	2007	2006	2005	2004	2003
\$	230,010,074	\$ 206,388,408	\$ 196,724,413	\$ 178,446,237	\$ 167,893,476	\$ 147,029,436
	661,285	1,153,540	1,552,643	1,218,030	310,681	277,717
	211,653,568	196,863,292	178,108,061	160,060,978	146,101,864	134,427,036
	13,907,195	5,902,190	4,804,824	-	-	-
	11,379,892	10,619,817	4,345,063	2,868,584	2,051,182	6,079,789
	13,030,985	18,908,358	15,381,777	16,509,849	13,882,298	10,935,143
	<b>480,642,999</b>	<b>439,835,605</b>	<b>400,916,781</b>	<b>359,103,678</b>	<b>330,239,501</b>	<b>298,749,121</b>
	258,791,779	238,315,149	214,099,665	175,538,326	177,451,968	163,475,027
	154,749,135	130,719,659	114,712,396	124,214,296	91,834,328	83,898,514
	-	-	3,075	1,808,147	1,611,220	2,165,458
	121,340,086	83,770,734	44,142,400	57,856,295	53,460,250	101,380,710
	-	-	-	-	-	-
	-	-	-	1,684,217	654,591	-
	22,300,000	15,963,132	15,508,721	16,287,203	9,326,000	9,805,000
	32,362,410	31,977,580	28,693,879	27,161,053	21,482,652	21,637,518
	<b>589,543,410</b>	<b>500,746,254</b>	<b>417,160,136</b>	<b>404,549,537</b>	<b>355,821,009</b>	<b>382,362,227</b>
	63,944,949	207,944,942	-	205,819,956	65,000,000	-
	12,260,702	24,533,628	-	21,702,100	6,416,379	-
	(14,260,000)	(47,675,872)	-	(185,336,816)	(3,424,052)	-
	-	-	-	-	5,075,000	-
	-	-	-	-	-	-
	22,240,125	\$ 14,793,293	\$ 14,013,267	8,255,828	7,633,224	8,418,233
	(23,800,125)	\$ (14,793,293)	(13,013,267)	(8,255,828)	(7,633,224)	(8,418,233)
	<b>60,385,651</b>	<b>184,802,698</b>	<b>1,000,000</b>	<b>42,185,240</b>	<b>73,067,327</b>	<b>-</b>
<b>\$</b>	<b>(48,514,760)</b>	<b>\$ 123,892,049</b>	<b>\$ (15,243,355)</b>	<b>\$ (3,260,619)</b>	<b>\$ 47,485,819</b>	<b>\$ (83,613,106)</b>
	11.7%	11.5%	11.8%	13.0%	10.4%	11.2%

Douglas County School District Re. 1  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Calendar Years  
 (Unaudited)

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**Residential Property**

**Other Property Classes**

Tax Year	Collection Year	Assessed Value	Actual Value	Vacant Land	Commercial	Industrial	Agricultural
2011	2012	\$ 2,605,060,140	\$ 32,726,886,181	\$ 237,907,000	\$ 1,352,671,890	\$ 106,996,720	\$ 16,967,090
2010	2011	2,835,278,200	35,619,072,864	328,390,830	1,461,043,520	114,075,070	18,733,120
2009	2010	2,804,614,750	35,233,853,643	338,451,120	1,465,556,170	98,981,380	17,633,480
2008	2009	2,712,177,010	34,072,575,503	352,466,660	1,398,061,420	51,894,240	19,303,880
2007	2008	2,630,673,430	33,048,661,181	334,701,420	1,334,996,740	57,097,880	18,486,600
2006	2007	2,356,476,840	29,603,980,402	266,327,340	1,220,874,170	49,165,040	14,281,410
2005	2006	2,206,389,260	27,718,458,040	268,822,740	1,168,970,503	49,576,470	13,926,590
2004	2005	1,973,699,670	24,795,221,985	240,207,920	1,036,495,860	46,368,840	14,023,380
2003	2004	1,864,550,330	23,423,999,121	238,511,770	966,834,580	47,032,370	14,557,520
2002	2003	1,751,736,460	22,006,739,447	188,458,875	867,530,670	39,749,780	13,754,320

Source: Douglas County Assessor

Table 5

Natural Resources	State Assessed	Other Property Classes Assessed	Other Property Classes Actual Value	Total Assessed Value	Grand Total Actual Value	Direct Tax Rate
\$ 425,920	\$ 184,707,000	\$ 1,899,675,620	\$ 6,550,605,586	\$ 4,504,735,760	\$ 39,277,491,767	48.788
343,730	158,980,100	2,081,566,370	7,177,815,069	4,916,844,570	42,796,887,933	46.890
219,050	154,083,000	2,074,924,200	7,154,911,034	4,879,538,950	42,388,764,678	46.681
318,030	143,966,400	1,966,010,630	6,779,347,000	4,678,187,640	40,851,922,503	47.103
380,290	137,184,200	1,882,847,130	6,492,576,310	4,513,520,560	39,541,237,491	46.500
401,120	115,320,030	1,666,369,110	5,746,100,379	4,022,845,950	35,350,080,781	46.500
471,970	116,537,000	1,618,305,273	5,580,363,010	3,824,694,533	33,298,821,051	46.500
530,440	109,736,300	1,447,362,740	4,990,906,000	3,421,062,410	29,786,127,985	46.500
493,800	112,539,800	1,379,969,840	4,758,516,690	3,244,520,170	28,182,515,810	46.500
670,460	120,780,300	1,230,944,405	4,244,635,879	2,982,680,865	26,251,375,327	43.584

Douglas County School District Re. 1  
 Direct and Overlapping Property Tax Rates <sup>(1)</sup>  
 Last Ten Calendar Years  
 (Unaudited)

Douglas County School District

Assessment Year	Collection Year	General Fund	Debt		Douglas County (2)	
			Service Fund	Total	Total	Total
2011	2012	33.341	15.45	48.788	24.27	73.06
2010	2011	32.644	14.25	46.890	24.27	71.16
2009	2010	32.485	14.196	46.681	24.27	70.95
2008	2009	33.197	13.906	47.103	24.27	71.38
2007	2008	33.358	13.142	46.500	24.27	70.77
2006	2007	33.970	12.530	46.500	24.27	70.77
2005	2006	33.066	13.434	46.500	24.27	70.77
2004	2005	35.108	11.392	46.500	24.27	70.77
2003	2004	35.568	10.932	46.500	24.27	70.77
2002	2003	30.883	12.701	43.584	24.27	67.85

Notes:

(1) In addition to the County and the School District, there are five cities and towns and one hundred three special districts which levy property taxes in Douglas County. Because of this number of taxing entities, this table identifies only the District and the County.

(2) Includes the Law Enforcement Authority (LEA).

Source: Douglas County Treasurer



Douglas County School District Re. 1  
Principal Property Tax Payers  
Current Year and Nine Years Ago as of December 31st  
(Unaudited)

	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Park Meadows Mall LLC	\$ 61,970,950	1	1.27%	\$ 46,941,700	1	1.69%
HCA HealthOne LLC	48,530,100	2	1.02%	-		-
Intermountain Rural Elec Assn	43,139,000	3	0.79%	21,118,000	4	0.76%
Public Service Co. of Colorado (Xcel)	40,741,200	4	0.75%	20,791,200	6	0.75%
Century Link (was Quest Corporation)	38,882,200	5	0.57%	32,586,700	2	1.18%
Craig Realty Group Castle Rock LLC	18,898,990	6	0.38%	-		-
Plaza Drive Properties LLC	16,931,860	7	0.37%	25,963,040	3	0.94%
Target Corporation	16,391,460	8	0.33%	-		-
Visa USA Inc	13,863,170	9	0.33%	-		-
Wells Rei tII South jamica Street LLC	11,759,110	10	0.28%	13,841,400	9	0.31%
Direct TV Operations	-		-	-		-
Castle Rock Factory Shops Partner	-		-	20,878,710	5	0.75%
Merrill Lynch & CO	-		-	17,128,710	7	0.62%
TCI Realty Investments	-		-	14,709,760	8	0.53%
Meridan Associates East	-		-	8,056,180	9	0.29%
Thyssen-Bornemisza, Inc	-		-	6,370,440	10	0.23%
	<u>\$ 311,108,040</u>		<u>6.09%</u>	<u>\$ 228,385,840</u>		<u>8.05%</u>

Source: Douglas County Treasurer

Douglas County School District Re. 1  
Property Tax Levies and Collections  
Last Ten Years  
(Unaudited)

Assessment Year	Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Levy
2011	2012	\$ 221,044,051	\$ 219,450,816	99.28%	\$ 56,221	\$ 219,507,037	99.30%
2010	2011	233,933,234	231,099,780	98.79%	148,133	231,247,913	98.85%
2009	2010	229,275,614	226,434,281	98.76%	50,528	226,484,809	98.78%
2008	2009	221,968,627	215,341,376	97.01%	30,010	215,371,386	97.03%
2007	2008	211,754,477	205,145,167	96.88%	73,455	205,218,622	96.91%
2006	2007	188,393,901	184,592,058	97.98%	120,339	184,712,397	98.05%
2005	2006	179,088,243	176,590,109	98.61%	194,135	176,784,244	98.71%
2004	2005	160,092,493	159,487,668	99.62%	121,266	159,608,934	99.70%
2003	2004	151,865,044	149,276,356	98.30%	635,409	149,911,765	98.71%
2002	2003	130,863,072	129,428,785	98.90%	93,207	129,521,992	98.98%

Source Douglas County School District Financials

Douglas County School District Re. 1  
Ratios of Outstanding Debt by Type  
Last Ten Years  
(Unaudited)

<b><u>Governmental Activities</u></b>								
Year Ended June 30	General Obligation Bonds	Certificates of Participation	Total	Assessed Value	Personal Income	Population (1)	Percentage of Personal Income	Total Debt Per Capita
2012	\$ 509,211,093	\$ 26,505,000	\$ 535,716,093	\$ 4,504,735,760	\$ 18,081,970	291,083	3.38%	\$ 1,840
2011	543,221,501	27,540,000	570,761,501	4,916,844,570	17,514,402	288,430	3.07%	1,979
2010	580,366,240	28,575,000	608,941,240	4,879,538,950	17,108,472	290,059	2.81%	2,099
2009	608,924,744	16,920,000	625,844,744	4,678,187,640	16,969,723	286,780	2.71%	2,182
2008	637,134,744	17,655,000	654,789,744	4,513,520,560	14,706,467	281,418	2.25%	2,327
2007	609,424,795	17,980,000	627,404,795	4,022,845,950	12,993,222	268,506	2.07%	2,337
2006	477,537,985	4,465,000	482,002,985	3,824,694,533	11,347,684	252,988	2.35%	1,905
2005	492,736,706	4,775,000	497,511,706	3,421,062,410	9,657,842	236,524	1.94%	2,103
2004	474,089,030	5,075,000	479,164,030	3,244,520,170	8,702,221	224,023	1.82%	2,139
2003	427,110,281	480,000	427,590,281	2,982,680,865	8,336,227	209,942	1.95%	2,037

Source: School District Financial Records  
Douglas County Government

(1) Figures included in this schedule represent the most recent data available.  
Data is estimated and is subject to change based on updated information.

Douglas County School District Re. 1  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Years  
(Unaudited)

Year Ended June 30	General Obligation Bonds	Debt Service Funds Available	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita	Actual Value	Assessed Value	Personal Income	Population (1)
2012	\$ 509,211,093	\$ 40,687,776	\$ 468,523,316	1.43%	\$ 1,610	\$ 32,726,886,181	\$ 4,504,735,760	\$ 18,081,970	\$ 291,083
2011	543,221,541	34,010,448	509,211,093	1.19%	1,718	42,796,887,933	4,916,844,570	21,370,411	296,374
2010	580,366,240	37,144,738	543,221,502	1.28%	1,873	42,388,764,678	4,879,538,950	18,911,869	290,059
2009	608,924,744	28,558,504	580,366,240	1.42%	2,024	40,851,922,503	4,678,187,640	16,969,723	286,780
2008	637,134,744	28,210,000	608,924,744	1.54%	2,164	39,541,237,491	4,513,520,560	14,706,467	281,418
2007	609,424,795	34,287,234	575,137,561	1.63%	2,142	35,350,080,781	4,022,845,950	12,993,222	268,506
2006	477,537,985	32,441,936	445,096,049	1.34%	1,759	33,298,821,051	3,824,694,533	11,347,684	252,988
2005	492,736,706	25,227,192	467,509,514	1.57%	1,977	29,786,127,985	3,421,062,410	9,657,842	236,524
2004	474,089,030	30,537,110	443,551,920	1.57%	1,980	28,182,515,810	3,244,520,170	8,702,221	224,023
2003	427,110,281	28,675,957	398,434,324	1.52%	1,898	26,251,375,327	2,982,680,865	8,336,227	209,942

Source: School District Financial Records  
Douglas County Government

(1) Figures included in this schedule represent the most recent data available.  
Data is estimated and is subject to change based on updated information.

Douglas County School District Re. 1  
Direct and Overlapping Debt  
(Unaudited)

Overlapping Entity	Amount		Percent	Amount
	Outstanding			
Municipalities:				
Aurora	\$ 16,065,000		0.12%	\$ 19,278
Special Districts:				
Antelope Heights Metropolitan District	9,800,000		100	9,800,000
Canterberry Crossing Metropolitan District	11,405,000		100	11,405,000
Canterberry Crossing II Metropolitan District	13,195,000		100	13,195,000
Castle Oaks Metropolitan District	5,860,000		100	5,860,000
Castle Pines North Metropolitan District and Green Valley Water and Sanitation District	15,060,000		100	15,060,000
Castlewood Ranch Metropolitan District	21,190,000		100	21,190,000
Centennial Water & Sanitation	-		100	-
Chatfield South Water District	182,272		100	182,272
Cherokee Ridge Estates Metropolitan District	1,110,000		100	1,110,000
Cherry Creek South Metropolitan District No. 1	5,460,000		100	5,460,000
Compark Business Campus Metropolitan District	40,580,000		100	40,580,000
Concord Metropolitan District	5,740,000		100	5,740,000
Consolidated Bell Mountain Ranch Metropolitan District	14,410,000		100	14,410,000
Cottonwood Water and Sanitation District	24,991,589		100	24,991,589
Crystal Crossing Metro	6,330,000		100	6,330,000
Crystal Valley Metropolitan District No. 1	20,740,000		100	20,740,000
Heritage Hills Metropolitan District	1,780,000		100	1,780,000
Highlands Ranch Metro	73,830,000		100	73,830,000
Horse Creek Metropolitan District	4,655,000		100	4,655,000
Hunting Hill Metropolitan District	4,000,000		100	4,000,000
Inverness Metropolitan Improvement District	1,535,625		30.17	463,298
Inverness Water and Sanitation District	8,530,360		31.16	2,658,060
Jordan Crossing Metropolitan District	1,385,000		100	1,385,000
Lincoln Creek Metropolitan District	4,100,000		100	4,100,000
Lincoln Meadows Metropolitan District	7,855,000		100	7,855,000
Lincoln Park Metropolitan District	28,960,000		100	28,960,000
Lincoln Station Metropolitan District	13,662,000		100	13,662,000
Louviers Water & San	665,773		100	665,773
Maher Ranch Metropolitan District No. 4	20,610,000		100	20,610,000
Meadows Metropolitan Districts Nos. 1-7	70,000,000		100	70,000,000
Meridian Metropolitan District	66,875,000		100	66,875,000
Meridian Village Metro #1	35,185,000		100	35,185,000
Neu Towne Metropolitan District	5,275,000		100	5,275,000
North Meridian Metropolitan District	7,244,000		100	7,244,000
Omni Park Metropolitan District	5,865,000		100	5,865,000
Old Towne Metro	910,000		100	910,000
Parker Automotive Metropolitan District	14,585,000		100	14,585,000
Parker Properties Metropolitan District No. 1	255,000		100	255,000
Park Meadows Business Improvement	15,520,000		100	15,520,000
Park Meadows Metropolitan District	2,255,000		100	2,255,000
Parker Water & Sanitation	97,700,000		100	97,700,000
Perry Park Metropolitan District	-		100	-
Pine Bluffs Metropolitan District	4,510,000		100	4,510,000
Pinery West Metropolitan District No.s 1 and 2	19,130,000		100	19,130,000
Pinery West Metropolitan District No. 3	2,695,000		100	2,695,000
Plum Creek Metropolitan District	2,220,000		100	2,220,000
Ravenna Metropolitan District	9,000,000		100	9,000,000
Reata North Metropolitan District	9,765,000		100	9,765,000
Reata South Metropolitan District	19,350,000		100	19,350,000
Regency Metropolitan District	2,995,000		100	2,995,000
Robinson Ranch Metro District	700,000		100	700,000
Rocking Horse Metro #1 & #2	30,648,000		100	30,648,000
Roxborough Village Metropolitan District	17,224,391		100	17,224,391
Roxborough Water and Sanitation District	5,876,250		73.96	4,346,075
Sedalia Water & Sanitation	170,183		100	170,183
Solitude Metropolitan District	5,000,000		100	5,000,000
South Meridian Metropolitan District	12,044,000		100	12,044,000
South Suburban Park and Recreation District	23,505,000		16.97	3,988,799
Southeast Public Improvement Metropolitan District	4,030,000		31.31	1,261,793
South Park Metropolitan District	980,000		4.63	45,374
Stonegate Village Metropolitan District	34,575,000		100	34,575,000
Thunderbird Water and Sanitation District	372,450		100	372,450
Villages at Castle Rock Metropolitan District No. 4 and Founders Village Metropolitan District No. 6	49,785,256		100	49,785,256
Villages at Castle Rock Metropolitan District No. 7	2,895,000		100	2,895,000
West Metro Fire Protection District	38,470,000		3.62	1,392,614
	<b>\$ 1,001,297,149</b>			<b>\$ 916,480,204</b>

Source: Douglas County Survey of Special Taxing Districts

Note: Although the District has attempted to obtain accurate information as to the outstanding debt of all such governmental entities, it does not represent its completeness or accuracy as there is no central reporting entity which has this information available. These statistics are based on information supplied by others.

This table, however, should provide a reasonable representation of the overlapping debt which affects the District.

Douglas County School District Re. 1  
 Legal Debt Margin  
 (Unaudited)

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	2012	2011	2010	2009	2008
Debt limit	\$ 1,126,183,940	\$ 1,229,211,143	\$ 1,219,884,738	\$ 1,169,546,910	\$ 1,128,380,140
Total debt applicable to limit	509,211,093	543,221,541	580,366,240	608,924,744	637,134,744
Legal debt margin	616,972,847	685,989,602	639,518,498	560,622,166	491,245,396
Total debt applicable to the limit as a percentage of debt limit	45.2%	44.2%	47.6%	52.1%	56.5%

Source: School District Financial Records

Table 12

2007	2006	2005	2004	2003
\$ 1,005,711,488	\$ 962,840,013	\$ 860,712,323	\$ 816,479,228	\$ 756,603,941
609,424,795	477,537,985	492,736,706	481,559,030	427,110,281
396,286,693	485,302,028	367,975,617	334,920,198	329,493,660
60.6%	49.6%	57.2%	59.0%	56.5%

Douglas County School District Re. 1  
Demographic and Economic Statistics  
(Unaudited)

Year	Estimated Population (1)	Per Capita Personal Income (2)	Personal Income Total (2)	Average Household Size (1)	Median AGE (1)	School Enrollment	Unemployment Rate (3)
2012	291,083	\$ 66,047	\$ 18,954,342	2.79	36.6	63,114	6.10%
2011	291,083	66,047	18,954,342	2.79	36.6	61,465	6.10%
2010	288,430	63,056	17,743,150	2.86	36.6	59,932	6.70%
2009	290,059	62,633	17,255,256	2.90	34.3	56,031	6.60%
2008	286,780	58,305	15,577,869	2.88	35.7	52,983	5.10%
2007	281,418	53,329	13,659,407	2.85	33.5	51,689	3.20%
2006	268,506	48,416	11,770,604	2.80	35.4	50,370	4.90%
2005	252,988	43,115	10,024,521	2.88	33.7	48,043	3.60%
2004	236,524	40,743	8,977,741	2.87	33.7	44,762	4.30%
2003	224,023	40,780	8,519,321	2.52	33.7	42,009	4.60%
2002	209,942	39,381	8,336,227	2.90	34.1	38,455	4.90%

## Source:

- (1) Douglas County Planning Division Estimates
- (2) Survey of Current Business by U.S. Dept. of Commerce, Bureau of Economic Analysis
- (3) Colorado Department of Labor & Employment, Labor Market Information

Figures included in this schedule represent the most recent data available.  
Data is estimated and is subject to change based on updated information.



Douglas County School District Re. 1  
Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

	2011			2002		
	<u>Employees</u>		<u>% of Total County Employment</u>	<u>Employees</u>		<u>% of Total County Employment</u>
Douglas County Schools*	5,927	1	3.82%	5396	1	6.31%
Echostar Communications	1,900	2	1.22%	-	-	-
CH2M Hill	1,720	3	1.11%	-	-	-
AVAYA	1,500	4	0.97%	1500	4	1.75%
TW Telecom	1,100	5	0.71%	1050	6	1.23%
Western Union	1,080	6	0.70%	-	-	-
Douglas County Government	1,045	7	0.67%	725	8	0.09%
Heaalthtone:SkyRidge Medical	930	8	0.60%	-	-	-
Sprint Nextel	930	9	0.60%	-	-	-
Centura: Parker Adventist Hospital	840	10	0.54%	-	-	-
Liberty Media	-	-	-	-	-	-
Information Handling Services	-	-	-	1500	3	1.75%
First Data Corporation	-	-	-	2616	2	3.06%
Merrill Lynch	-	-	-	1190	5	1.39%
Expanets	-	-	-	1000	7	1.17%
Nordstrom	-	-	-	600	9	0.70%
Dillards	-	-	-	550	10	0.64%
Total for Principal Employers	<u>16,972</u>		<u>11.50%</u>	<u>16,127</u>		
Total Employment in Douglas County as of June 30th	147,954			85,519		
Percentage	11.5%			18.9%		

Source: Southeast Business Partnership

Douglas County School District Re. 1  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
 (Unaudited)

	2012	2011	2010	2009
<b>Instructional Services:</b>				
Administrators	27	31	33	30
Principals and Assistant Principals	143	134	154	162
Teaching Staff	2,523	2,540	2,717	2,797
Guidance Counselors	62	65	66	68
Special Service Teaching Staff	466	494	432	450
Special Service Classified Staff	309	323	326	307
Media Specialists/Librarians	55	54	59	60
Nurses	27	24	27	26
Aids & Instructional Assistants	247	275	333	333
Psychologists, Social Workers, Physical Therapists	129	178	187	216
Professional	13	8	10	22
Athletic Trainers	8	8	9	8
Other	-	-	-	-
<b>Support Services:</b>				
Administrators	28	32	34	37
Technical	46	44	43	46
Pupil Transportation, Mechanics	177	266	279	300
Operations & Maintenance	267	273	312	331
Clerical, Business Office, Benefits, Purchasing	381	338	375	373
Food Services	130	149	172	174
Security Services	29	29	30	30
Warehouse/Delivery	15	8	10	14
Childcare, Preschool Intersession	194	249	242	290
Professional	9	14	13	15
Volunteer Coordinators	7	7	11	15
Crossing Guards	1	-	-	-
	5,292	5,543	5,874	6,104

Source: School District Financial Records

Table 15

2008	2007	2006	2005	2004	2003
32	22	28	23	27	27
159	155	140	121	124	121
2,708	2524	2413	2,399	2,296	2,216
64	63	58	58	49	48
438	439	478	461	404	385
305	485	385	379	385	385
61	81	83	81	82	82
24	18	16	16	14	14
329	443	438	427	430	425
178	89	115	112	86	86
20	16	13	8	-	-
8	4	7	6	-	-
-	4	-	-	10	10
39	36	30	28	27	27
45	38	40	36	32	28
311	294	265	247	219	217
303	280	262	257	247	242
377	452	391	381	385	378
146	179	177	154	161	158
40	49	43	36	32	32
13	19	15	16	12	12
292	219	211	199	215	226
16	45	55	52	51	51
15	35	50	39	33	36
1	7	12	8	7	7
5,924	5,996	5,725	5,544	5,328	5,213

Douglas County School District Re. 1  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years  
 (Unaudited)

	2012	2011	2010	2009
School Enrollment	63,114	61,465	59,932	57,723
Funded Pupil Count	59,606	57,566	56,181	54,921
Average Student Teacher Ratio	26.7	24.2	22.1	20.6
Expenses - Total Governmental Funds	\$ 534,989,686	\$ 532,156,679	\$ 577,658,834	\$ 594,356,294
Cost per FPC	\$ 8,975	\$ 9,244	\$ 9,639	\$ 10,297
Bus Miles Traveled	3,600,911	3,381,542	3,295,241	4,212,904
Preventive Maintenance Work Orders	16,861	22,428	17,777	15,539
Building Square Footage	6,660,845	6,617,016	6,282,231	6,137,617
Free & Reduced	6867	6502	4887	4416
Percent of Free & Reduced to School Enrollment	10.9%	10.6%	8.2%	7.7%
Average Teacher Salary	\$ 54,141	\$ 54,691	\$ 54,302	\$ 54,868

Source: School District Financial Records

Table 16

2008	2007	2006	2005	2004	2003
52,393	50,385	48,043	45,814	43,964	42,009
49,676	49,297	47,407	44,761	42,009	40,511
19.3	19.6	19.6	19.1	19.1	19.0
\$ 603,803,410	\$ 548,422,117	\$ 417,160,136	\$ 404,549,537	\$ 355,821,009	\$ 382,362,227
\$ 11,525	\$ 10,885	\$ 8,683	\$ 8,830	\$ 8,093	\$ 9,102
4,196,613	3,640,784	3,032,104	2,751,288	2,655,354	2,612,697
13,865	15,618	13,543	16,540	12,289	Not Available
5,596,976	5,375,895	5,267,680	5,020,951	4,816,627	4,249,416
2377	1972	2227	2023	1650	1449
4.5%	3.9%	4.6%	4.4%	3.8%	3.4%
\$ 51,547	\$ 51,229	\$ 49,239	\$ 48,451	\$ 47,394	\$ 46,010

Douglas County School District Re. 1  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years  
 (Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Schools</b>										
Elementary Schools	47	47	46	46	44	41	41	41	39	35
Middle Schools	9	9	9	9	7	7	7	7	7	6
High Schools	9	9	9	9	9	9	8	7	7	6
Charter Schools	11	9	8	8	7	6	6	5	5	5
Magnet Schools	2	2	2	2	2	1	1	1	1	1
Alternative High Schools	1	1	1	2	2	2	2	2	2	2
Night Schools	1	1	1	1	1	1	1	1	1	1
University Center	1	1	1	1	1	1	1	1	1	1
Plum Creek	1	1	1	1	1	1	1	1	1	1
<b>Administration</b>										
Administration	2	2	2	1	1	1	1	1	1	1
Bus Terminals	3	3	3	3	3	3	3	3	3	2
Operations & Maintenance	3	3	3	3	3	2	2	2	2	2
Warehouse	2	2	2	1	1	1	1	1	1	1
Cantril	1	1	1	1	1	1	1	1	1	1

Source: School District Financial Records

***COMPLIANCE  
SECTION***



**Independent Auditor's 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 Education  
Douglas County School District RE.1  
Castle Rock, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Douglas County School District RE.1 (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2012. The beginning net assets of the governmental activities were restated to correct the recording of construction in progress. The beginning fund balance of the General Fund and the Building Projects Fund were restated due to a change in presentation of certain capital projects funds. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the District's Charter Schools, discretely presented component units. This report does not include the results of the other auditors' testing of internal control over financial reporting and other matters that may be reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 12-II-A to be a material weakness.



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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 12-II-B to be a significant deficiency.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the District in a separate letter dated December 17, 2012.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses, and accordingly, we express no opinion on them.

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

*McGladrey LLP*

Denver, Colorado  
December 17, 2012



**Independent Auditor's Report on Compliance With  
Requirements that Could Have a Direct and Material Effect  
on Each Major Program and Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

To the Board of Education  
Douglas County School District RE.1  
Castle Rock, Colorado

### **Compliance**

We have audited Douglas County School District RE.1's (District) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit. We did not audit the compliance with the requirements of laws, regulations, contracts and agreements of the District's Charter Schools, discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

### **Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questions costs as item 12-III-A. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

We noted certain matters that we have reported to management in a separate letter dated December 17, 2012.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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

*McGladrey LLP*

Denver, Colorado  
December 17, 2012

Douglas County School District RE.1

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Education</b>			
Passed Through State Department of Education			
Title I, Part A	84.010	4010	\$ 995,462
Special Education (IDEA, Part B)	84.027	4027	6,361,403
Preschool (Special Ed Preschool Grants)	84.173	4173	84,692
Title V, Part D: American History Grant	84.215X	6215	100,537
Title V, Part B: Charter Schools Program	84.282	5282	683,781
ARRA - Title II-D	84.386	5386	18,984
Title III, Part A: English Language Acquisition Grants	84.365	4365	154,105
Title III Set-Aside : Emerg Immigrant	84.365	7365	30,481
Improving Treach Quality	84.367	4367	592,243
ARRA -Innovation (i3 Grant_	84.396	4396	24,066
Race to the Top	84.413	4413	30,071
ARRA - Education Jobs	84.410	4410	362,365
Title 1A Prevention Intergration (Race to the Top)	84.010	5010	62,605
Passed Through State Department of Human Services			
Vocational Rehabilitation Grants	84.126	29716	264,064
Passed Through State Board for Community College and Occupational Education:			
Career & Technical Education Grant	84.048	1312	174,413
<b>Total Department of Education</b>			<u>9,939,272</u>
<b>U.S. Department of Health and Huamn Services</b>			
Passed Through State Department of Education			
Substance Abuse and Mental Health Services - Project Safety Net	93.243	7243	51,105
Childcare Development & Block Grant	93.575	7575	105,012
ARRA - Prevention & Wellness (Tri-County Health Dept CPPW)	93.724	7724	71,008
ARRA - Prevention & Wellness (Tri-County Health Dept CPPW)	93.724	7724	48,098
<b>Total Department of Health and Huamn Services</b>			<u>275,223</u>
<b>U.S. Department of Energy</b>			
Passed Through State Department of Human Services			
CSUV's Renewable Energy Rsch & Devel	81.087	DOE001-4(DCSD)	120,027
<b>U.S. Department of Agriculture</b>			
Passed Through State Department of Education			
School Breakfast Program	10.553	4553	155,479
National School Lunch Program	10.555	4555	2,548,950
Passed Through State Department of Human Services			
National School Lunch Program	10.555	4001691	733,935
<b>Total Department of Agriculture</b>			<u>3,438,364</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 13,772,886</u>

## Douglas County School District RE.1

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Douglas County School District RE.1 (District) for the year ended June 30, 2012. The schedule does not include the federal grant activity of the District's Charter Schools, discretely presented component units. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

#### **Note 2. Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. Revenue from federal awards is recognized when the District has done everything necessary to establish its right to the revenue and the revenue for governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

#### **Note 3. Noncash Assistance**

The schedule includes federal awards in the form of noncash assistance (food commodities) received during the year in the amount of \$733,935 from the U.S. Department of Agriculture passed through the State Department of Education and the State Department of Human Services – CFDA No. 10.555. The commodities are recognized as expenditures when used by the schools.

**Douglas County School District RE.1**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2012**

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Number	Comment	Status	Corrective Action Plan or Other Explanation
<b>Findings Related to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted Government Auditing Standards:</b>			
<b>Internal Control</b>			
2011-01	The District's financial audit produced a significant amount of adjustments to the accounting records and the District did not prepare the government-wide financial statements.	Corrected	
<b>Findings and Questioned Costs for Federal Awards:</b>			
<b>Internal Control</b>			
2011-02	A time and effort study was not completed for one employee whose salary was charged to the Special Education grants.	Corrected	

Douglas County School District RE.1

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

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I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  No
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  No

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
-------------	------------------------------------

IDEA program Cluster:

84.027	Special Education (IDEA, Part B)
84.173	Special Ed Preschool Grants
84.282	Title VB - Charter School Program
84.410	ARRA - Education Jobs

Dollar threshold used to distinguish between type A and type B programs: \$413,186

Auditee qualified as low-risk auditee?  Yes  No

Douglas County School District RE.1

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2012

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II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

12-II-A

Finding: There were matters that materially affected the June 30, 2011 financial statements of the governmental activities that resulted in a restatement to June 30, 2011 governmental activities net assets.

Criteria: The beginning net assets of the governmental activities were restated in order to correct the balance of construction in progress (CIP).

Condition/Prevalence: For the governmental activities, the restatement resulted in a \$21,279,158 increase to CIP and net assets as of June 30, 2011.

Cause: In fiscal year 2007, there were manual entries made to the District's CIP off-ledger listing that resulted in erroneous beginning balances reported each year and materially affected the June 30, 2011 financial statements of the governmental activities.

Effect: There were material misstatements of CIP carried forward from fiscal year 2007 to 2011 that resulted in a restatement of beginning net assets.

Recommendation: We recommend that the District consider automating the accounting for CIP and implementing procedures to adequately review the year-end balances in CIP. In addition, the District should consider creating a reconciling fund within the general ledger that would allow for the posting of reconciling items to the District's general ledger that would substantiate the historical values of CIP in future years.

Response and Corrective Action: This misstatement of CIP value occurred in fiscal year 2006-2007. In verifying our current year Construction in Progress (CIP) value by examining the additions and deletions to this reconciling item, we discovered the understatement of the beginning CIP balance. By rolling back the CIP values each year verifying the additions and deletions, our capital asset accountant discovered an erroneous negative entry in a cell on the CIP listing. Going back to the Comprehensive Annual Financial Report for year ended June 30, 2007, it was noticed that the CIP deletions of \$8,755,288 exactly matched the capital asset increase under Building and Improvements Additions. Please reference page 26 of the Comprehensive Annual Financial Report of fiscal year ended June 30, 2007. This occurrence in itself should have been noticed as a very unusual if not impossible result. It is not known whether the additions and deletions in that year were audited by the audit firm during the normal yearly auditing process.

Based on this research, we were able to substantiate the new 2011 CIP ending balance reported in this Comprehensive Annual Financial Report for year ended June 30, 2012.

As a result of this finding, the following procedures have been immediately implemented:

1. The fiscal year 2011 ending CIP balance, the audited additions and deletions as well as the resulting ending balance will be recorded under our newly created GASB 34 fund to account for these off ledger reconciling adjustments.

(Continued)



Douglas County School District RE.1

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2012

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2. Upon creation of the new year capital asset table by the capital asset accountant, the value of the additions and deletions will be verified by the Director of Finance as well as by the Construction Project Accountant in the Facilities and Operations Department.
3. These values, upon approval, will be entered into the general ledger accounted for in GASB 34 Fund.
4. This table and back up will be forwarded to the auditors for a final audit check during the yearly financial audit.
5. An RFP for an ERP Upgrade or replacement has been created and advertised with proposals due by December 19, 2012. This RFP includes the request for a project or activity accounting module which will be set up to automate the capture of DCSD's CIP and capital assets in the future.

**12-II-B**

Finding: Members of the District's software integration team use the same oracle super-user account name and password to log into the application and database. The use of several employees using the same account classifies the superuser account as a generic account.

Criteria: Sound internal control standards require information technology systems to be secured through the use of unique user names and passwords.

Condition/Prevalence: Three members of the software integration team (two database administrators and one developer), use the same Oracle superuser account name and password to log into the application and database. This account has access rights to read, change and delete financial information.

Cause: It appears that these three District software integration team employees know and use the superuser account to perform their job duties even though they each have unique user ID's and passwords.

Effect: Although there was no evidence of any, there is an increased risk of misstatement due to error or manipulation of financial information.

Recommendation: We recommend that the District change the superuser password and retain that password for administrator use only.

Response and Corrective Action: We acknowledge this finding and report that the IT Department has immediately responded in correcting this security issue. The McGladrey IT auditor shared that our IT department was cooperative and positive during this specific audit process.

As background, McGladrey, DCSD's new auditors for FY 2011-2012, offered to include an IT (Information Technology) audit as a part of their scope of work in this first year of their contract with us. As DCSD in the past had never authorized an IT audit as it relates to Business Services, we took advantage of the opportunity to assess this very important function. Our philosophy is to embrace any audit as an opportunity to assess our internal controls enabling us to correct any issues and to continually improve our processes and procedures.

(Continued)

**Douglas County School District RE.1**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2012**

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Upon notification, the District's IT Team immediately modified the access to the superuser account to reflect the given recommendations.

The Team will continue to improve the security of our systems with the following items:

- Named user accounts will be used for each member of the System Integration Team at all levels. (Operating System, Database and Application Level)
- Revise policy concerning use of accounts/access to productions systems as well as how production system changes are executed.
- Identify, restructure and monitor the application and database interfaces throughout the system.
- Re-install, upgrade or replace the Oracle EBS financial software allowing for a change and reset of the superuser account password.

**B. Compliance Findings**

None reported

**III. Findings and Questioned Costs for Federal Awards**

**A. Internal Control**

**12-III-A**

**U.S. Department of Education  
Passed through the Colorado Department of Education  
Special Education IDEA Cluster (CFDA 84.027, 84.173)  
Federal Award Year: 2012**

Finding: The District does not have adequate controls in place to ensure compliance with the suspension and debarment requirements of OMB Circular A-133 for the Special Education IDEA program.

Criteria: OMB Circular A-133 dictates that when a nonfederal entity enters into a contract or purchase order with another entity (vendor or subrecipient), the nonfederal entity must verify that the other entity is not suspended nor debarred from participation in federal programs/grants when expending \$25,000 or more in a year.

Condition: The District did not verify that all applicable vendors were not suspended nor debarred prior to providing them with federal funds. The District subsequently verified that the vendors were not suspended nor debarred.

Questioned Costs: None.

Context: One vendor (receiving approximately \$90,000 in federal funds) in the Special Education IDEA program was not verified for compliance.

Effect: Lack of controls in this area increases the risk of noncompliance and questioned costs.

Cause: The program manager was not aware of this federal compliance requirement.

(Continued)

Douglas County School District RE.1

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2012

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Recommendation: We recommend the District implement procedures to ensure vendors and subrecipients have not been suspended nor debarred prior to entering into contracts or purchase orders for all transactions, and maintain documentation supporting this verification.

Response and Corrective Action Plan: DCSD Nutrition Services has always included a requirement in the procurement process for any vendor doing business with the National School Lunch Program to verify they are not suspended nor debarred from participation in federal grants. It is acknowledged, however, that this requirement was not cited in the RFP and bid process associated with our other federal grant purchases.

The Purchasing Department has immediately put into place additional procedures to make sure that compliance to this suspension and debarment requirement maintained in the future.

1. Language has been added to both RFP and Bid templates requiring all vendors to sign a certification regarding debarment and suspension indicating that they have not been debarred by any federal department or agency.
2. A check process has been implemented associated with all purchasing requisitions that cite our federal grant fund as the funding source for the purchase and
3. All vendors and contracts presently in existence back the last five years are undergoing review using the Excluded Parties List System (EPLS) confirming that all approved DCSD vendors are not suspended nor debarred by any federal agency or department.

**B. Compliance Findings**

None reported

**Douglas County School District RE.1**

**Corrective Action Plan  
Year Ended June 30, 2012**

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Current Finding Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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**Findings Related to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted Government Auditing Standards:**

**Internal Control**

12-II-A	There were matters that materially affected the June 30, 2011 financial statements of the governmental-wide activities that resulted in a restatement to the related June 30, 2011 net assets.	See corrective action plan at 12-II-A.	June 30, 2013	Bonnie Betz Chief Financial Officer
12-II-B	Several members of the software integration team use the same Oracle super-user account name and password to log into the application and database.	See corrective action plan at 12-II-B	June 30, 2013	Bonnie Betz Chief Financial Officer

**Findings and Questioned Costs for Federal Awards:**

**Internal Control**

12-III-A	The District's Special Education IDEA program did not verify that all applicable vendors were not suspended or debarred prior to providing them with federal funds.	See corrective action plan at 12-III-A	June 30, 2013	Bonnie Betz Chief Financial Officer
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**Independent Auditor's Report on Electronic  
Financial Data Integrity Check Figures**

To the Board of Education  
Douglas County School District RE.1  
Castle Rock, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Douglas County School District Re. 1 (District) as of and for the year ended June 30, 2012, and have issued our report, thereon, dated December 17, 2012. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of electronic financial data integrity check figures is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McGladrey LLP*

Denver, Colorado  
December 17, 2012

12/13/2012  
02:21 PM

Colorado Department of Education  
Fiscal Year 2011-2012  
Colorado School District/BOCES  
Auditor's Integrity Report

DOUGLAS DOUGLAS COUNTY RE 1  
District Code: 0900

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	79,347,322	373,683,276	356,359,688	96,670,910
18 Risk Mgmt Sub-Fund of General Fund	783,886	4,454,644	2,454,918	2,783,612
19 Colorado Preschool Program Fund	0	0	0	0
Subtotal	80,131,208	378,137,920	358,814,606	99,454,522
11 Charter School Fund	13,117,781	63,408,009	62,171,178	14,354,613
20,26-29 Special Revenue Fund	1,076,253	12,680,365	12,830,577	926,040
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	185,117	10,500,561	10,500,561	185,117
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	543,111	18,507,113	18,120,409	929,816
31 Bond Redemption Fund	59,340,736	153,102,800	153,109,572	60,333,963
39 Non-Voter Approved Debt Service Fund	847,897	1,445,505	2,293,401	0
41 Building Fund	15,338,606	12,540,062	9,876,411	18,002,256
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
TOTALS	170,580,708	651,322,334	627,716,715	194,186,327
<b>Proprietary</b>				
51 Food Service Fund	-636,229	14,800,101	14,163,054	818
50 Other Enterprise Funds	3,158,459	9,689,908	8,945,979	3,902,388
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	6,440,302	9,687,462	6,312,917	9,814,847
TOTALS	8,962,532	34,177,471	29,421,950	13,718,053
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	29,566	59,800	25,500	63,866
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	6,319,978	5,537,758	4,560,656	7,297,080
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	6,349,543	5,597,558	4,586,156	7,360,946

\*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.

From submitted data file: fd0900.91c

Program: fdrdh.sqr

File: fd0900.dhc

FINAL



**Douglas County**  
School District

*Learn today. Lead tomorrow.*

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Castle Rock, CO 80104  
303-387-0100  
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