

Douglas County School District Re1



Comprehensive Annual Financial Report

For the Year Ended June 30, 2017

Douglas County
School District Re1
620 Wilcox Street,
Castle Rock, CO 80104
www.dcsdk12.org



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DOUGLAS COUNTY SCHOOL DISTRICT RE.1
620 Wilcox Street
Castle Rock, Colorado 80104

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Year Ended June 30, 2017



Mrs. Erin Kane
INTERIM SUPERINTENDENT

Prepared by:
Office of Business Services

Bonnie J. Betz
Chief Financial Officer

Jana Schleusner
Director of Finance



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DOUGLAS COUNTY SCHOOL DISTRICT RE.1
 Comprehensive Annual Financial Report
 June 30, 2017

Table of Contents

INTRODUCTORY SECTION

Board of Education	8
Leadership Team	9
Organization Chart.....	10
Vision and Core Values	11
Letter of Transmittal	12
GFOA Certificate of Achievement	24
ASBO International Certificate of Achievement	25

FINANCIAL SECTION

Independent Auditor’s Report	28
Management’s Discussion and Analysis	31

Basic Financial Statements

Statement of Net Position	47
Statement of Activities	48
Governmental Funds - Balance Sheet.....	50
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	51
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances	52
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	53
Proprietary Fund	
Statement of Net Position	54
Statement of Revenues, Expenses and Changes in Fund Net Position	55
Statement of Cash Flows	56
Fiduciary Funds	
Statement of Net Position	57
Statement of Changes in Fiduciary Net Position	58
Notes to the Financial Statements.....	59

Required Supplementary Information

Combined General Fund	
Budgetary Comparison Schedule.....	91
Defined Benefit Pension Plan Schedules	
Schedule of the District’s Contributions - PERA	92
Schedule of the District’s Proportionate - Share of the Net Pension Liability.....	94
Notes to Required Supplementary Information	95

Supplementary Information

Combined General Funds

Comparative Balance Sheet.....	102
Combining Balance Sheet.....	103
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance.....	104

DOUGLAS COUNTY SCHOOL DISTRICT RE.1
 Comprehensive Annual Financial Report
 June 30, 2017

Table of Contents

FINANCIAL SECTION (continued)

Supplementary Information (continued)

Combined General Funds (continued)

Schedule of Expenditures by Object - Budget and Actual	105
Schedule of Expenditures by Program - Budget and Actual	106
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	107

Non-Major Governmental Funds

Combining Balance Sheet	110
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	111
Fund 21 - Nutrition Services Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance	112
Fund 22 - Governmental Designated Purpose Grants Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance	113
Fund 26 - Athletics and Activities Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance	114
Fund 28 - Nutrition Services Non-National School Lunch Program (NSLP) Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance	115
Fund 29 - Child Care Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance	116
Fund 39 - Certificates of Participation Lease Payment Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance	117

Bond Redemption Fund

Fund 31 - Comparative Balance Sheet	120
Fund 31 - Schedule of Revenues, Expenditures and Changes in Fund Balance	121

Building Fund

Fund 45 - Comparative Balance Sheet	124
Fund 45 - Schedule of Revenues, Expenditures and Changes in Fund Balance	125

Internal Service Funds

Combining Balance Sheet	128
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	129
Combining Statement of Cash Flows	130

DOUGLAS COUNTY SCHOOL DISTRICT RE.1
 Comprehensive Annual Financial Report
 June 30, 2017

Table of Contents

FINANCIAL SECTION (continued)

Supplementary Information (continued)

Internal Service Funds (continued)

Fund 65 - Medical Fund - Schedule of Revenues, Expenses and Changes in Fund Net Position.....	131
---	-----

Fund 66 - Short Term Disability Fund - Schedule of Revenues, Expenses and Changes in Fund Net Position.....	132
---	-----

Fiduciary Funds

Fund 74 - Agency Fund - Statement of Changes in Assets and Liabilities.....	134
---	-----

Fund 75 - Private Purpose Trust Scholarship—Schedule of Changes in Fiduciary Net Position - Budget and Actual.....	135
--	-----

Component Units - (Non-Major Discretely Presented)

Combining Statement of Net Position	138
---	-----

Combining Statement of Activities.....	142
--	-----

STATISTICAL SECTION (unaudited)

Listing of Statistical Information.....	149
---	-----

Net Position by Component.....	150
--------------------------------	-----

Change in Net Position	152
------------------------------	-----

Fund Balances, Governmental Funds	154
---	-----

Change in Fund Balances, Governmental Funds	156
---	-----

Assessed Value and Estimated Actual Value of Taxable Property.....	158
--	-----

Direct and Overlapping Property Tax Rates	160
---	-----

Principal Property Tax Payers	161
-------------------------------------	-----

Property Tax Levies and Collections	163
---	-----

Ratios of Outstanding Debt by Type	164
--	-----

Ratios of Net General Bonded Debt Outstanding	166
---	-----

Estimated Overlapping General Obligation Debt	167
---	-----

Legal Debt Margin.....	172
------------------------	-----

DOUGLAS COUNTY SCHOOL DISTRICT RE.1
Comprehensive Annual Financial Report
June 30, 2017

Table of Contents

STATISTICAL SECTION (unaudited continued)

Demographic and Economic Statistics	174
Principal Employers	175
Full-time Equivalent District Employees by Function/Program FTE	176
Operating Indicators by Function/Program	178
Capital Asset Statistics by Function/Program	180

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	182
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	184
Schedule of Expenditures of Federal Awards	185
Notes to Schedule of Expenditures of Federal Awards	186
Summary Schedule of Prior Audit Findings	187
Schedule of Findings and Questioned Costs	189
Independent Auditors' Report on Electronic Financial Data Integrity Check Figures.....	191
Electronic Financial Data Integrity Check Figures	192

***INTRODUCTORY
SECTION***

DOUGLAS COUNTY SCHOOL DISTRICT RE.1
 Comprehensive Annual Financial Report
 June 30, 2017

Board of Education



From left to right: David Ray, Judith Reynolds, Wendy Vogel, Anne-Marie Lemieux,
 Meghann Silverthorn, Steven Peck, and Dr. James Geddes.

Name	Position/District	Term Expires
Meghann Silverthorn	President – District G	2017
Judith Reynolds	Vice President – District D	2017
Wendy Vogel	Director – District A	2019
Dr. James Geddes	Director – District B	2017
Anne-Marie Lemieux	Director – District C	2019
Steven Peck	Director – District E	2017
David Ray	Director – District F	2019

DOUGLAS COUNTY SCHOOL DISTRICT RE.1
Comprehensive Annual Financial Report
June 30, 2017

Leadership Team

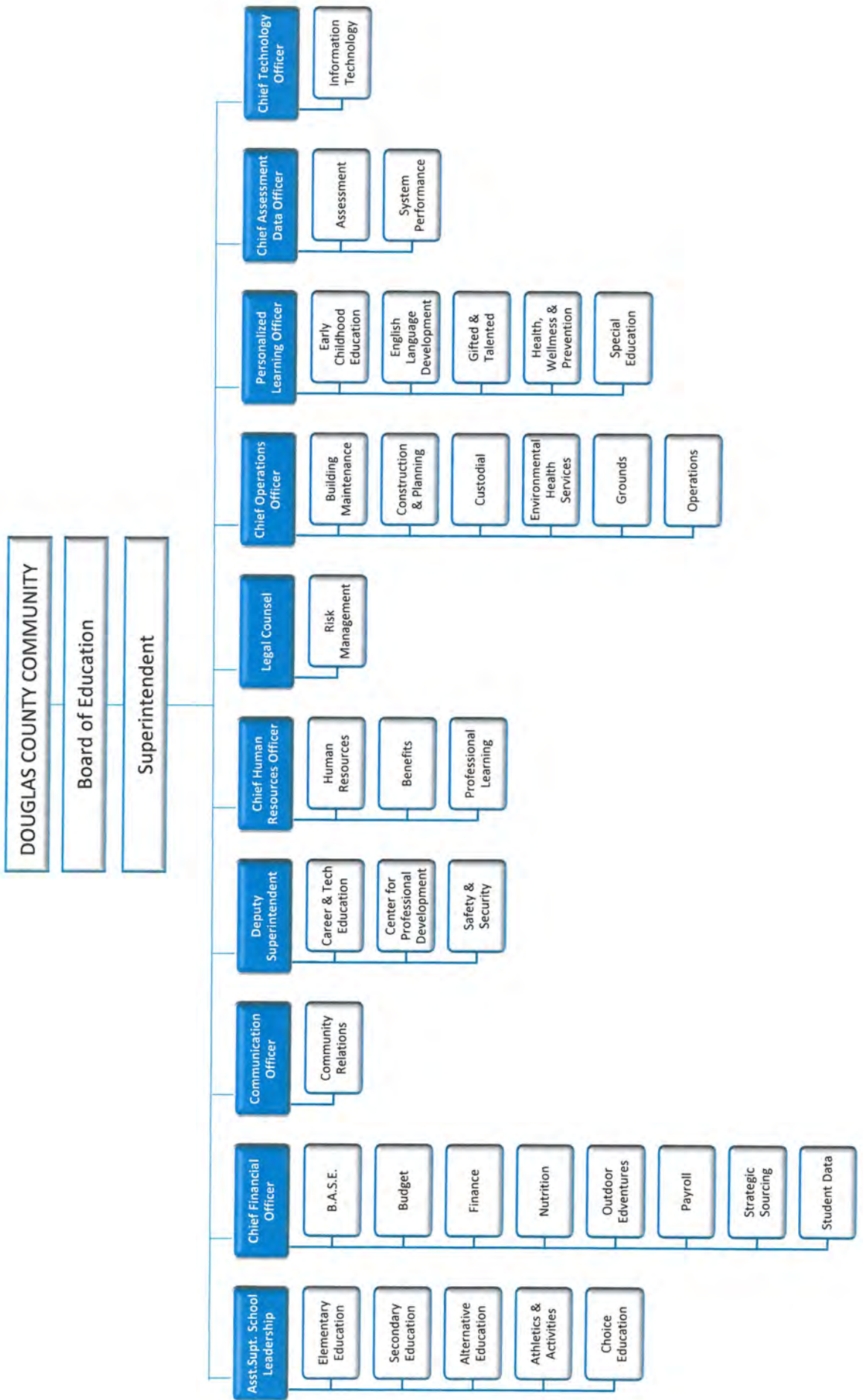
Mrs. Erin Kane
Interim Superintendent



FY 2017
Superintendent's Cabinet

Randy Barber
Bonnie Betz
Steve Colella
Dr. Steven Cook
Nancy Ingalls
Ted Knight
Stacy Rader
Matt Reynolds
Gautam Sethi
Gautam Sethi
Will Trachman

Former Internal Communications Officer
Chief Financial Officer
Chief Human Resources Officer
Deputy Superintendent
Personalized Learning Officer
Assistant Superintendent, School Leadership
Communications Officer
Chief Assessment & Data Officer
Chief Technology Officer
Acting Chief Operating Officer
General Legal Counsel



Vision and Core Values

VISION STATEMENT

The vision of the Douglas County School District is to help students acquire the knowledge and abilities to be responsible citizens who contribute to our society.

CORE VALUES

Our core values remain constant in an ever-changing world. They provide the foundation for our work, and influence how we conduct ourselves and engage with others.

Educational Excellence

High expectations are the focus of everything we do. We challenge all people to acquire a foundation of knowledge and academic skills, and to achieve their highest potential.

Human Diversity

Varied beliefs and backgrounds strengthen a public education system. We respect differences which contribute to a better society for all human beings.

Individual Potential

Individuals develop within an environment that nurtures intellectual, social, emotional, physical and aesthetic growth.

Lifelong Learning

Education is a process that begins at birth and continues throughout life. We foster curiosity, motivation and the desire to learn that extends beyond school settings.

Productive Effort

The pursuit of greater knowledge and more powerful thinking demands hard work, perseverance and commitment.

Shared Responsibility

The partnerships among parents, students, staff and community members are characterized by mutual commitment and collaborative effort.

Ethical Behavior

Our actions are distinguished by the highest standards of personal behavior, including trust, honesty, fairness, integrity and mutual respect.

Continuous Improvement

Our District, its systems and processes will be subject to continual scrutiny and improvement. We will be recognized for management by fact, results focus and a long-range outlook.





Mrs. Erin Kane
Interim Superintendent

December 21, 2017

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 RE. 1 (the District or DCSD) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. 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 in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of DCSD 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 District assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with U.S. GAAP. Because the cost of internal controls should not outweigh their benefits, the District 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. RSM US LLP Certified Public Accountants have issued an unmodified (clean) opinion on the District's financial statements for the year ended June 30, 2017. The independent auditor 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, 2017, provided no instances of material weaknesses in internal controls over compliance or material violations of applicable laws, regulations, contracts and grants.

U.S. 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 MD&A of the Douglas County School District can be found immediately following the report of the independent auditor.

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 of the Rocky Mountains, and includes the towns of Castle Rock, Parker and Larkspur; the cities of Lone Tree and Castle Pines, and the unincorporated area of Highlands Ranch. The District encompasses approximately 867 square miles and has a population of about 336,000 in Douglas County in addition to a small population in Elbert County. 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 provides a full range of PreK-12 educational school programs and services for approximately 67,500 students including basic education in elementary, middle and senior high schools, online educational options, vocational education, home schooled student support, and other opportunities for personalized learning designed to meet the unique needs of each individual student. About 2,500 of these students enroll in one of DCSD's online learning schools, eDCSD 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 or BOE), whose members are elected by the qualified electors within the District's boundaries. General duties which the Board is empowered to perform include employing and compensating all personnel necessary to maintain operations and carry out the educational programs of the District; 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.

As of November 2017, four director seats were up for election. Director and President, Meghann Silverthorn, is term-limited and the other three Directors, Judith Reynolds, Dr. James Geddes and Stephen Peck have not sought re-election. The four new Directors elected on November 7, 2017, are Mr. Kevin Leung, Ms. Krista Holtzmann, Mrs. Christina Ciancio-Schor and Mr. Anthony Graziano. The new Board of Education Directors were sworn in to take their seats at the November 28, 2017 Board of Education meeting.

The District includes as discretely presented component units sixteen (16) charter schools; Academy Charter, American Academy with three sites - one in Castle Pines and two located in the Town of Parker, Aspen View Academy, Ben Franklin Academy, Challenge to Excellence, DCS Montessori, Global Village Academy, HOPE Online Learning Academy, North Star Academy, Parker Core Knowledge, Parker Performing Arts, Platte River Academy, Renaissance Secondary, SkyView Academy, STEM School Highlands Ranch (Science, Technology, Engineering and Math), and World Compass Academy. Parker Performing Arts began instructional operations in September of 2016 thus this Comprehensive Annual Financial Report includes their first full year of financial results presented in the "Component Units" section of the this document starting on page 136. Renaissance Secondary and the third American Academy site began instructional operations in August of 2017. Renaissance Secondary has provided zero year audited results that are also included in the "Component Units" section of this report.

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 School Finance Act of the State of Colorado and Douglas County School District Mill Levy Override funds with revenues passing through the District. Though fiscally and programmatically independent, the District provides many supports and services for these charter schools.

The annual budget serves as the foundation for the District's financial planning and control. A proposed budget is developed based on budget requests of the individual departments and schools of the District. The administration presents the proposed budget to the Board of Education for review. A public hearing is held on the proposed budget, and a final budget is adopted no later than June 30 prior to the new fiscal year that begins July 1. The Board of Education may revise the budget due to unforeseen circumstances that did not exist at the time of the original budget adoption such as emergencies or unanticipated revenues. The Board of Education may also revise the budget due to enrollment changes at October Count and/or the Mill Levy tax rate setting in December.

The District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education while simultaneously providing autonomy

and site level control to individual budget owners. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. The District also maintains an encumbrance accounting system. Encumbered amounts that lapse at year-end are generally re-established in the following year as an obligation against the appropriated budget of the next year.

Local Factors Affecting Financial Condition

District Leadership: As of June 30, 2017, Mrs. Erin Kane, Interim Superintendent, completed ten (10) months of service for DCSD. She was formally appointed by the Board of Education on August 16, 2016 to begin her tenure as the interim superintendent of Douglas County School District commencing on September 1, 2016.

Throughout fiscal year 2017, the Strategic Plan framework had been maintained though Superintendent Kane has taken more of a back-to-basics approach to instruction and academic performance. The District continues to focus on Safety, Choice, and System Performance with a shift to additional focus on Academic Excellence instead of World Class Education. Superintendent Kane has worked all year to encourage each of the school leaders in the District to determine the best instructional strategies at their schools ensuring academic success for the students in their communities. This re-focus on site-based decision making regarding instructional practices was confirmed by the Board of Education on December 13, 2016 approving a Board of Education Resolution regarding Process Alignment and then again on January 17, 2017 approving a resolution focused on evaluating the District curriculum. The content of these two Board resolutions is available at the following links:

BOE Resolution on Process Alignment:

<http://eboard.dcsdk12.org/attachments/b59fd8f0-4fd3-447a-b20f-791d268ae20e.pdf>

BOE Resolution on Evaluating Curriculum:

<http://eboard.dcsdk12.org/attachments/fe915dcf-eadb-44a6-a9cd-1b6eb4ad10da.pdf>

Superintendent Kane began her work at Douglas County School District by visiting all 85 schools to gather data and feedback regarding the state of the District. In addition, a community survey, authorized by the Board of Education in August of 2016, provided additional input and data to inform her focus and priorities. In response to these efforts and data, Superintendent Kane developed three basic goals for DCSD for the remainder of fiscal year 2017 and into fiscal year 2018. These goals are included below:

**Striving for educational
Excellence**



**Meeting the needs of our
community**



**Building a positive culture
and climate**



As mentioned earlier, the 2014-2017 Strategic Plan priorities associated with Safety, Choice, and System Performance were maintained as a guiding framework. The following paragraphs report progress summaries associated with each of these strategic planning priorities.

SAFETY: During fiscal year 2017, we continued our focus on the physical safety of our students. All School Marshall Program Intergovernmental Agreements were renewed with law enforcement in the District cities and towns as well as the County approving budgetary increases associated with Marshall pay increases over last year.

The security cameras and security system servers were replaced at all District high schools, and in some cases, high schools received a complete security system upgrade. In addition, about \$600,000 was spent completing the middle school door lock project ensuring that all classroom doors in middle schools could be fully locked down during an emergency.

The District continues to utilize the comprehensive framework developed to ensure that staff members interacting with students complete all the required trainings, and that a record of this compliance is maintained. All of these classes were scheduled in the homegrown professional development and teacher evaluation software, InspirED, ensuring that a record is maintained for each employee by position. These required trainings are dependent upon the position but include, at a minimum, Cardiac Pulmonary Resuscitation (CPR) training every two years, Crisis Prevention Intervention (CPI) training every year, medication administration training at least once every three years, and annual Response to Severe Injury training for those working on the playground.

Finally, District Personalized Learning staff continued addressing psychological safety through specific prevention, intervention and post-intervention efforts. In addition to the physical safety trainings mentioned above, substantial professional development and training is provided to support and enhance these psychological safety efforts. These trainings include student wellness, suicide prevention, ASIST - a suicide assessment protocol, mandatory reporting, restorative strategies, threat assessment protocol, PREPaRE, a national curriculum provided to schools to train personnel on how to respond in crisis situations, Crisis I, youth mental health first aid, and bully prevention.

CHOICE: During fiscal year 2017, the District Board of Education considered seven new charter school applications for approval. Of these seven charter schools; Apex, Leman, Milestone and Ascent were conditionally approved. Apex and Leman charter schools have begun construction and are expected to open in August of 2018. Milestone did not meet a contract contingency and will not open. Ascent has not yet determined a location for their charter school. In addition to these new charter school approvals, the Board of Education approved five (5) year renewals for SkyView Academy, Challenge to Excellence and Parker Core Knowledge.

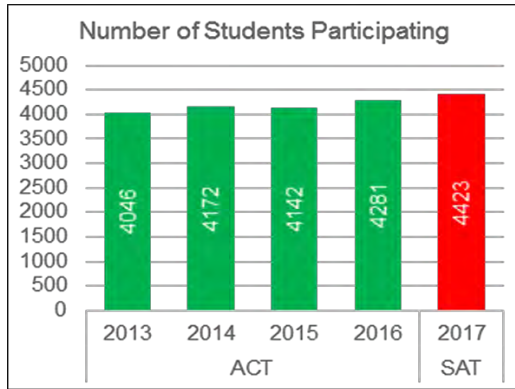
In addition to new charter schools, the District purchased a new site at 9350 Teddy Lane in Lone Tree. This new site was purchased and renovated to meet the student growth needs associated with Eagle Academy, Highlands Ranch Bridge Program and two Child-Find teams.

- Eagle Academy – a valued evening school option for Douglas County high school students - was formerly housed at Highlands Ranch High School sharing limited space with conventional high school students. This program has constrained their attendance to 150 students but with this purchase and their own space, Eagle Academy has capacity to grow.
- The District Bridge Program, which has sites in Parker and Castle Rock, serves students 18-21 years of age with significant support needs in the areas of adult living skills and vocational goals. Students qualifying for this program concentrate on preparing for adult living and working experiences.
- The Child-Find program is part of the District Special Education services. Child-Find teams offer developmental assessments at no charge to young children from birth through age five. Child-Find teams include multi-disciplinary specialists that work with children and their families conducting screenings and/or evaluations to determine eligibility for services.

SYSTEM PERFORMANCE: The System Performance priority is focused on the academic success of DCSD students. This level of success is formally measured through the Colorado Assessment System umbrella known as CMAS – Colorado Measures of Academic Success. This system presently has two components: PARCC (Partnership for Readiness for College and Careers) tests that are used to assess standards that the State of Colorado has adopted for English, Language Arts and Math, and Colorado specific assessments used to determine the level of competency achieved in Science and Social Studies. The PARCC test is being phased out over the next few years. PARCC will be administered only for K-8 students in fiscal year 2018 and is anticipated to be fully phased out for fiscal year 2019.

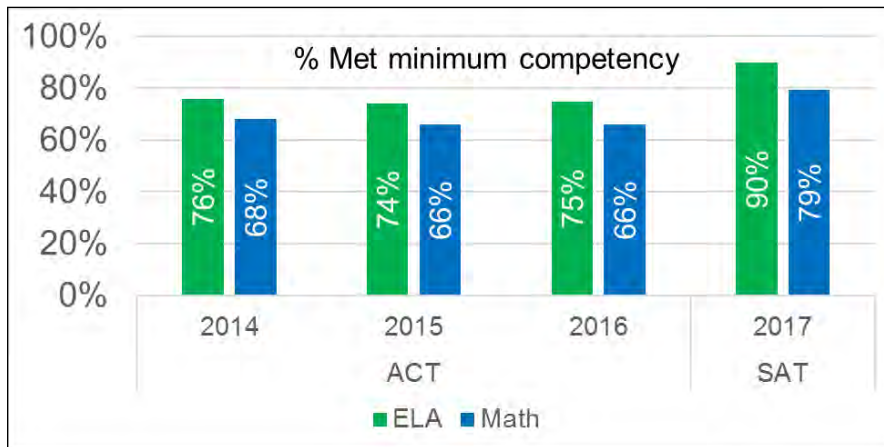
For District high school students, ACT exams have been highly regarded and have provided valuable data regarding DCSD student success in comparison to others in the nation. Results included below show that participation rates are high for these college entrance exams and Douglas County students perform well.

Due to several legislative bills (HB 15-1323 and HB 17-1181), the high-school testing requirements were amended and the SAT exam replaced the ACT exam as the college entrance exam. These bills also required the addition of the PSAT for both 9th and 10th grade. In fiscal year 2017, the SAT officially replaced the ACT as the college entrance exam in Colorado and was administered along with the PSAT to high school 10th and 11th graders. Both of these tests are provided by the State at no cost to the districts nor the students. Below are some graphs showing Douglas County historical participation rates associated with ACT and PSAT/SAT participation as well as the graduation percent competency results against the minimum standards required by the Colorado Graduation Guidelines.



	2016	2017
PSAT	86.3%	92.2%
SAT	N/A	94.2%

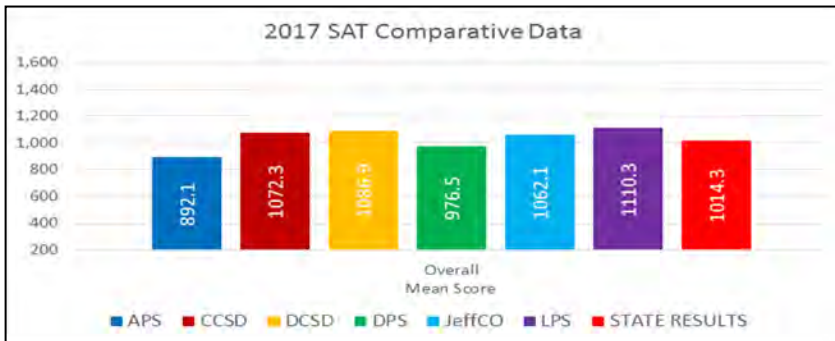
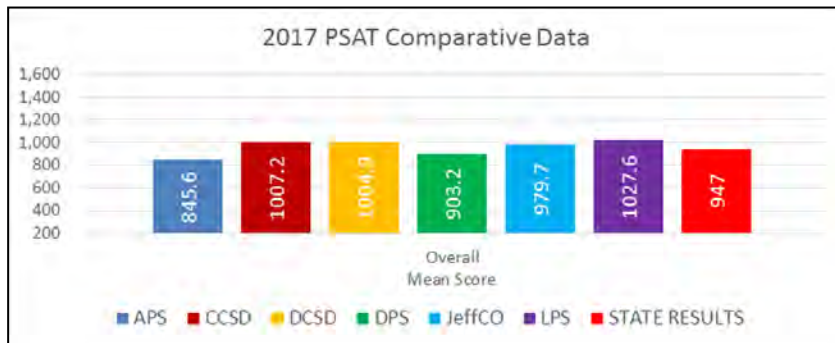
Graduation Competence For ACT/SAT



Minimum Competency Scores:
<u>ACT</u>
18 – English
19 – Math
<u>SAT*</u>
430 – ERW
460 – Math

Source: Colorado Department of Education and College Board

In addition, the following graphs show Douglas County student performance in comparison to neighboring Colorado school district students on the PSAT and SAT respectively. DCSD students continue to perform well on these national exams in comparison to their peers.



School District Abbreviation	School District Name
APS	Aurora Public Schools
CCSD	Cherry Creek School District
DCSD	Douglas County School District
DPS	Denver Public School
JeffCO	Jefferson County School District
LPS	Littleton Public Schools

DCSD schools continue to focus efforts on academic excellence as well as climate and culture. The District has maintained Building Leadership Team stipends to assist in that continuing work using the processes and structure described in the figure below. For 2016-2017, however, the focus for each team is clearly defined at the school level. Building leaders have been encouraged to work on what is needed for their school communities and concentrate on achieving the required outcomes without the constraints of centrally mandating a particular instructional practice.



The District continues to review and revise the CITE (Continuous Improvement for Teacher Effectiveness) and LEAD (Leadership Effectiveness through Analysis and Data) rubrics for all of the various types of teachers and educational leaders within the District. These rubrics provide the framework ensuring that licensed personnel and educational leaders are evaluated in a manner that has interrater reliability. These revisions are applicable to the 2018 fiscal year and due to the level of revision, the Board of Education has suspended the Pay for Performance pay increases informing pay for the 2018-2019 school year.

Related to this evaluation work, the Human Resources team has revised the certified pay bands to a more simplified structure reducing the number of “pay bands” from six down to three “pay ranges.” In addition, the teacher starting pay was increased by \$3,000 to \$39,000 ensuring a positive hiring season during the spring of 2017. Finally, a new Career and Technical Education teacher stipend was added to encourage District CTE teachers to pursue CTE credentials. Up to \$2,000 in additional pay is awarded for any CTE teacher with a CTE credential teaching the CTE class relevant to this credential.

In addition to a focus on certified pay, Human Resources, in collaboration with numerous District departments, made recommendations for market pay adjustments for various classified staff members. Special Education Assistants, Health Assistants, Bus Drivers, Mechanics, Transportation Educational Assistants and Nutrition Services staff members benefited from pay adjustments mid-year.

Based on the evaluation process in May of 2017, the Board of Education awarded an average 2 percent pay increase with certified pay increases that ranged from 1.5 to 2.25 percent. These same averages and ranges were applied to all personnel throughout the District. Also, due to higher than expected tax revenues, the Board of Education approved a 1 percent average retention stipend for all staff paid in October of 2017. DCSD continues to hold staff compensation as a high priority in meeting the system performance priority.

In addition to the focus of improving academic progress for all District students, the System Performance priority also informs specific goals associated with District business operations. The specific operational improvements made this reporting year have required an initial one-time investment that is expected to provide an ongoing opportunity to maximize dollars to the classroom in the future.

During fiscal year 2017, DCSD continued the conversion from Oracle eBusiness Suite to Workday, a software-as-a-service ERP (Enterprise Resource Planning) provider. District Business Services and Information Technology in partnership with Sierra Cedar, the Workday implementer for DCSD, began the Workday financials implementation in July of 2016. The financial functionality purchased and implemented included cash management, asset inventory and control, accounting, accounts payable, sourcing, warehouse inventory and contract management. The District successfully went live on Workday financials on July 5, 2017 on time and well within budget. This conversion was positively anticipated and accepted by the entire organization. Now, all business office transactions and work occur on one integrated ERP solution greatly enhancing the user experience at all 70 District neighborhood schools.

The Human Resources Team, on a parallel path with Business Services, successfully implemented Workday Recruiting. The recruiting functionality eliminated the use of Taleo Recruitment, removing one of the more challenging Workday integrations associated with the hiring and onboarding processes. This recruiting functionality went live in November of 2016 just in time to support neighborhood schools in their hiring processes. Globally, the Workday ERP has provided exceptional tools to District employees, has facilitated the acquisition of data and reports to gauge system performance and has enhanced the 3,500 teachers ability to focus on their classrooms and students.

Demographic Trends¹: The population in Douglas County continues to grow. It has increased to 336,000 residents as of January 2017 representing an increase of about 2.4 percent over the past year. Indicative of the nation’s economic recovery and Colorado’s positive economic growth, unemployment in Douglas County as of December 31, 2016 continues to be very low at 2.8 percent. Employment grew about 4 percent in Douglas County to 112,883 workers.

Douglas County School District enrollment continues to grow at about 500 to 1,500 students per year and remains the third largest school district in the State of Colorado. Enrollment for fiscal year 2018 is expected to exceed 67,500 students compared to about 67,470 in the reporting year – a growth of only about 125 students.

¹ Source: Douglas County Comprehensive Annual Financial Report, December 31, 2016.

Though the District is in a relatively low growth point in our history, Douglas County School District is expected to reach over 90,000 students over the next 20 years. The new Sterling Ranch development which broke ground in July of 2015, is expected to generate approximately 2,500 elementary students, 750 middle school students and 1,500 high school students. As done in the past, the District will manage the increases in enrollment growth using multiple strategies including; utilizing mobile buildings when necessary, in replicating or expanding unique programming and partnering with charter schools.

During fiscal year 2017, STEM (Science, Technology, Engineering & Math) Highlands Ranch began their grade level expansion to grades K-5 enabling the school to provide a full K-12 STEM program. STEM Highlands Ranch has demonstrated sufficient demand for a full K-12 STEM program. This K-12 STEM program is unique to the District and to the State of Colorado. In addition to this expansion, Parker Performing Arts completed their first year of operation as of June 30, 2017. The financial results for these two schools is included in the Component Unit section of this report. For school year 2017-2018, Renaissance Secondary Charter School and the third campus of American Academy began instructional operations.

Long-Range Capital Planning: The District Long Range Planning Committee (LRPC), created in 1984, is charged with studying school district facility and capacity needs. As an advisory group comprised of community members, the LRPC keeps close track of new housing developments and student enrollment trends. The LRPC is also charged with managing five-year growth projections, communicating facility maintenance needs and recommending bond cycles to address both growth and facility upgrades.

Long Range Planning Committee findings have formed the basis of the District's capital facility programs historically funded primarily with the proceeds and investment income of voter approved general obligation (G.O.) 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.

During school year 2016-2017, the LRPC updated the Master Capital Plan (MCP) continuing the practice of defining the District capital needs in terms of four (4) tiers. These four (4) tiers represent the impact on the function of the schools. For example, Tier one (1) needs are those items that, if not addressed, could close a school or numerous classrooms. Tier four (4) needs are primarily those issues that improve the appeal of a school or classroom. Each tier is then assessed in terms of high, medium and low priority.

The LRPC presented to the Board of Education in August of 2017. As they did last year, the LRPC provided budgetary estimates representing two separate construction standards. This MCP report describes a total five-year need of between \$312 and \$378 million dependent upon inflation increases and project management costs. Of this identified need, about \$129.7 million to \$185.5 million has been identified as capital reinvestment, about \$106.8 million for new construction, \$27.6 million for technology, and \$48.3 million to \$57.4 million for other programmatic and related capital items such as furniture, fixtures and equipment (FF&E), transportation, safety and security.

In addition, the Board has requested that the District Fiscal Oversight Committee (FOC) determine a recommendation on funding strategies available to fund the MCP as well as to fund other operational needs such as staff salary increases, special education and other ongoing operational increases. This FOC subcommittee began their work in November of 2017. The Board of Education has not yet made a decision regarding the means by which these capital and operational increases will be addressed in the future. In the meantime, the LRPC planning work and the FOC work will continue to inform all of our stakeholders about the status of our taxpayer assets, the need for additional capacity and facility improvements in the future as well as the status of District salaries and other operational increases.

Additional information regarding District capital planning is discussed in the Management's Discussion and Analysis on page 31.

Federal and State Funding: The September 2017 Office of Strategic Planning and Budget (OSPB) Revenue Forecast reported the economic outlook in Colorado is still positive. After modest increases in fiscal years 2016 and 2017, this forecast anticipates general fund revenue growth of 8.1 percent in fiscal year 2018 and 4.9 percent in fiscal year 2019. Preliminary data indicate that the General Fund ended fiscal year 2017 with a surplus of \$28.7 million in excess of the 6.0 percent reserve. At the end of fiscal year 2018, the General Fund is expected to end with a reserve equal to 6.3 percent - \$16.6 million less than the budgeted 6.5 percent reserve. Assuming current law, including a 6.5 percent required reserve, the General Assembly will have \$666.5 million, or 6.0 percent, more to spend or save in the General Fund in fiscal year 2019 than what is budgeted for fiscal year 2018.

In response to this positive economic outlook, the State Legislature approved additional education funding for fiscal year 2018 in an amount for DCSD of about \$234 more per funded pupil. This additional funding resulted in a total DCSD PPR of \$7,389. The State Legislature fully funded student growth and inflation and thus was able to keep the negative factor – now known as the Budget Stabilization Factor - flat at about \$828 million for the new-year. Along with 2016-2017 savings, the District Board of Education approved for fiscal year 2018 salary and benefit increases of about \$11.0 million, special education funding increases of about \$3.2 million associated with new students from preschool to age 21, and increased dollars directly to our schools in an amount of about \$5.2 million. The increase in compensation dollars provided an average 2.0 percent salary increase as well as absorbed the mandated PERA increase of \$1.6 million. The budget also fully compensated for the increase in medical benefit premiums without passing on any of the increases to our employees. Additional savings realized at the end of fiscal year 2017 resulted in a one-time average pay stipend of about \$3.2 million to all continuing employees.

Looking ahead to fiscal year 2019 and considering the September 2017 Revenue Forecast, the Governor of Colorado, Governor Hickenlooper, has proposed an education budget that includes a statewide average per pupil revenue (PPR) increase of about \$343/student, translating to about \$332/student for Douglas County students. The Governor's budget proposal includes a 3 percent increase to categorical funding and reduces the Budget Stabilization Factor (Negative Factor) by \$70 million to \$758.3 million. The continued DCSD portion of the Budget Stabilization Factor amounts to nearly \$55 million per year with a cumulative loss over the past seven years of over \$525 million.

In planning for this reporting year, fiscal year 2017, the State Legislature approved fully funding pupil growth, inflation and maintaining the Budget Stabilization Factor at about \$831 million. This decision resulted in a \$112/student revenue increase and the funding of just over 600 new students in DCSD. The incremental budget increases amounted to about \$14 million over fiscal year 2016.

In spite of the difficult economy and the complexities associated with the State Budget and TABOR, the District has continued to maintain its fiscal health. DCSD schools and departments continue to spend with caution maintaining school carryover balances and management continues to be conservative in forecasting revenues.

Significant Financial Policy Changes

1. PERA Liability Change in Assumptions Impacting the Net Pension Liability for the School Division Trust Fund (SCHDTF): These changes in assumptions resulted in the net pension liability (NPL) for DCSD nearly doubling from \$1,009,453,904 to \$1,942,879,251.

For year ending December 31, 2017, the PERA Board adopted changes in the demographic assumptions and in the investment rate of return assumption lowering it to 7.25 percent from 7.5 percent. In applying the GASB Statement No. 67 projection test, these two changes resulted in a projection that the fiduciary net position (FNP) of the SCHDTF would be depleted by 2041. Because of this depletion, on years after 2041, the pension plan is required to discount the projected benefit payments using a presumed borrowing rate. This blended rate was calculated at 5.26 percent.

PERA staff reported in their Comprehensive Annual Financial Report that these assumption changes increased the SCHDTF NPL by \$13,572,334,000. Approximately \$1.4 billion is attributable to changes in demographics assumptions, \$0.83 billion attributable to the change in the assumed long-term rate of investment return and \$11.3 billion attributable to the use of the 5.26 percent blended discount rate.

2. FY 2018 Central Department Budget Development - Zero – Based Budgeting Process:

The guiding premise in developing the 2017-2018 budget is that students, and therefore schools, are the focus of everything the District does. Using this premise, the District leadership team instituted a zero-based budgeting process for all central administration departments. Zero-based budgeting is financial planning where all expenses must be justified for each new fiscal year. The 2017-2018 budget reflects the cost of necessary support and services for schools and students. This extensive process along with the central administration reorganization in January of 2017 resulted in significant budgetary savings of \$21 million (\$14 million in 2016-2017 and \$7 million in 2017-2018).

3. Carryover Policy Revisions Regarding School and Department Carryover:

Because of the zero-based budgeting process instituted by Interim Superintendent Erin Kane, as well as work from the Fiscal Oversight Committee (FOC), Board Policy DB, Annual Budget, has been revised. This revision formalizes the District site-based budget development process and allows for the continued award of carryover discretionary dollars at schools only. This policy of the award of carryover explicitly excludes departments. In addition, the associated Regulation was revised outlining the school carryover process and requiring that each school communicate the need for carryover dollars to improve financial transparency.

4. Nutrition Services Non-National School Lunch Program (NSLP):

Fiscal year 2017 marks the third year in which the DCSD high school lunch programs as well as a few charter schools did not participate in the National School Lunch Program. Due to guidance from the Office of School Nutrition (OSN) at the Colorado Department of Education, the high school lunch operation (accounted for in a new fund, Fund 28 for fiscal year 2017) must be separated from the National School Lunch Program accounted for in Fund 21. This change will ensure that NSLP funding and related expenses are not supporting the non-NSLP program. The District has made the necessary changes and has reported the high school lunch financials in Fund 28 for fiscal year 2017. Please review the financial results of both the NSLP and Non-NSLP programs found on pages 112 and 115 respectively.

5. APEX Community School Site Lease:

The District's Board of Education has engaged in a site lease with Apex Community School to provide a no-cost, long-term lease of District property in the Meadows area of Castle Rock, Colorado. This lease is consistent with prior leases awarded to Aspen View Academy and American Academy in areas of the district in which there is a need for more student seats. Castle Rock still represents a high growth area of DCSD. Apex Community School expects to begin instructional operations in August of 2018.

6. Outsourcing of Athletic Trainers:

Due to a desire to maintain consistent Athletic Trainer personnel and support for DCSD athletes, an RFP was advertised to outsource the Athletic Trainer program. About eight (8) of thirteen (13) school districts on the front-range in Colorado outsource their athletic trainer programs. DCSD has struggled to maintain assistant athletic trainers and anticipates that the outsourcing to Panorama Orthopedics will result in better services for District athletes, as well as a more sustainable program. Panorama Orthopedics has also agreed to hire the nine (9) Head Athletic Trainers previously employed by DCSD. The Board approved this recommendation in April of 2017. This outsourcing decision is expected to result in savings of more than \$100,000 annually.

Awards and Acknowledgements

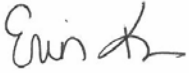
The Government Finance Officers Association of the United States and Canada (GFOA), and the International Association of Business Officials (ASBO) both awarded a Certificate of Achievement for Excellence in Financial Reporting to Douglas County School District RE.1 for its comprehensive financial report for the year ended June 30, 2016. These Certificates of Achievement are prestigious national awards 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 GFOA Certificate of Achievement for the last twenty-nine consecutive years (fiscal years ended 1987-2016). For the fourth year in a row, the District submitted for the ASBO International award and was successful. We believe our current report continues to conform to Certificate of Achievement requirements, and we are submitting it to GFOA as well as ASBO International to determine its eligibility for another certificate from each of these public finance entities.

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 and her accounting team, the payroll department, and Stacy Murray, our accounts payable lead. In addition, we would like to thank the staff in the finance and treasurer offices at Douglas County and the staff of RSM US LLP, for their contribution to the preparation of this report. Finally, 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,



Mrs. Erin Kane
Interim Superintendent of Schools



Bonnie J. Betz
Chief Financial Officer



Jana Schleusner
Director, Finance



Douglas County School District
Learn Today, Lead Tomorrow

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Government Finance Officers Association

**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, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Douglas County School District RE. 1

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso'.

John D. Musso, CAE
Executive Director



Douglas County School District

Learn Today, Lead Tomorrow

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***FINANCIAL
SECTION***

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 31 through 44, the Budgetary Comparison Information and the pension schedules on pages 91 through 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining individual nonmajor fund 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 expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements.

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

The accompanying introductory and statistical sections, as listed in the table of contents, have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Denver, Colorado
December 20, 2017

**Douglas County School District RE. 1
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2017**

As management of Douglas County School District RE. 1 (“the District” or “DCSD”), we offer readers this Management Discussion and Analysis (MD&A) as an overview of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider this narrative in conjunction with additional information furnished in the Letter of Transmittal located on pages 12-22 and the balance of information within this Comprehensive Annual Financial Report (the Report).

Financial Highlights

- The District reports a decrease in “Net Position” of \$280,028,130 over fiscal year 2016 due solely to the increase in the proportionate share of the net pension liability (NPL) associated with Colorado PERA (Public Employees Retirement Association). If not for the GASB Statement 68 requirement to post this liability to the government-wide financial statements, the District would have reported an increase in Net Position of just over \$22 million.
 - ◇ The District continues to be conservative in estimating tax-generated revenues. During fiscal year 2017, due to the continuing economic improvement, the District saw an increase in specific ownership tax revenues of over \$2.17 million from projection. In addition, though State statute allows the District to levy for property tax abatements, these revenues are not budgeted. The \$0.72 million budget variance in property tax revenues is due to this abatement levy and resulted in greater than expected fund balance.
 - ◇ The District continues to look for efficiencies in providing health related benefits while still offering a valued benefit to our employees. As of June 30, 2017, the Short Term Disability Insurance (STDI) fund reported a gain of over \$188,000 and the Medical Fund a gain of over \$1 million. For the third year in a row, the District maintained employee premium amounts for both STDI plans (the 50 percent plan provided by the District and a 70 percent Buy-up Plan) and absorbed all increases in the projected costs for the four medical plans offered to all employees with a minimum of 0.5 Full Time Equivalent (FTE).
 - ◇ Three special revenue funds, Athletics and Activities, and the NSLP and Non-NSLP Nutrition Services Funds that were formerly enterprise funds, contributed over \$1.6 million to the reported District net position.
 - ◇ Finally, the District policy of allowing schools to carry-over discretionary budget dollars into the next fiscal year continues. Schools have savings of over \$16.5 million in the General Fund. This policy has empowered schools to scrutinize their expenditures without fear of losing unspent dollars.
- The government-wide governmental activities liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of fiscal year 2017 by \$755,867,619 (net deficit) due to the posting of the “Net Pension Liability” (NPL) of \$1,942,879,251 required pursuant to GASB Statement No. 68. The District portion of the PERA NPL nearly doubled over fiscal year 2016 by \$933,425,347. Though the dollar amount for DCSD representing its portion of the NPL increased substantially, the proportionate PERA percentage decreased from 6.60 percent to 6.53 percent, a decrease of approximately 0.07 percent.
 - ◇ The District provides its employees with pension benefits through a multiple employer cost-sharing defined benefit retirement program administered by the Public Employees’ Retirement Association of Colorado (PERA). PERA administers five separate defined benefit pension trust funds on behalf of various governmental, judicial and pk-12 public education entities. The total unfunded liability for all five trust funds was \$50.8 billion or 46.0 percent, declined from last year at 60.4 percent funded. All pk-12 districts and charter schools in Colorado are statutorily mandated to participate in the School Division Trust Fund (SCHDTF) of PERA with the exception of Denver Public Schools (DPS) joining PERA in January of 2010 pursuant to Senate Bill 09-282. DPS has its own separate trust fund within PERA.
 - ◇ Effective July 1, 2014 and forward, the District, and all other governments throughout the nation that provide their employees with pension benefits, is required to apply GASB Statement No. 68 to its government-wide financial statements. The fund financial statements are not impacted by this reporting requirement. Fiscal year ended June 30, 2017 marks the third year in which this reporting requirement is in effect. Please refer to Note 9 within the Notes to Financial Statements section of this report starting on page 77.

Financial Highlights (Continued)

- ◇ The NPL increase for the District is due to changes in assumptions adopted by the PERA Board in November of 2016. They adopted changes in the demographic assumptions as well as in the investment rate of return lowering it from 7.5 percent to 7.25 percent. In applying the GASB Statement No. 67 projection test, these two changes resulted in a projection that the fiduciary net position (FNP) of the SCHDTF (School Division Trust Fund) would be depleted by 2041. Because of this depletion, on years after 2041, the pension plan is required to discount the projected benefit payments using a presumed borrowing rate. This blended rate was calculated at 5.26 percent. PERA management reported that these assumption changes increased the SCHDTF NPL by \$13,572,334,000.
- ◇ It is important to note that the District does not have a responsibility to pay the amount shown as the NPL. The direct liability for DCSD is limited to the annually required contributions established by the State Legislature. In addition, the District does not have any control over the investment policies associated with PERA investments. These responsibilities lie solely with the PERA Board and the PERA administration. Decisions regarding the plan benefit design and the funding policies lie solely with the Colorado State Legislature.
- ◇ Note the District's proportionate share sensitivity to the applied discount rate found in the notes on page 84. A one percent decrease in the discount rate impacts the District's proportionate share by about \$500 million.
- ◇ The government-wide governmental activities liabilities *exclusive* of the Net Pension Liability (NPL) total \$440,638,637 for the period ended June 30, 2017, a decrease from the prior year of \$42,727,500. This decrease is due primarily to the continued pay-off of G.O. Bond indebtedness and the pay-off of the outstanding Certificates of Participation (COPs). Lease payments are accounted for in the COP Lease Payment Fund but this fund is sourced from a General Fund transfer. Contrary to this fact, G.O. bonded debt is serviced through revenues approved by the local taxpayer. For the 2017 fiscal year, the COP actual payments increased over 2016 due to the initial required payments on the 2016 refunding COP debt.
- ◇ At the close of the fiscal year, the governmental funds of the District reported a combined ending fund balance of \$160,326,650. This ending fund balance represents an overall decrease of \$15,477,578 from the prior year primarily due to the drawdown of fund balance in the Building Fund and the Combined General Fund. The drawdown of fund balance in these two funds was partially offset by the increase in fund balance in the Special Revenue funds. Again, the additional \$2,890,878 received in property taxes resulted in a fund balance drawdown less than expected.

Overview of the Financial Statements

The basic financial statements of the District 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 finances; to assist the reader in their assessment of how District resources are acquired and used; to determine whether current resources were sufficient to meet current costs, and to determine whether the ability to provide educational services improved or deteriorated from the previous year. With the inclusion of the Net Pension Liability (NPL), stakeholders are provided additional information regarding the unfunded liability status of Colorado PERA. Though this NPL is not the responsibility of the District, it does provide information to the Colorado State Legislature and the governmental leadership of and around the District assisting them in future decisions regarding the funding of the School Division Trust Fund associated with PERA.

Government-wide Financial Statements

The statement of net position presents information on all of the assets, liabilities, deferred inflows and deferred outflows of resources of the District. The difference between District assets and deferred outflows from District liabilities and deferred inflows represents the net position of the District. Over time, assessing the trajectory and order of magnitude of increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Though the net position of the District is negative, this occurrence is only due to the posting of the District proportionate share of the PERA unfunded liability. Again, the District does not have any control over the funding level of the PERA School Division Trust Fund (SCHDTF) nor any control over the investment policies and activities associated with this Trust.

The statement of activities presents information showing how the District net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in

Overview of the Financial Statements (Continued)

Government-wide Financial Statements (Continued)

cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation or sick leave). The governmental 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. The governmental activities of the District include instruction and education support services of the District as well as payments to component units.

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 sixteen (16) schools operating under charter school contracts 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. Summaries of these component unit financial statements are presented from pages 137-145. There is one charter school operating in Douglas County that does not have a charter contract with Douglas County Board of Education. Instead, this charter school, Colorado Early Colleges Parker, has a charter contract with the Colorado Charter School Institute. The financial audit information for this charter school is not included within the Douglas County District as their School Finance Act revenues are received directly from the State of Colorado and not via a pass-through from DCSD.

The government-wide financial statements are located on pages 47-49 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 a subset of the government-wide financial statements. Unlike the government-wide financial statements, however, 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.

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 nine individual governmental funds – the Non-NSLP Fund, Fund 28, was added for the 2017 fiscal year pursuant to guidance from Colorado Department of Education. 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, and the Building Fund, as all are considered major funds. Data from the other six governmental funds; the National School Lunch Program (NSLP) Nutrition Services Fund, the Non-NSLP Nutrition Services Fund, the Governmental Designated Purpose Grants Fund, the Athletics and Activities Fund, the Child Care Fund and the COP Lease Payment 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 in the Supplemental Financial Statement section of this report.

The District adopts an annual appropriated budget for its Combined General Fund as well as all the other funds. On page 91, a budgetary comparison statement is provided for the Combined General Fund to demonstrate compliance with the annually appropriated budget.

Overview of the Financial Statements (Continued)

Proprietary Funds

The District maintains only one type of proprietary fund, Internal Service Fund. Internal Service Funds are used to accumulate and allocate costs internally among the District's various functions. The District uses two Internal Service Funds, the Medical Fund and the Short Term Disability Insurance Fund (STDI). The Medical Fund accounts for its self-insured and fully-insured medical programs as well as dental and vision insurance, and the Short Term Disability Fund accounts for short term disability claims and insurance activity.

The Medical Fund and the STDI Fund are governmental funds in where their activities are included in the government-wide financial statements within governmental activities. They are not included in the governmental funds on pages 50 and 52 but are included in the proprietary fund financial statements as internal service funds. Individual fund data for the Medical Fund and the STDI Fund are provided in separate detail on pages 128-132.

Another fund, the Risk Insurance Fund, which provides services associated with property, liability and self-insured worker's compensation, is also included within governmental activities but is included as part of the Combined General Fund. Because the Risk Insurance 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. The use of the Risk Insurance Fund has been discontinued for fiscal year 2018. In the future the Risk Insurance financial activities will be included in the General 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 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 fiduciary 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. This additional *Note* detail can be found on pages 59 - 87.

Net Position

The following table provides a summary of the Governmental net position as of June 30, 2017. Comparative data for June 30, 2016 is also presented. This financial statement reports that liabilities plus deferred inflows of resources exceeded assets plus deferred outflow of resources by \$755,867,619. This negative net position is solely due to the adoption of GASB Statement No. 68. Note that in comparison to the fiscal year 2016 data, the District net position decreased by \$280,028,130. This decrease, however, was due to the impact of the change in assumptions adopted by the PERA Board in November of 2016. As mentioned earlier, the NPL as of June 30, 2017 increased over June 30, 2016 by \$933,425,347, nearly doubling from the prior year. Again, if the District was not required to post the District proportionate share of PERA's NPL, the net position reported would have been an increase of over \$22 million from June 30, 2016. It is important to understand that the District financial condition has not deteriorated.

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Government-wide Financial Analysis

Net Position (Continued)

Condensed Statement of Net Position

	Governmental Activities	
	2016-2017	2015-2016
Current and other assets	\$ 206,035,549	\$ 216,652,627
Capital assets	672,082,801	678,722,649
Total assets	878,118,350	895,375,276
Deferred outflows of resources	771,871,433	145,457,850
Current liabilities	84,800,856	80,392,581
Long-term liabilities outstanding	2,298,717,032	1,412,427,936
Total liabilities	2,383,517,888	1,492,820,517
Deferred inflows of resources	22,339,514	23,852,147
Net position:		
Net investment in capital assets	300,050,580	266,307,934
Restricted for:		
TABOR Emergency	15,995,000	15,995,000
Debt Service	59,416,714	53,379,812
Other Funds	10,415,711	5,912,815
Unrestricted	(1,141,745,624)	(817,435,050)
Total net position	\$ (755,867,619)	\$ (475,839,489)

Note from the table above that the largest portion of the District assets, about seventy-seven percent (77%), reflects investment in capital assets less accumulated depreciation. The largest portion of current assets, predominately cash on hand, is reported in the Combined General Fund and in the Bond Redemption Fund. The Combined General Fund cash balances are held for TABOR and Board of Education required reserves as well as the carryover balances for schools. Smaller cash balances are reported in the Building Funds restricted to the construction and remodel of schools. Note that the cash balance in the Bond Redemption Fund is available to make the December 1, 2017 debt service payment. Property tax revenues for each fiscal year are largely received in the second semester of the school year between March and June though tax receipts continue through December 31 of the following fiscal year.

As of June 30, 2017, the Certificate of Participation (COP) Building Fund, reported a small cash balance of \$2,423,238 remaining from the \$15,000,000 in COP proceeds received in fiscal year 2014. Additional resources in the building funds will require voter approval in a future bond election or approval by the Board of Education to sell Certificates of Participation where the lease payment obligation is borne by the General Fund. The lease payment obligation for fiscal year 2018 is just under \$4.5 million, an amount about \$1.3 million under the maximum yearly lease payment amount specified in Board policy. This limit is set at 1 percent of annual general fund revenues or no more than \$5.8 million. We continue to monitor the District capital needs against the available resources and available capacity. As mentioned in the Letter of Transmittal, the Long Range Planning Committee, Fiscal Oversight Committee and staff members have been requested to continue to gather recommendations and seek community input on the District's Master Capital Plan and associated capital financing options.

Note in the Condensed Statement of Activities below that governmental activity revenues increased \$13,763,016 over fiscal year 2016 due primarily to student growth and the increase in per pupil revenue of \$112/student associated with the School Finance Act. Note that a large portion of this increase, about \$8 million, was provided by State Equalization. The commensurate small increase in property taxes in the General Fund was offset by the decreased need in the Bond Redemption Fund. The Bond Redemption Fund levy was decreased by about \$15 million over last year indicative of the fact that the District continues to pay

Government-wide Financial Analysis (Continued)

Net Position (Continued)

off outstanding debt over time and has not had the authority to sell additional general obligation (G.O.) bonds. The District has not had a successful bond election since November of 2006. In addition, the net assessed value for calendar year 2017 was only increased by intrinsic growth due to the fact that this calendar year was a non-assessment year for property values.

Note, too, the charges for services increase of just under \$3 million from fiscal year 2016. This increase is primarily due to the increase in charter school enrollment as well as small increases in the Nutrition Services Funds and the Athletics and Activities Fund. The total expense increase of \$291,899,592 is due to the significant increase in the NPL of over \$280 million. The remaining \$11.9 million is attributable to about 574 new students. Note that the payments to component units (charter schools) increased by \$13,873,361 where for the first time, the District neighborhood schools in the aggregate lost students to charter schools.

Condensed Statement of Activities for Fiscal Years Ended June 30, 2017 and 2016

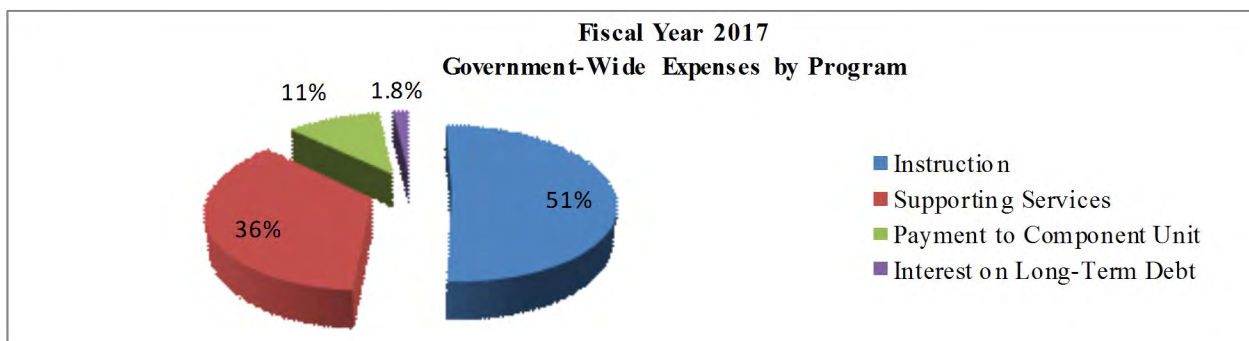
	Governmental Activities	
	2016-2017	2015-2016
Revenues:		
Program revenues:		
Charges for Services	\$ 58,998,077	\$ 56,412,403
Operating/capital grants	41,944,598	40,351,338
General revenues		
Property taxes	234,440,643	237,419,629
Specific ownership taxes	23,870,092	22,236,877
State equalization	296,915,245	288,952,398
Interest earnings	832,512	378,573
Grant contributions not specific to programs	8,792,764	8,651,744
Other	7,472,809	5,100,762
Total revenues	<u>673,266,740</u>	<u>659,503,724</u>
Expenses:		
Instruction	484,977,831	329,000,833
Supporting services	345,400,596	220,462,709
Payments to component units	105,366,488	91,493,127
Interest on long-term debt	17,549,955	20,438,609
Total expenses	<u>953,294,870</u>	<u>661,395,278</u>
Change in net position	<u>(280,028,130)</u>	<u>(1,891,554)</u>
NET POSITION, Beginning	(475,839,489)	(473,947,935)
NET POSITION, Ending	<u>\$ (755,867,619)</u>	<u>\$ (475,839,489)</u>

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Government-wide Financial Analysis (Continued)

Net Position (Continued)

The chart below as well as the previous “Condensed Statement of Activities” report the majority of spend in instruction. Note that the impact of the NPL was distributed between instruction and supporting services



Governmental Fund Financial Analysis

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

Revenues and Other Financing 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, issuance of bonds, COPs or capital leases, and several other minor sources. The table below is a comparative summary of the distribution of these revenues and sources for fiscal year 2017 and fiscal year 2016. The accompanying chart graphically shows the proportion of revenues from all the sources for fiscal year 2017. The largest revenue source for the District is received from state and federal intergovernmental sources at \$338,859,843, an increase of 0.8 percent from the prior year. Most of the \$112/student increase in PPR and student growth was borne by the State of Colorado through the School Finance Act (SFA).

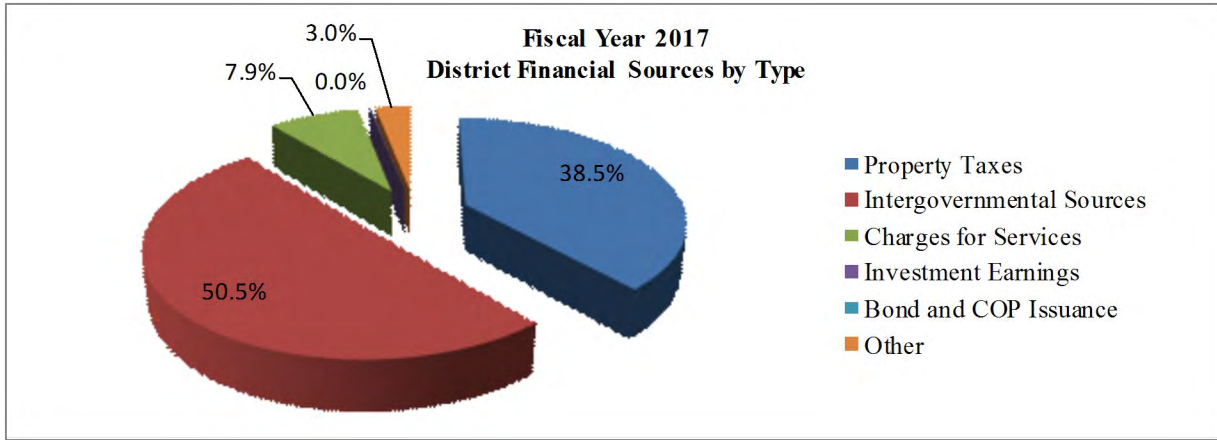
Property taxes represent the next significant source of revenue. The property tax revenue decrease is due to the combined effect of increases in students and in funding levels per student offset by the decreased need in G.O. bond debt service. Note also that there was a small increase in Specific Ownership Taxes indicative of the strong local economy.

The District also charges its charter schools and students various fees. Recognize here that these charges now include child care tuition and lunch charges in nutrition services. In fiscal year 2017, this amount is \$53,151,768, a slight increase over last year indicative of increases in fees associated with the Athletics and Activities Fund as well as in the Combined General Fund.

	2016-2017		2015-2016	
Property Taxes	\$ 258,474,174	38.5%	\$ 260,227,313	39.3%
Intergovernmental Sources	338,859,843	50.5%	329,303,736	49.7%
Charges for Services	53,151,768	7.9%	51,086,322	7.7%
Investment Earnings	782,801	0.1%	363,496	0.1%
Bond and COP Issuance	-	0.0%	197,480	0.0%
Other	20,395,926	3.0%	21,110,554	3.2%
	<u>\$ 671,664,512</u>	<u>100%</u>	<u>\$ 662,288,901</u>	<u>100%</u>

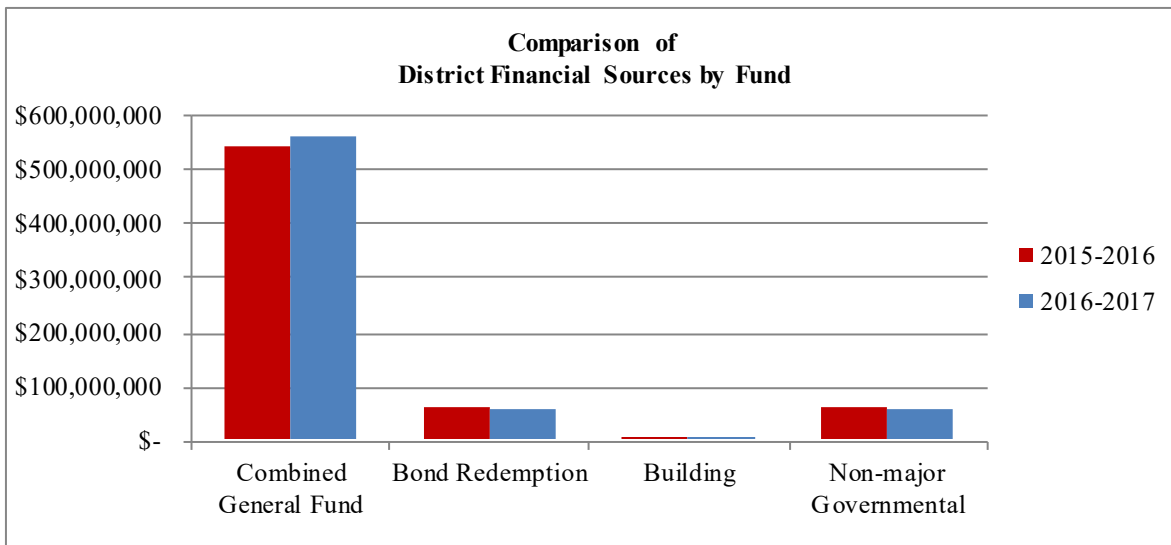
Governmental Fund Financial Analysis (Continued)

Revenues and Other Financing Sources (Continued)



The table below and the accompanying column chart show the same total revenue and other financing sources but report these revenues by fund. Note that the majority of these revenues are accounted for in the Combined General Fund. The total Combined General Fund revenues are netted against the transfers out to the COP Lease Payment Fund and the Athletics and Activities Fund. The Bond Redemption Fund revenues, the second largest reported revenues, are provided through property taxes associated with previous Douglas County School District bond elections, the last one approved in November of 2006.

	2016-2017		2015-2016		Inc/(Dec)
Combined General	\$ 551,998,999	82.2%	\$ 540,842,740	81.7%	\$ 11,156,259
Bond Redemption	54,989,943	8.2%	60,215,844	9.1%	(5,225,901)
Building	37,968	0.0%	27,374	0.0%	10,594
Non-major Governmental	64,648,147	9.6%	61,202,943	9.2%	3,445,204
Total	\$ 671,675,057	100%	\$ 662,288,901	100%	\$ 9,386,156



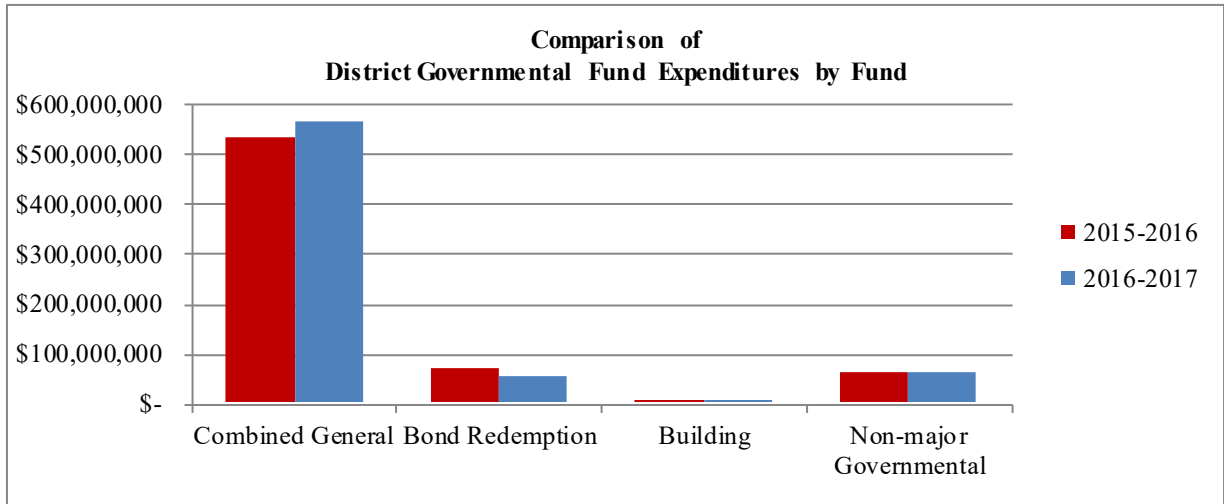
Note that new revenues for the Building Fund were not received in fiscal year 2017. The Board of Education imposed a policy limit on COP Lease Payment obligations and we have been near that limit. As reported earlier, that limit is determined as a maximum of one (1) percent of annual General Fund revenues.

Governmental Fund Financial Analysis (Continued)

Expenditures by Fund

Recall that the District uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements. Fund accounting may also enhance transparency and accountability. In this analysis, Governmental Fund expenditures increased by \$19,389,891 due primarily to increases in instructional expense and the increase in payments to component units due to charter school enrollment growth. Parker Performing Arts opened in the fall of 2016 providing about 800 new student seats.

	2016-2017		2015-2016		Inc/(Dec)
Combined General	\$ 565,400,554	82.3%	\$ 533,136,624	79.8%	\$ 32,263,930
Bond Redemption	54,657,818	8.0%	69,632,501	10.4%	(14,974,683)
Building	4,223,743	0.6%	3,371,577	0.5%	852,166
Non-major Governmental	62,870,520	9.1%	61,622,042	9.2%	1,248,478
Total	\$ 687,152,635	100%	\$ 667,762,744	100%	\$ 19,389,891



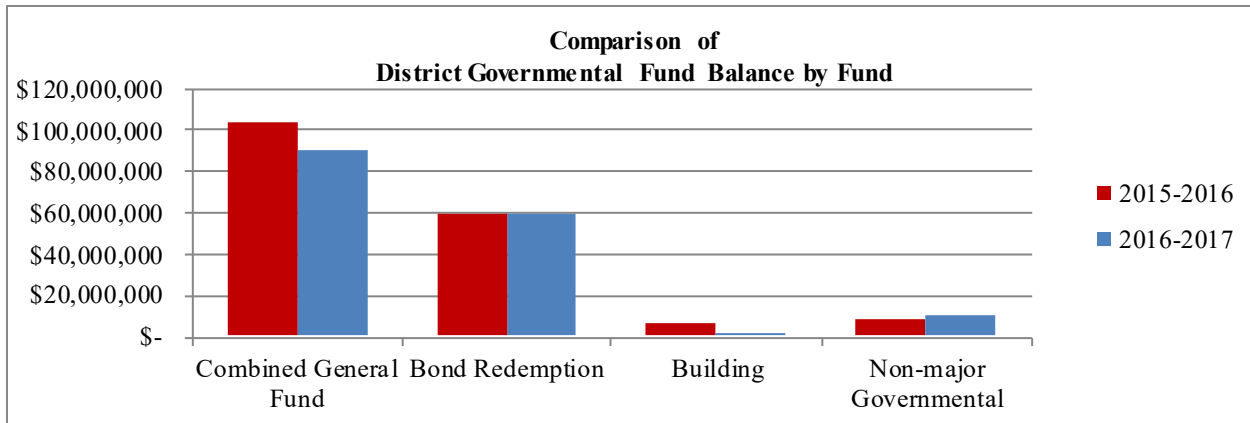
Ending Fund Balances

As of the end of the current fiscal year, the District governmental funds reported combined ending fund balances of \$160,326,650, a decrease of \$15,477,578 from the prior year. This decrease is primarily due to an intentional drawdown of resources in the Combined General Fund as well as in the Building Fund. This drawdown would have been more significant but the leadership team instituted a zero-based budgeting process which led to decreases in spend from the Adopted Budget with the intention of saving those dollars to offset budgetary increases for fiscal year 2018.

	2016-2017		2015-2016		Inc/(Dec)
Combined General	\$ 89,970,160	56.1%	\$ 103,371,715	58.8%	\$ (13,401,555)
Bond Redemption	59,416,714	37.1%	59,084,589	33.6%	332,125
Building	1,541,920	1.0%	5,727,695	3.3%	(4,185,775)
Non-major Governmental	9,397,856	5.9%	7,620,229	4.3%	1,777,627
Total	\$ 160,326,650	100%	\$ 175,804,228	100%	\$ (15,477,578)

Governmental Fund Financial Analysis (Continued)

Ending Fund Balances (Continued)



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. Please reference the Budgetary Comparison Schedule on page 91. Note that the Amended expenditure budget shows an increase over the Adopted Budget of about \$7.5 million. In Colorado, districts are funded on current year student counts. The student count day is on or around October 1 of each fiscal year. Once these student counts are known, the Colorado Department of Education recalculates the state-aid for each district. In addition, the fiscal year for school districts is July 1 through June 30 but the mill levy or tax rates are not set for the current year until December. The District budget is amended to account for both the changes in student counts from projection as well as changes in assessed value and the resulting tax rate set in December. Finally, the amount of carry-over available for each school is not finalized until September once the sixty day encumbrance period associated with the payment of invoices has expired. The budget is amended to account for the carry-over amounts awarded to each school.

Note that the District expenditures were under budget in the Combined General Fund by \$26,804,278. Salary and benefit costs were less than expected and scheduled capital projects were not fully complete as of July 1, 2017. Recall that the Capital Projects Fund is part of the Combined General Fund. For extensive school reinvestment projects, the projects are scheduled for the summer months so that instruction is not impacted. The remaining \$9,893,015 in the Capital Projects fund is either encumbered to complete projects started during fiscal year 2017 or are restricted – about \$3.4 million – as Cash in Lieu – dollars designated only for growth related expenditures. The District schools continue to carefully monitor and review expenditures carrying over discretionary dollars in an amount of about \$17.65 million to include Full Day Kindergarten reserves. School carry-over reserves were drawn down during fiscal year 2017 in an amount of about \$4 million. Finally, in Colorado, State law requires that funds be fully appropriated before any spend is authorized. Because of the site based decision model regarding the budgeting and spending of school discretionary dollars, as well as the sixty day encumbrance period, final school spend is not known until the end of August. We fully appropriate and budget all available funds ensuring that our schools have the authority to spend their discretionary dollars.

The ending fund balance for the Combined General Fund is \$89,970,160, a decrease of \$13,401,555 from last year. Of this ending fund balance, \$31,990,000 is held in cash reserves meeting the TABOR and Board of Education required three (3) percent reserves. Additionally, the aggregate ending fund balances of the five (5) sub-funds of the Combined General Fund is reported as \$9,603,213, and school carry-over assignments of \$16,250,616 leaving about \$32,126,331 to be used in the new fiscal year, 2018. Note from the Combined General Fund Combining Balance Sheet on page 103 that about \$28.3 million is assigned to spend during fiscal year 2018 and about \$1.6 million is assigned to offset cost increases for fiscal year 2019.

The District continues to be very successful in incentivizing students and staff at all of our schools and departments to save energy dollars. Even with allocating out approximately \$250,000 to our schools in incentives, our utility spend was \$599,000 less than budget.

Expenditures and transfers were more than revenues by \$13,401,555. Revenues were greater than budgeted by \$3,969,419 confirming the District practice of conservatively estimating revenues. Specific Ownership Taxes and property taxes received were greater than budgeted by \$2,890,878. Note, however, that even with the continued low price of gasoline, the Transportation Fund had expenditures greater than revenues/transfers by about \$1.1 million. The local market wage for bus drivers has continued to increase requiring the District to increase bus driver pay. In addition, increases in special education student enrollment has resulted in increased transportation needs as transportation for these students is mandated by Federal and State statute. As

Combined General Fund Budgetary Highlights (Continued)

previously mentioned, PPR was increased by \$112/student, which, combined with vacancy savings and benefit savings, allowed the BOE to increase salaries by an average 3 percent and to fully fund medical and PERA benefit increases. We are happy to report that all of the new revenue was designated to teacher and employee compensation.

Capital Asset and Debt Administration

Capital Assets

The District investment in capital assets for governmental activities as of June 30, 2017, equaled \$672,082,801, a decrease of \$6,639,845 (net of accumulated depreciation) due to \$27,950,463 in current year depreciation expense offset by an increase in buildings and improvements and an increase in construction in progress. This investment in capital assets includes land, buildings, construction in progress, service vehicles, buses, as well as playgrounds, and food preparation equipment. Additional information on the District's capital assets is provided in Note 4 on page 68.

	Governmental Activities	
	2017	2016
Capital Assets:		
Land	\$ 13,310,241	\$ 13,310,241
Buildings and Improvements	940,264,491	897,418,853
Land Improvements	866,462	42,857,494
Machinery and Equipment	87,492,839	76,983,325
Construction in Progress	20,720,547	14,310,015
Accumulated Depreciation	(390,571,779)	(366,157,282)
Total Net Capital Assets	<u>\$ 672,082,801</u>	<u>\$ 678,722,646</u>

Long-Term Debt

As of June 30, 2017, the District had outstanding long-term debt exclusive of NPL, of \$399,945,468, a decrease of \$45,490,433 from the prior year. The District continues to pay off G.O. bonds and COPs without incurring additional debt. Of the outstanding long-term debt, \$305,059,570 is G.O. bonded debt that is backed by the full faith and credit of the District taxpayers. Please also note the \$45,515,000 in outstanding COPs. This decrease of about \$3.0 million was due to the combined result of paying the yearly lease payments as well as benefiting from the 2009 COP refunding which occurred during fiscal year 2016. Recall that our COP policy requires that yearly lease payment liabilities be no more than one percent of yearly general fund revenues. In reviewing the Notes on page 74, we report that our maximum yearly COP Lease payments will be \$4,438,652, an amount well below one percent of about \$547.2 million in General Fund revenues received in fiscal year 2017.

In addition, due to GASB Statement Number 68, the District is required to report its portion of the PERA SCHTF Net Pension Liability (NPL). This proportionate NPL is reported as \$1,942,879,251, nearly double over the prior year.

	Governmental Activities			
	June 30, 2017	%	June 30, 2016	%
General Obligation Bonds	\$ 305,059,570	13.0%	\$ 342,249,714	23.5%
Certificates of Participation	45,515,000	1.9%	48,495,000	3.3%
Accreted Interest	5,780,971	0.2%	7,095,655	0.5%
Bond Premiums	31,144,205	1.3%	35,369,506	2.4%
Extended Service Separation	428,537	0.0%	690,888	0.0%
Capital Leases	7,096,285	0.3%	8,171,653	0.6%
Compensated Absences	4,920,900	0.2%	3,363,485	0.2%
Total before NPL	399,945,468		445,435,901	
Net Pension Liability	1,942,879,251	82.9%	1,009,453,904	69.4%
Total	<u>\$ 2,342,824,719</u>	<u>100%</u>	<u>\$ 1,454,889,805</u>	<u>100%</u>

Capital Asset and Debt Administration (Continued)

Long-Term Debt (Continued)

November 2006, was the last time District voters authorized the issuance of \$200,000,000 in G.O. bonds to pay the costs associated with the District Master Capital Plan. Each year this Plan is updated identifying the capital needs associated with District facilities. Since that time, elections in November of 2008 and November 2011 have failed requiring the District to be more innovative in meeting the facility needs. It is this fact that led to the development of a Certificates of Participation (COP) policy specifying a maximum COP liability towards meeting capital needs and providing student seats. This policy also specifies the circumstances under which the District may partner with charter schools to provide needed classroom space.

The \$45,515,000 of outstanding COPs are collateralized by specific buildings owned by the District. These COP lease payment obligations are subject to annual appropriation and are distinctly different from G.O. bonds. The issuance of G.O. bonds can only be completed upon voter approval associated with a dollar amount authorization. The aggregate yearly appropriation to Fund 39, the COP Lease Payment Fund, is just over \$3.6 million from the District and an additional amount of \$963,940 in revenues received from Aspen View Academy. See the Notes on page 72. Aspen View Academy was the first charter school to partner with the District as specified in the Board COP policy.

The District maintains credit ratings with all three credit agencies as follows: Moody's Investors Services Inc. at Aa1, 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 70.

At this time, identified capital projects are carefully prioritized to determine those with the greatest need or safety concern so that remaining Capital Projects 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.

As previously mentioned, the LRPC in collaboration with the Fiscal Oversight Committee and Finance and Construction staff continue to be engaged in a community outreach and feedback effort at the request of the Board of Education. The most recent Master Capital Plan, was presented to the Board of Education on August 15, 2017. Please find the details of this report posted at: <https://www.dcsdk12.org/master-capital-plan>

Other Obligations of the District

The District maintains three capital leases that, similar to COPs, require an annual appropriation and are collateralized by the equipment received and installed. These annual lease payments are budgeted and accounted for in the Capital Projects Fund that is funded by a transfer from the District General Fund and is reported as part of the Combined General Fund. In September of 2016, the two Energy Performance Contracts were refunded and combined into one Capital Lease. The savings associated with this refunding were minimal but will result in additional savings in overhead costs associated with the monitoring and payment of these leases.

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 restricted General Fund or cash emergency reserves are held in the amount required under the provisions of the Colorado State Constitution. The Board of Education, by policy, mandates an additional reserve of three (3) percent plus one (1) percent budgeted each year in a contingency budget line to further enhance the sustainability of the District financial position. This additional Board reserve is assigned in the fund balance pursuant to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The District maintains an ongoing three-year projection for significant operating funds.

The District continues to maintain a healthy fund balance. Our schools and departments regularly scrutinize their spend and have contributed greatly to the maintenance of this fund balance associated with the Board policy allowing school budget holders to carry unspent discretionary dollars into the new year. Compliance with and level of reserves and contingencies associated with Board 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.

TABOR and Board of Education Reserves

The financial statements report that the State of Colorado requires each school district to reserve 3 percent of cash or more of fiscal year spending to use only for declared emergencies. As mentioned above, in addition to the required TABOR Reserve, the

TABOR and Board of Education Reserves (Continued)

Board of Education, by policy, requires an additional 3 percent of yearly spend held in reserve plus a 1 percent budgeted contingency line providing financial stability and available resources to fund any unexpected emergency. You can see on page 50 that the financial statements report the District meets the TABOR and additional Board of Education reserve policy reporting restricted and assigned fund balances of \$15,995,000 and \$15,995,000 respectively. A contingency budget line of \$5,000,000 is budgeted and appropriated each year also specified in Board policy.

Economic Factors and Subsequent Events

- *State of Colorado Economy* - From the September 2017 Revenue Forecast from the Office of Strategic Planning and Budget, the economy in Colorado is expected to grow about 8.1 percent during fiscal year 2018 and another 4.9 percent during fiscal year 2019. This forecast anticipates an even stronger economic environment than the prior two years. From Governor John Hickenlooper, “Our momentum remains strong thanks to the strength of the state technology sector, new business start-ups and the growth of our skilled workforce. Still, the tight labor and housing market conditions are raising costs for individuals and business and Colorado rural communities continue to experience lower job and income growth than our urban areas. We are keeping an eye on these issues so that they do not curtail the anticipated success.”

Based on preliminary information, the General Fund reserve in Colorado ended the year \$28.7 million above the statutory reserve amount. At the end of fiscal year 2018, this reserve is projected to be \$5.9 million above the required reserve amount. Relative to the June 20, 2017 projection, the fiscal year 2018 General Fund revenue forecast is \$126.2 million or 1.2 percent higher, and the fiscal year 2019 General Fund revenue forecast is \$152.5 million or 1.3 percent higher.

The State School Finance Act, which has not been fully funded since fiscal year 2008-2009, has an ongoing Budget Stabilization Factor - formerly the “Negative Factor” - of about \$828 million translating to approximately \$59.8 million for DCSD. Pursuant to the Colorado School Finance Act for fiscal year 2017, the District PPR (per pupil revenue) without the Budget Stabilization factor, would have been \$8,085/student, about \$931 more than the actual PPR of \$7,154. With the constraints of TABOR and the Gallagher Amendment, Colorado does not have a sustainable plan to fund increases in pk-12 education. Pk-12 education represents approximately 36 percent of the State General Fund. The funding of education is continually assessed against required increases in health care, Medicaid, and transportation competing for constrained State revenues.

- *Douglas County Economy* - The County population continues to grow increasing to 336,000 residents as of January 2017. This increase of 7,000 residents represents a growth rate of about 2 percent. Indicative of the economic recovery in the nation and the Colorado positive economic growth, unemployment in Douglas County continues to be low and as of December 31, 2017, was reported at 2.8 percent. Employment grew 4.5 percent in Douglas County to over 108,000 workers.
- *District Enrollment* - The positive economic data reflected above continues to result in increased enrollment in Douglas County Schools though much lower than the past five years. Enrollment grew about 574 students to a total enrollment of 67,470 for this reporting year. As of October 1, 2017 (fiscal year 2018), the District reported to CDE an increase of 127 students to 67,597 students. This enrollment number is inclusive of both charter and neighborhood schools. Currently, charter school enrollment is at 15,130 representing approximately 22.4 percent of the District total enrollment. One new charter school opened for fiscal year 2017, Parker Performing Arts. This school added about 803 student seats offsetting the increased enrollment. Additional student enrollment results in greater revenue primarily to District charter schools. Over the past two years, the need for new teachers and classroom space has been provided by new and/or expanding charter schools.
- *Fiscal Year 2018 School Finance Act Approved Increases and New District-wide Allocations* - In July 2017, the District adopted a budget that includes an increase in per pupil revenue of \$234/student along with increases associated with student growth. In addition, the District committed to an average ongoing raise for all employees of 2.0 percent. The District absorbed the \$2.0 million increase in medical benefit premiums as well as the 0.50 percent increase in the PERA contribution requiring a budgetary increase of \$1.4 million.

Though our student enrollment rate of growth has decreased over the past few years, we continue to see significant growth in special needs students. Due to this growth, we allocated out an additional \$3.17 million to fund these student needs. Finally, in today’s technological environment, and knowing that we must continue to fund replacement of student computer devices, we have committed to an ongoing \$4.1 million budget transfer from the General Fund to the Capital Projects Fund allowing the continued device refresh process. We are replacing student devices every six years and though we have allocated out resources to increase our computer network bandwidth to allow students to bring in their own devices, there is still an ongoing need to refresh teacher and student equipment each year.

Economic Factors and Subsequent Events (Continued)

- *Colorado Governors Budget Request for Fiscal Year 2019* - Based on the September 2017 Revenue Forecast, Governor John Hickenlooper submitted his fiscal year 2019 budget request to the Joint Budget Committee. This budget request calls for an average per pupil revenue increase of about \$343/student for a total PPR amount of \$8,006 which translates to a \$332/student increase for Douglas County students to \$7,721/student. The Governor noted that the passage of Senate bill 17-267 regarding the sustainability of rural school districts and the movement of the Hospital Provider fee to an enterprise, materially and positively changed the financial outlook for the State in comparison to a year ago.

The Governor's proposed budget includes a decrease to the Budget Stabilization Factor of \$70 million to a total of \$758 million from \$828 million. It is important to note that the continued portion for DCSD of the Budget Stabilization Factor is projected to be \$55 million. At the end of fiscal year 2019, the budget proposal by the governor will result in a cumulative loss for DCSD of ten years totaling more than \$549 million.

The Governor's budget request must be considered and approved by the legislature.

Component Units

Only summary information regarding component units appear in the District's financial statements. The District has sixteen component units, all of which are charter schools. This number includes the first year audited financial activity for Parker Performing Arts that opened its doors in August of 2016. In addition, the zero year or construction year of Renaissance Secondary Charter School is also included in this report. Each charter school is represented in the Component Unit section of this Comprehensive Annual Financial Report and is presented in the aggregate in a separate column in the Government-wide Statement of Net Position and in the Statement of Activities on pages 138 and 142 respectively.

After a yearly review of the Foundation for Douglas County Schools financial activities, the District business administration has determined that its financial activities, due to the level of materiality and the independence of their activity in relation to the District, shall not be considered a component unit of the District. The financial activity of the Educational Foundation is not included 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 financial status of the District. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Chief Financial Officer, Ms. Bonnie J. Betz, [701 Prairie Hawk Drive, Castle Rock, Colorado 80109](mailto:bonnie.betz@dcpsd.org).

BASIC FINANCIAL STATEMENTS



Douglas County School District

Learn Today, Lead Tomorrow

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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Net Position
June 30, 2017

	Primary Government	Component Units
	Governmental Activities	Charter Schools
ASSETS		
Cash and Investments	\$ 123,920,483	\$ 33,510,323
Receivables:		
Property Taxes, Net of Allowance for Uncollectible Taxes	11,607,748	-
Other	4,341,710	789,995
Inventories	1,481,375	21,555
Prepaid Costs and Other Assets	3,659,971	705,848
Restricted Cash and Investments	61,024,262	30,834,251
Capital Assets:		
Non-Depreciable	34,030,788	46,529,671
Depreciable, Net	638,052,013	131,646,348
Total Assets	<u>878,118,350</u>	<u>244,037,991</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	756,630,514	147,188,290
Deferred Amount on Refunding	15,240,919	8,835,594
Total Deferred Outflows of Resources	<u>771,871,433</u>	<u>156,023,884</u>
LIABILITIES		
Accounts Payable	7,309,463	6,728,147
Accrued Compensation	23,586,251	3,823,656
Unearned Revenues	693,016	733,786
Accrued Insurance Claims	6,234,468	-
Accrued Interest Payable	690,150	1,871,900
Non-Current Liabilities:		
Due within One Year	46,287,508	17,045,066
Due in More than One Year:		
Accrued Insurance Claims	2,179,821	-
Other Non-Current Liabilities	353,657,960	204,946,647
Net Pension Liability	1,942,879,251	319,465,483
Total Liabilities	<u>2,383,517,888</u>	<u>554,614,685</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	22,339,514	3,245,124
NET POSITION		
Net Investment in Capital Assets	300,050,580	(19,790,169)
Restricted:		
TABOR Emergency Reserve	15,995,000	3,614,970
Debt Service/Lease Obligation	59,416,714	11,668,075
Building	1,541,920	491,365
Other Grants and Programs	8,873,791	-
Unrestricted (deficit)	<u>(1,141,745,624)</u>	<u>(153,782,175)</u>
Total Net Position (deficit)	<u>\$ (755,867,619)</u>	<u>\$ (157,797,934)</u>

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Instruction	\$ 484,977,831	\$ 58,998,077	\$ 16,233,515	\$ -
Supporting Services	345,400,596	-	25,711,083	-
Funding to Component Units	105,366,488	-	-	-
Interest on Long-Term Debt	17,549,955	-	-	-
Total Governmental Activities	953,294,870	58,998,077	41,944,598	-
Component Units				
Charter Schools	\$ 183,404,563	\$ 11,843,008	\$ 3,868,077	\$ 3,276,245

GENERAL REVENUES

Property Taxes

Specific Ownership Taxes

State Equalization

Investment Earnings

Grants and Contributions not specific to Programs

Cash in Lieu of Land

Other

Total General Revenues

Change in Net Position

NET POSITION (Deficit), Beginning

NET POSITION (Deficit), Ending

See accompanying notes to the financial statements

Net (Expense) Revenue and
Changes in Net Position (Deficit)

Governmental Activities	Component Units
\$ (410,997,952)	\$ -
(318,452,094)	-
(105,352,194)	-
(17,549,955)	-
<u>(852,352,195)</u>	<u>-</u>
-	(164,417,233)
234,440,643	-
23,870,092	-
296,915,245	101,498,455
832,512	196,266
8,792,764	1,428,738
1,721,534	-
5,751,275	323,954
<u>572,324,065</u>	<u>103,447,413</u>
(280,028,130)	(60,969,820)
<u>(475,839,489)</u>	<u>(96,828,114)</u>
<u>\$ (755,867,619)</u>	<u>\$ (157,797,934)</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Governmental Funds
Balance Sheet
June 30, 2017

	Combined General	Bond Redemption	Building	Non-Major Governmental	Total Governmental
ASSETS					
Cash and Investments	\$ 106,964,978	\$ -	\$ -	\$ 9,792,030	\$ 116,757,008
Receivables:					
Property Taxes, Net of Allowance for Uncollectible Taxes	10,113,094	1,494,654	-	-	11,607,748
Other	814,848	-	-	3,526,862	4,341,710
Due from Other Funds	1,871,747	-	-	-	1,871,747
Prepaid Costs	165,877	-	-	-	165,877
Inventories, at Cost	957,310	-	-	524,065	1,481,375
Restricted Cash and Investments	-	58,601,024	2,423,238	-	61,024,262
Total Assets	\$ 120,887,854	\$ 60,095,678	\$ 2,423,238	\$ 13,842,957	\$ 197,249,727
LIABILITIES					
Accounts Payable	\$ 5,528,935	\$ -	\$ 881,318	\$ 898,176	\$ 7,308,429
Accrued Compensation	22,128,489	-	-	1,457,762	23,586,251
Due to Other Funds	-	-	-	1,871,747	1,871,747
Unearned Revenues	475,600	-	-	217,416	693,016
Total Liabilities	28,133,024	-	881,318	4,445,101	33,459,443
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	2,784,670	678,964	-	-	3,463,634
FUND BALANCES					
Nonspendable:					
Inventories & Prepaid Costs	1,123,187	-	-	524,065	1,647,252
Restricted:					
TABOR Emergency Reserve	15,995,000	-	-	-	15,995,000
Restricted Fund Balances	-	59,416,714	1,541,920	8,873,791	69,832,425
Assigned:					
3% Board Reserves	15,995,000	-	-	-	15,995,000
School Carry-over	16,536,714	-	-	-	16,536,714
Extended Service Severance	428,537	-	-	-	428,537
Facility Use Revenue Share for Athletics	545,998	-	-	-	545,998
Medicaid	337,655	-	-	-	337,655
Insurance Settlement - Hail Damage	349,709	-	-	-	349,709
Assigned to School Year 2017-2018 Budget	17,618,338	-	-	-	17,618,338
1% Retention Stipend	3,200,000	-	-	-	3,200,000
Cash in Lieu	3,365,326	-	-	-	3,365,326
Master Capital Plan	3,600,000	-	-	-	3,600,000
Transportation Fund Additional Transfer	500,000	-	-	-	500,000
Full Day Kindergarten Scholarships	300,000	-	-	-	300,000
Assigned to School Year 2018-2019 Budget	1,300,000	-	-	-	1,300,000
Subfund Carry-over	8,184,875	-	-	-	8,184,875
Unassigned	589,821	-	-	-	589,821
Total Fund Balances	89,970,160	59,416,714	1,541,920	9,397,856	160,326,650
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 120,887,854	\$ 60,095,678	\$ 2,423,238	\$ 13,842,957	\$ 197,249,727

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 Position
June 30, 2017

Fund Balances of Governmental Funds		\$ 160,326,650
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		672,082,801
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.		3,463,634
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.		6,297,522
Deferred inflows and outflows of resources that represent an acquisition or consumption of net position that applies to future periods and therefore is not reported in the funds:		
Deferred Amount on Refunding	\$ 15,240,919	
Deferred outflows of resources, pension-related amounts	756,630,514	
Deferred inflows of resources, pension-related amounts	<u>(22,339,514)</u>	749,531,919
Long-term liabilities, including long-term debt are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(305,059,570)	
Certificates of Participation	(45,515,000)	
Accreted Interest	(5,780,971)	
Bond Premiums	(31,144,205)	
Accrued Interest Payable	(690,150)	
Net Pension Liability	(1,942,879,251)	
Accrued Insurance Claims Payable	(4,055,276)	
Capital Leases	(7,096,285)	
Extended Service Severance	(428,537)	
Compensated Absences	<u>(4,920,900)</u>	<u>(2,347,570,145)</u>
Net Position (deficit) of Governmental Activities		<u>\$ (755,867,619)</u>

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	Combined General	Bond Redemption	Building	Non-Major Governmental	Total Governmental
REVENUES					
Property Taxes	\$179,927,049	\$ 54,677,033	\$ -	\$ -	\$234,604,082
Specific Ownership Tax	23,870,092	-	-	-	23,870,092
Intergovernmental	322,626,328	-	-	16,233,515	338,859,843
Charges for Services	22,948,804	-	-	30,202,964	53,151,768
Merchandise Sales	-	-	-	4,426,547	4,426,547
Fundraisers and Donations	-	-	-	2,681,928	2,681,928
Investment Earnings	431,923	312,910	37,968	-	782,801
Other	11,626,332	-	-	1,661,119	13,287,451
Total Revenue	561,430,528	54,989,943	37,968	55,206,073	671,664,512
EXPENDITURES					
Current:					
Instruction	271,368,952	-	-	34,780,195	306,149,147
Supporting Services	188,665,114	-	-	23,644,920	212,310,034
Funding to Component Units	105,366,488	-	-	-	105,366,488
Capital Outlay	-	-	4,223,743	-	4,223,743
Debt Service/Lease Payments:					
Principal	-	37,190,144	-	2,980,000	40,170,144
Interest and Fiscal Charges	-	17,467,674	-	1,465,405	18,933,079
Total Expenditures	565,400,554	54,657,818	4,223,743	62,870,520	687,152,635
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,970,026)	332,125	(4,185,775)	(7,664,447)	(15,488,123)
OTHER FINANCING SOURCES (USES)					
Compensation for Loss of Asset	10,545	-	-	-	10,545
Transfers In	-	-	-	9,442,074	9,442,074
Transfers Out	(9,442,074)	-	-	-	(9,442,074)
Total Other Financing Sources (Uses)	(9,431,529)	-	-	9,442,074	10,545
NET CHANGES IN FUND BALANCES	(13,401,555)	332,125	(4,185,775)	1,777,627	(15,477,578)
FUND BALANCES, Beginning	103,371,715	59,084,589	5,727,695	7,620,229	175,804,228
FUND BALANCES, Ending	\$ 89,970,160	\$ 59,416,714	\$ 1,541,920	\$ 9,397,856	\$160,326,650

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, 2017

Net change in fund balances of governmental funds \$ (15,477,578)

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

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

Capital Outlay	\$ 21,748,534	
Depreciation	(27,950,463)	
Loss on Sale of Capital Assets	(437,919)	(6,639,848)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds. This amount represents the change in unavailable property tax revenue. (163,439)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal Payments - General Obligation Bonds	37,190,144	
Principal Lease Payments - Certificates of Participation	2,980,000	
Change in Accreted Interest	1,314,684	
Change in Accrued Interest	68,441	
Refinancing for Capital Leases - Engery Performance Contract	7,260,832	
Issuance of Capital Leases	(7,333,189)	
Principal Payments Capital Leases	1,147,725	
Amortization of Bond Premium and Deferred Charges	1,275,502	43,904,139

In the statement of activities, certain operating expenses - compensated absences (sick leave), pension benefits, special termination benefits (extended service severance) and liability claims - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect of compensated absences, pension expense and claims payable on the statement of activities:

Pension Expense	(302,549,381)	
Change in Compensated Absence	(1,557,415)	
Change in Extended Service Severance	262,351	
Liability Claims	980,891	(302,863,554)

Internal Service Funds are used by management to charge the cost of medical insurance and short term disability to individual funds. The net revenue (expense) of the Internal Service Funds are reported with governmental activities. 1,212,150

Change in net position (deficit) of governmental activities \$ (280,028,130)

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Proprietary Fund
Statement of Net Position
June 30, 2017

	Governmental Activities
	Internal Service Funds
ASSETS	
Current Assets:	
Cash and Investments	\$ 7,163,475
Prepaid Costs	3,494,094
Total Assets	\$ 10,657,569
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 1,034
Accrued Insurance Claims	4,359,013
Total Current Liabilities	4,360,047
NET POSITION	
Unrestricted	6,297,522
Total Net Position	6,297,522
Total Liabilities and Net Position	\$ 10,657,569

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Position
 For the Fiscal Year Ended June 30, 2017

	Governmental Activities
	<u>Internal Service Funds</u>
OPERATING REVENUES	
Premium Revenue	\$ 45,840,912
Other	<u>5,829</u>
Total Operating Revenue	<u>45,846,741</u>
OPERATING EXPENSES	
Insurance and Claims	43,510,014
Salaries and Benefits	21,798
Purchased Services	977,816
Other	<u>174,674</u>
Total Operating Expenses	<u>44,684,302</u>
OPERATING INCOME	<u>1,162,439</u>
NON-OPERATING REVENUES	
Investment Earnings	<u>49,711</u>
Total Non-Operating Revenues	<u>49,711</u>
CHANGE IN NET POSITION	1,212,150
NET POSITION, Beginning	<u>5,085,372</u>
NET POSITION, Ending	<u><u>\$ 6,297,522</u></u>

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017

	Governmental Activities
	Internal Service Funds
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 45,912,917
Payments to Suppliers	(47,213,585)
Payments to Employees	<u>(21,798)</u>
Net Cash Used by Operating Activities	<u>(1,322,466)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on Investments	<u>49,711</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,272,755)
CASH AND CASH EQUIVALENTS, Beginning	<u>8,436,230</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 7,163,475</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Income	\$ 1,162,439
Changes in Assets and Liabilities:	
Change in Other Receivables	66,176
Change in Prepaid Costs	(3,391,094)
Change in Accounts Payable	(307,880)
Change in Accrued Insurance Claims	<u>1,147,893</u>
Total Adjustments	<u>(2,484,905)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (1,322,466)</u></u>

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fiduciary Funds
Statement of Net Position
June 30, 2017

	Agency Fund 74	Private Purpose Trust Scholarship Fund 75
	<u> </u>	<u> </u>
ASSETS		
Cash and Investments	\$ 1,169,453	\$ 32,312
Total Assets	<u>1,169,453</u>	<u>32,312</u>
LIABILITIES		
Accounts Payable	90,811	-
Assigned Student Related Activities	<u>1,078,642</u>	<u>-</u>
Total Liabilities	<u>\$ 1,169,453</u>	<u>-</u>
NET POSITION		
Held in Trust for High School Students Attending Castle Rock Schools		<u>32,312</u>
Total Net Position		<u>\$ 32,312</u>

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Private Purpose Trust Scholarship</u>
ADDITIONS	
Contributions	<u>\$ 60,000</u>
Total Additions	<u> 60,000</u>
DEDUCTIONS	
Grants and Scholarships	<u> 62,000</u>
Total Deductions	<u> 62,000</u>
CHANGE IN NET POSITION	(2,000)
NET POSITION, Beginning	<u> 34,312</u>
NET POSITION, Ending	<u><u> \$ 32,312</u></u>

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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 represent 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 sixteen separately authorized charters: Academy, American Academy, Aspen View Academy, Ben Franklin Academy, Challenge to Excellence, DCS Montessori, Global Village Academy, Hope Online Learning Academy Co-Op, North Star Academy, Parker Core Knowledge, Parker Performing Arts, Platte River Academy, Renaissance Secondary, SkyView Academy, STEM School Highlands Ranch (Science, Technology, Engineering and Math), and World Compass Academy. Parker Performing Arts is a new charter school that opened in the fall of 2016. Renaissance Secondary is a new charter school that opened in the fall of 2017.

Charter schools are public schools authorized by the State of Colorado to provide educational 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 District considers each of the component units to be non-major component units because none of the schools individually has a financial relationship with the District that is significant enough to require separate reporting within the basic financial statements. Combining schedules are included within the supplementary section of this comprehensive annual financial report. 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.

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 Board and the governing body of Parker Fire. The District share of operating costs for the Facility is 45 percent.

The Facility is solely responsible for 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. The District does not have an equity interest in the Facility; therefore, it is not reflected within the basic financial statements as an investment. Separate financial statements for this joint venture can be obtained at its office; 17801 East Plaza Drive, Parker, Colorado.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., Statement of Net Position and Statement of Activities) report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Exceptions to this general rule are charges for inter-fund 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 District does not report any business type activities.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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

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; 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 grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not 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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 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. Alternatively, debt service and lease payment expenditures, as well as expenditures related to compensated absences and risk management claims are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 internal service funds are charges to customers for services. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major and non-major governmental funds:

Major governmental funds:

The *Combined 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 has been included in the Combined General Fund as all resources come from a General Fund transfer.

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

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

Non-major governmental funds:

The *Nutrition Services National School Lunch Program Fund (NSLP)*, accounts for the financial resources that are restricted for activities associated with the District elementary and middle school lunch program.

The *Governmental Designated Purpose Grants Fund* accounts for financial activities associated with most of its State and Federal grants.

The *Athletics and Activities Fund* accounts for the financial resources restricted for activities associated with athletics and other CHSSA governed programs.

The *Nutrition Services Non-National School Lunch Program Fund, (NSLP)*, accounts for the activities restricted for the District's school lunch programs not funded by the National School Lunch Program (high schools and some charter schools).

The *Child Care Fund* known as B.A.S.E. (Before and After School Enterprise), accounts for the financial resources that are restricted for activities associated with the District's tuition based child care programs. There are presently 43 BASE programs and 2 BASE pre-school programs.

The *Certificates of Participation (COP) Lease Payment Fund* accounts for the yearly appropriated resources required to meet the principal and interest payments scheduled for outstanding certificates of participation.

The District reports the following other fund types:

The *Medical Fund, an internal service fund*, accounts for health activities associated with a self-funded health insurance plan, a fully insured Kaiser option, as well as other employee health benefits including dental and vision.

The *Short Term Disability Fund, an internal service fund*, accounts for short term disability activities associated with a self-funded disability insurance plan.

The *Agency Fund* is used to account for resources held on behalf of students associated with various 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance

Deposits and Investments

The pooled cash concept is used whereby cash balances of each of the District funds are pooled and invested in certain investments. All pooled cash investment income is allocated to the general fund.

As of June 30, 2017, the District investments consist of money market funds and investment in an external investment pool - Colorado Surplus Asset Fund (CSAFE). The money market funds are reported at amortized cost. The external investment pool, CSAFE, is not SEC registered and is regulated by the State of Colorado and is reported at amortized cost.

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* or *due from other funds* (i.e., the current portion of inter-fund loans).

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, net of allowance for uncollectible taxes*. Any taxes not collected within 60 days after year-end are recorded as a *deferred inflow of resources* in the governmental 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. The District records prepaid costs using the purchase method.

Restricted Assets

The District and its component units restrict cash and investments representing debt service reserves and unspent bond, certificates of participation, or capital lease proceeds.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column 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 acquisition 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 asset life are not capitalized.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance**
(Continued)Capital Assets (Continued)

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:

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

Unearned Revenue

Unearned revenue in the government-wide and the fund financial statements consists primarily of unearned tuition or fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first is the deferred charge on refunding which results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is shown as pension-related amounts and includes items related to the District's portion of the Colorado Public Employees Retirement Association (PERA) benefit plan. This includes the difference between expected and actual experience, any changes of assumptions or other inputs, and the net difference between projected and actual investment earnings on pension plan investments. Additional information on pension-related amounts is included in Note 9.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet as unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item included in this category is the pension-related deferred inflow of resources reported on the government-wide statement of net position. These deferred inflows result from the difference between expected and actual experience, the changes in assumptions of other inputs, and the net difference between projected and actual investment earnings on pension plan investments. Additional information on pension-related amounts is included in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance
(Continued)

Compensated Absences

It is District 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. The current and long-term liabilities for sick time are accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bond issuance costs are expensed in the year they are incurred.

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 expenditures in the year they are incurred.

Fund Balance/Net Position

In the fund financial statements, governmental funds report the following classification of fund balance:

Non-spendable - includes amounts that cannot be spent because they are either not spendable in form - such as inventories - 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 such as Colorado TABOR 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. As of June 30, 2017 the District has no committed amounts.

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

Unassigned - includes all other spendable amounts and negative fund balances in other governmental funds.

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, assigned fund balance, and lastly, unassigned fund balance.

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance
(Continued)

Fund Balance/Net Position (Continued)

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets 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 of \$1,541,920. Net position is 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, 2017, the District has \$15,995,000 and the charter schools have \$3,614,970 restricted for TABOR emergency reserves.

Pensions

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability (NPL), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Appropriations

The Nutrition Services Non-National School Lunch Program (NSLP) Fund reported an amended expenditures budget of \$5,143,016 as of June 30, 2017. However, the final revised appropriation resolution for this fund was \$5,739,651 ensuring the District did not spend in excess of appropriations.

NOTE 2: DEPOSITS AND INVESTMENTS

At June 30, 2017, deposits and investments were reported in the financial statements as follows:

Governmental Activities *	\$ 184,944,745
Private Purpose Trust Scholarship	32,312
Agency	<u>1,169,453</u>
Total	<u><u>\$ 186,146,510</u></u>

* Governmental Activities include Governmental Funds and the Internal Service Funds.

Cash and investments at June 30, 2017, consisted of the following:

Deposits	\$ 24,716,718
Cash on Hand	33,170
Investments	<u>161,396,622</u>
Total	<u><u>\$ 186,146,510</u></u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)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 percent of the uninsured deposits. At June 30, 2017, the District bank deposits were covered by FDIC Insurance or fell under the provisions of PDPA.

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

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

At June 30, 2017, the District had the following investments:

Investment Type	Amortized Cost	S&P Credit Ratings
Money Market Funds	\$ 171,175	Not rated
Investment Pool	161,225,447	AAAm
	\$ 161,396,622	

Local Government Investment Pools - At June 30, 2017, the District had dollars invested in local government investment pools with \$161,225,447 invested in CSAFE, Colorado Surplus Asset Fund.

CSAFE is a statutory trust 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 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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

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 (S&P). The portfolio will be priced by a third party entity (US Bank N.A.) each week to calculate its net position value. Morgan Stanley Smith Barney LLC 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. CSAFE 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. CSAFE'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.

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. None of the District's investments are subject to custodial 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.

NOTE 3: INTER-FUND BALANCES AND TRANSFERS

Inter-fund balances are created when there is a liability of one fund due to another fund. Inter-fund balances for the year ended June 30, 2017, were composed of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Grant Fund	General Fund	\$ 1,871,747

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the allocating system and (3) payments between funds are made. The interfund receivables and payables are expected to be collected/paid in the subsequent year.

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, 2017 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	COP Lease Payment Fund	\$ 3,616,286
General Fund	Student Athletics & Activities Fund	5,525,788
General Fund	Nutrition Services Non-NSLP Fund	300,000
	Total	<u>\$ 9,442,074</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 3: INTER-FUND BALANCES AND TRANSFERS (Continued)

All transfers were made from the General Fund to support the operations of various other funds that statute or budget requires to expend them.

NOTE 4: CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2017 was as follows:

	Balance				Balance
	June 30, 2016	Additions	Deletions	Transfers	June 30, 2017
Governmental Activities					
Land	\$ 13,310,241	\$ -	\$ -	\$ -	\$ 13,310,241
Construction in Progress (CIP)	14,310,015	15,732,612	-	(9,322,080)	20,720,547
Total Capital Assets (Not Depreciated)	27,620,256	15,732,612	-	(9,322,080)	34,030,788
Buildings and Improvements	897,418,853	798,860	(35,493)	42,082,271	940,264,491
Land Improvements	42,857,497	208,912	-	(42,199,947)	866,462
Machinery and Equipment	76,983,325	5,008,150	(3,938,392)	9,439,756	87,492,839
Total Depreciable Capital Assets	1,017,259,675	6,015,922	(3,973,885)	9,322,080	1,028,623,792
<u>Accumulated Depreciation</u>					
Building and Improvements	(309,794,254)	(20,570,771)	999,374	-	(329,365,651)
Machinery and Equipment	(56,363,028)	(7,379,692)	2,536,592	-	(61,206,128)
Total Accumulated Depreciation	(366,157,282)	(27,950,463)	3,535,966	-	(390,571,779)
Net Depreciated Capital Assets	651,102,393	(21,934,541)	(437,919)	9,322,080	638,052,013
Net Capital Assets with Land and CIP	<u>\$ 678,722,649</u>	<u>\$ (6,201,929)</u>	<u>\$ (437,919)</u>	<u>\$ -</u>	<u>\$ 672,082,801</u>

For the year ended June 30, 2017, depreciation expense was charged to functions of the District as follows:

Governmental Activities:

Instruction	\$ 3,357,236
Supporting Services	24,593,227
Total	<u>\$ 27,950,463</u>

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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 4: CAPITAL ASSETS (Continued)

Discretely Presented Component Units- Charter Schools	June 30, 2016	Additions	Deletions	June 30, 2017
Land	\$ 14,191,001	\$ 3,489,265	\$ -	\$ 17,680,266
Construction in Progress (CIP)	886,806	33,306,968	(5,344,369)	28,849,405
Total Capital Assets (Not Depreciated)	15,077,807	36,796,233	(5,344,369)	46,529,671
Buildings and Improvements	139,288,094	16,838,479	(20,339)	156,106,234
Machinery and Equipment	5,722,395	1,719,285	(1,230,629)	6,211,051
Total Depreciable Capital Assets	145,010,489	18,557,764	(1,250,968)	162,317,285
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	(21,610,947)	(4,374,441)	4,068	(25,981,320)
Machinery and Equipment	(5,106,597)	(813,649)	1,230,629	(4,689,617)
Total Accumulated Depreciation	(26,717,544)	(5,188,090)	1,234,697	(30,670,937)
Net Depreciated Capital Assets	118,292,945	13,369,674	(16,271)	131,646,348
Net Capital Assets with Land and CIP	<u>\$ 133,370,752</u>	<u>\$ 50,165,907</u>	<u>\$ (5,360,640)</u>	<u>\$ 178,176,019</u>

NOTE 5: ACCRUED COMPENSATION

Salaries and benefits of certain contractually employed personnel are paid over a 12-month period from August to July, 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, 2017 are recorded in the funds as follows:

Governmental Activities:	
Combined General Fund	\$ 22,128,489
Non-major Governmental Funds	<u>1,457,762</u>
Total	<u>\$ 23,586,251</u>

Accrued compensation for the charter schools as of June 30, 2017, is \$3,823,656.

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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6: LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2017, is as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 342,249,714	\$ -	\$ 37,190,144	\$ 305,059,570	\$ 32,624,570
Certificates of Participation	48,495,000	-	2,980,000	45,515,000	3,005,000
Accreted Interest	7,095,655	1,671,082	2,985,766	5,780,971	5,257,703
Bond Premiums	35,369,506	-	4,225,301	31,144,205	3,789,660
Extended Service Separation	690,888	-	262,351	428,537	100,000
Capital Leases	8,171,653	7,333,189	8,408,557	7,096,285	880,575
Compensated Absences	3,363,485	1,943,205	385,790	4,920,900	630,000
Net Pension Liability	1,009,453,904	997,943,605	64,518,258	1,942,879,251	-
Total	<u>\$ 1,454,889,805</u>	<u>\$ 1,008,891,081</u>	<u>\$ 120,956,167</u>	<u>\$ 2,342,824,719</u>	<u>\$ 46,287,508</u>

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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

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, 2017, consist of the following:

\$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.	\$ 209,570
\$13,945,000 G.O. Refunding Bonds, Series 2007B; interest ranging from 4% to 5% payable semiannually; principal payable annually beginning December 2017. The final payment is due December 2018. A portion of these bonds was refunded in fiscal year 2012.	13,945,000
\$87,310,000 G.O. Refunding Bonds, Series 2009; interest ranging from 2% to 5.25% payable semiannually; principal payable annually beginning December 2009. The final payment is due December 2025.	75,065,000
\$85,845,000 G.O. Refunding Bonds, Series 2010; interest ranging from 2% to 5% payable semiannually; principal payable annually beginning December 2010. The final payment is due December 2025.	80,860,000
\$560,000 G.O. Capital Appreciation Bonds, Series 2010; yielding 2.25% to 2.5%; interest compounds semiannually; principal payable annually beginning December 2016. The final payment is due December 2017.	560,000
\$70,995,000 G.O. Refunding Bonds, Series 2012; yielding 0.28% to 2.86%; interest compounds semiannually; principal payable annually beginning December 2015. The final payment is due December 2030.	68,440,000
\$100,000 G.O. Capital Appreciation Bonds, Series 2012; yielding 3.2% to 3.35%; interest compounds semiannually; principal payable annually beginning December of 2022. The final payment is due December 2023.	100,000

(Continue on next page)

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6: LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

\$31,020,000 G.O. Refunding Bonds, Series 2013, yielding 0.25% to 2.72%; interest compounds semiannually; principal payable annually beginning December 2013. The final payment is due December 2028.	30,320,000
\$40,665,000 G.O. Refunding Bonds, Series 2014, yielding 0.17% to 1.35%; interest compounds semiannually; principal payable annually beginning December 2014. The final payment is due December 2019.	35,560,000
	<hr/>
Total General Obligation Bonds	\$ 305,059,570
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Certificates of Participation

Certificate of participation obligations are satisfied using general operating funds. District buildings are held as collateral on the debt.

\$15,500,000 Certificates of Participation, Series 2012; interest ranging from 2% to 3.5% payable semiannually; principal payable annually beginning January 2016. The final payment is due January 2037.	\$ 14,710,000
\$15,000,000 Certificates of Participation, Series 2014; interest ranging from 2% to 3.97% payable semiannually; principal payable annually beginning January 2015. The final payment is due January 2034.	13,165,000
\$6,470,000 Refunding Certificates of Participation, Series 2015; interest ranging from 2% to 3% payable semiannually; principal payable annually beginning December 2015. The final payment is due January 2021.	6,250,000
\$12,100,000 Refunding Certificates of Participation, Series 2016; interest ranging from 2% to 4% payable semiannually; principal payable annually beginning January 2017. The final payment is due January 2031.	11,390,000
	<hr/>
Total Certificates of Participation	\$ 45,515,000
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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6: LONG-TERM LIABILITIES (Continued)**Capital Leases**

Copier equipment lease beginning July 2012 in the amount of \$2,065,487. Monthly payments including interest at 2.5% are due beginning August 2012. The final payment is due September 2017.

\$ 118,419

Energy Performance Capital Lease Refinance beginning September 2016 in the amount of \$7,333,188. Semi-annual payments ranging from \$425,155 to \$543,230 are due beginning March 2017, including interest at 1.91%. Final payment is due September 2027.

6,977,866

Total Capital Leases

\$ 7,096,285

The net book value of the leased assets are as follows:

Equipment (Energy Performance Contracts and Copiers) \$ 15,238,635

Less: Accumulated Depreciation 2,700,797

Total \$ 12,537,838

Accreted Interest

Accreted compound interest on capital appreciation bonds, due and payable upon final payment of each respective bond.

\$ 5,780,971

Future Debt Service/Lease Obligations

The following schedule represents the District's debt service and lease payment obligations to maturity for outstanding bonded debt, registered coupons and certificates of participation and capital leases at June 30, 2017:

General Obligation Bonds

June 30,	Principal	Interest	Total
2018	32,624,570	18,758,742	51,383,312
2019	35,745,000	11,247,350	46,992,350
2020	29,890,000	9,935,900	39,825,900
2021	35,235,000	8,572,731	43,807,731
2022	35,775,000	6,823,606	42,598,606
2023-2027	104,120,000	22,436,181	126,556,181
2028-2032	31,670,000	1,661,500	33,331,500
Total	<u>\$ 305,059,570</u>	<u>\$ 79,436,010</u>	<u>\$ 384,495,580</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6: LONG-TERM LIABILITIES (Continued)**Future Debt Service/Lease Obligations (Continued)****Certificates of Participation**

June 30,	Principal	Interest	Total
2018	3,005,000	1,451,555	4,456,555
2019	3,075,000	1,378,555	4,453,555
2020	3,150,000	1,303,805	4,453,805
2021	3,225,000	1,227,355	4,452,355
2022	3,305,000	1,146,130	4,451,130
2023-2027	10,970,000	4,710,344	15,680,344
2028-2032	12,135,000	2,481,991	14,616,991
2033-2037	6,650,000	618,350	7,268,350
Total	\$ 45,515,000	\$ 14,318,085	\$ 59,833,085

Capital Lease

June 30,	Principal	Interest	Total
2018	880,575	130,828	1,011,403
2019	811,187	114,865	926,052
2020	862,979	99,125	962,104
2021	917,677	82,383	1,000,060
2022	975,434	64,580	1,040,014
2023-2027	2,460,860	122,196	2,583,056
2028-2032	187,573	1,791	189,364
Total	\$ 7,096,285	\$ 615,768	\$ 7,712,053

Defeased Debt

In the current and 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, 2017, the outstanding balance of the defeased debt was \$38,539,672.

Compensated Absences

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

Extended Service Severance

During the 2012 fiscal year, the District initiated a phase out of an extended service severance benefit offered within the DCFT, division of AFT, certified and classified contracts. Employees who were eligible to retire by June 30, 2012, June 30, 2013 and June 30, 2014 were eligible to take advantage of this benefit phase out. The total liability was calculated at about \$6.2 million of which \$5.7 million was paid out in October of the past four years (2012-2016) leaving a liability of \$428,537. This liability is reported in the government-wide financial statements only, as none of it is expected to be liquidated with expendable available financial resources.

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6: LONG-TERM LIABILITIES (Continued)**Charter School Long-Term Liabilities**

Charter school long-term liability activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
<u>Charter Schools:</u>					
Loans	\$ 161,421,525	\$ 70,434,659	\$ (12,353,946)	\$ 219,502,238	\$ 16,616,224
Capital Lease	6,005,778	524,993	(6,066,735)	464,036	400,073
Discount	(165,254)	-	43,104	(122,150)	-
Premium	1,691,108	390,153	(95,936)	1,985,325	-
Compensated Absences	130,879	53,685	(22,300)	162,264	28,769
	<u>\$ 169,084,036</u>	<u>\$ 71,403,490</u>	<u>\$ (18,495,813)</u>	<u>\$ 221,991,713</u>	<u>\$ 17,045,066</u>

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, net of discounts and premiums, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 17,016,297	\$ 8,162,812	\$ 25,179,109
2019	4,064,956	8,044,438	12,109,394
2020	4,674,480	7,882,234	12,556,714
2021	16,627,906	7,716,643	24,344,549
2022	4,686,280	9,199,530	13,885,810
2023-2027	78,197,525	31,944,850	110,142,375
2028-2032	25,502,639	17,503,792	43,006,431
2033-2037	25,329,714	12,039,156	37,368,870
2038-2042	22,189,652	7,603,569	29,793,221
2043-2047	16,030,000	4,006,133	20,036,133
Thereafter	7,510,000	620,022	8,130,022
Total	<u>\$ 221,829,449</u>	<u>\$ 114,723,179</u>	<u>\$ 336,552,628</u>

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6: LONG-TERM LIABILITIES (Continued)**Charter School Operating Leases**

Charter School operating lease expenses for the year ending June 30, 2017 are \$3,610,773.

Charter School Long Term Lease Commitments

Year Ended	Total
June 30,	
2018	\$ 4,679,996
2019	4,790,748
2020	4,661,333
2021	4,772,598
2022	4,933,685
2023-2027	30,002,949
2028-2032	14,991,076
2033-2037	14,203,655
2038-2042	4,654,345
2043-2048	5,578,660
	<u>\$ 93,269,045</u>

NOTE 7: SHORT-TERM DEBT

During the fiscal year ended June 30, 2017, the District borrowed \$40,200,000 from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year. None of the amount borrowed was outstanding as of June 30, 2017.

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 \$350,000 per person per occurrence and \$990,000 aggregate per occurrence. The District is self-insured for its medical and property/workers' compensation claims.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 8: RISK MANAGEMENT (Continued)

The following represents the change in the claims liability for the District during the fiscal year ended June 30, 2017.

	Property/Workers		Total
	Medical	Compensation	
Claims Liability June 30, 2014	\$ 2,400,000	\$ 3,759,104	\$ 6,159,104
Claims Incurred and Adjusted	22,974,047	1,805,913	24,779,960
Claims Payments	(22,564,047)	(1,616,642)	(24,180,689)
Claims Liability June 30, 2015	2,810,000	3,948,375	6,758,375
Claims Incurred and Adjusted	24,550,075	2,694,557	27,244,632
Claims Payments	(24,148,955)	(1,606,765)	(25,755,720)
Claims Liability June 30, 2016	3,211,120	5,036,167	8,247,287
Claims Incurred and Adjusted	25,757,956	853,461	26,611,417
Claims Payments	(24,610,063)	(1,834,352)	(26,444,415)
Claims Liability June 30, 2017	\$ 4,359,013	\$ 4,055,276	\$ 8,414,289

The District's property and workers' compensation activity is reported within the Risk Insurance Fund, a subfund of the General Fund. The claims liability for property and workers' compensation is only reported in the government-wide Statement of Net Position as the liability is not a matured liability under the modified accrual basis of accounting.

The District utilizes the Medical Fund, an internal service fund, for the accounting and reporting of its health insurance claims. Accordingly, the claims are expensed as they are incurred and the full medical claim liability of \$4,359,013 is reported within the Medical Fund as a current liability.

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

Plan Description – Eligible employees of the District are provided with pensions through the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit .
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: PENSION PLAN (Continued)

Defined Benefit Pension Plan (Continue)

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by Federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: PENSION PLAN (Continued)

Contributions – Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate	10.15%	10.15%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. §24-51-411 ¹	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF	19.15%	19.65%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$57.8 million for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$1,942,879,251 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of PERA's net pension liability was based on the District contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District proportion was approximately 6.525 percent, which was a decrease of approximately 0.07 percent from its proportion measured as of December 31, 2015.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2017, the District recognized pension expense of \$302,549,381. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$30,902,148	\$17,055
Changes of assumptions or other inputs	\$630,423,775	\$8,862,273
Net difference between projected and actual earnings on pension plan investments	\$65,786,142	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	\$13,460,186
Contributions subsequent to the measurement date	\$29,518,449	N/A
Total	\$756,630,514	\$22,339,514

\$29,518,449 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Deferred inflows and outflows of resources, except for differences between actual and expected investment earnings, are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The deferred outflows related to the difference between expected and actual investment earnings is being amortized over a closed 5-year period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Effect of Deferred Inflows/Outflows on Pension Expense
2018	\$290,245,005	(\$12,446,829)	\$277,798,176
2019	288,427,192	(8,337,309)	280,089,883
2020	144,727,899	(1,555,376)	143,172,523
2021	3,711,969		3,711,969
Total	\$727,112,065	(\$22,339,514)	\$704,772,551

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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases including wage inflation	3.90% - 10.10%
Long-term investment rate of return, net of pension plan investment expenses including price inflation	7.50%
Discount rate	7.50%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases including wage inflation	3.50% - 9.70%
Long-term investment rate of return, net of pension plan investment expenses including price inflation	7.25%
Discount rate	5.26%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rate.

Healthy post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 58 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Discount rate - The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a blended discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$2,443,108,000	\$1,942,879,251	\$1,535,460,000

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)****Defined Contribution Pension Plan**Voluntary Investment Program

Plan Description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2017 program members contributed \$5,763,331.

Other Post Employment BenefitsHealth Care Trust Fund

Plan Description - The District contributes to the Health Care Trust Fund (HCTF), a cost sharing multiple employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The District is required to contribute at a rate of 1.02 percent of PERA-includable 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 C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2016 and 2017, the District contributions to the HCTF were \$2,974,543, \$3,184,844 and \$3,378,380, respectively, equal to their required contributions for each year.

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, 2017, varying 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, 2017, the District had contractual commitments for the construction of various major capital

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 10: COMMITMENTS AND CONTINGENCIES (Continued)**Committed Construction** (Continued)

projects and facilities of \$3,802,081. Certificates of participation, investment earnings, and general funds will provide funding for these immediate future expenditures.

Litigation

The District's contract with the Douglas County Federation of Teachers (the Union) expired July 1, 2012. On that date the District created new Certified and Classified Compensation and Benefit Program documents representing the fringe benefits and employee policies governing most employees of the District. This document has been updated and approved by the Board each year since July 1, 2012. The District has maintained their ongoing contract with ATU, the Amalgamated Transport Union.

During fiscal year 2013, a claim was filed in connection with certain benefits associated with the former union contract. The District believes this claim, once decided, will not have a material impact on the financial statements of the District.

The District is involved in various other litigation matters in which the outcome 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 of 3 percent for emergencies. At June 30, 2017, the District and charter school reserves of \$15,995,000 and \$3,614,970 respectively, were recorded as a restricted fund balance in the Combined General Fund.

In addition to this TABOR Reserve, Board policy requires an additional 3 percent be held as a prudent reserve providing evidence of financial stability and maintaining the high credit rating the District presently enjoys. This policy also mandates a 1 percent contingency budget to be appropriated each year providing readily available resources in the event of unforeseen circumstances.

NOTE 11: NEW GASB PRONOUNCEMENTS FOR FUTURE IMPLEMENTATION

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situation, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 11: NEW GASB PRONOUNCEMENTS FOR FUTURE IMPLEMENTATION (Continued)

The District's management has not yet determined the effect these Statements will have on the District's financial statements, although management believes that GASB Statement No. 75 will have a significant impact on the government-wide financial statements.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017 will be effective for the District with its year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.



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***REQUIRED
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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	2017			Variance with Budget
	Adopted Budget	Amended Budget	Actual	
REVENUES				
Taxes:				
Local Property Taxes	\$ 178,929,196	\$ 179,208,150	\$ 179,927,049	\$ 718,899
Specific Ownership Taxes	20,820,899	21,698,113	23,870,092	2,171,979
Total Taxes	<u>199,750,095</u>	<u>200,906,263</u>	<u>203,797,141</u>	<u>2,890,878</u>
Intergovernmental State Funding:				
State Equalization	303,076,136	297,071,734	296,915,245	(156,489)
Special Education	11,429,985	11,592,397	11,592,397	-
Vocational Education	520,892	639,835	639,835	-
Other	12,062,776	13,406,351	13,478,851	72,500
Total Intergovernmental State Funding	<u>327,089,789</u>	<u>322,710,317</u>	<u>322,626,328</u>	<u>(83,989)</u>
Other:				
Investment Income	60,000	60,000	431,923	371,923
Charges for Services	24,694,711	24,984,656	22,948,804	(2,035,852)
Other	6,446,575	8,799,873	11,626,332	2,826,459
Total Other	<u>31,201,286</u>	<u>33,844,529</u>	<u>35,007,059</u>	<u>1,162,530</u>
Total Revenue	<u>558,041,170</u>	<u>557,461,109</u>	<u>561,430,528</u>	<u>3,969,419</u>
EXPENDITURES				
Current Operating:				
Instructional Services	297,003,923	293,526,880	271,368,952	22,157,928
Funding to Component Units	105,090,555	105,160,939	105,366,488	(205,549)
Supporting Services:				
Pupil Support Services	71,042,914	77,947,445	80,145,599	(2,198,154)
Operations and Maintenance	69,137,068	74,146,375	63,846,958	10,299,417
Central Supporting Services	42,566,551	41,423,193	44,672,557	(3,249,364)
Total Expenditures	<u>584,841,011</u>	<u>592,204,832</u>	<u>565,400,554</u>	<u>26,804,278</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(26,799,841)</u>	<u>(34,743,723)</u>	<u>(3,970,026)</u>	<u>30,773,697</u>
OTHER FINANCING (USES)				
Compensation for Loss of Asset	-	-	10,545	10,545
Transfers Out	(8,601,329)	(9,442,074)	(9,442,074)	-
Total Other Financing (Uses)	<u>(8,601,329)</u>	<u>(9,442,074)</u>	<u>(9,431,529)</u>	<u>10,545</u>
NET CHANGE IN FUND BALANCES	<u>\$ (35,401,170)</u>	<u>\$ (44,185,797)</u>	<u>(13,401,555)</u>	<u>\$ 30,784,242</u>
FUND BALANCE, Beginning			<u>103,371,715</u>	
FUND BALANCE, Ending			<u>\$ 89,970,160</u>	

See accompanying independent auditor's report and note to required supplementary information

Douglas County School District Re. 1
Schedule of the District's Contributions-PERA
For The Last Ten Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Contractually required contributions	\$ 57,796,792	\$ 54,485,818	\$ 50,888,022	\$ 47,497,483	\$ 42,826,213
Contributions in relation to the contractually required contribution	57,796,792	54,485,818	50,888,022	47,497,483	42,826,213
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	291,673,815	266,312,420	\$ 293,267,118	\$ 281,267,898	\$ 275,020,795
Contributions as a percentage of covered-employee payroll	19.82%	20.46%	17.35%	16.89%	15.57%

See accompanying independent auditor's report and note to required supplementary information

2012	2011	2010	2009	2008
\$ 39,173,651	\$ 37,768,910	\$ 34,488,384	\$ 33,194,527	\$ 29,263,121
39,173,651	37,768,910	34,488,384	33,194,527	29,263,121
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 265,598,444	\$ 271,163,890	\$ 290,261,702	\$ 301,181,102	\$ 286,587,226
14.75%	13.93%	11.88%	11.02%	10.21%

Douglas County School District Re. 1
Schedule of the District's Proportionate
Share of Net Pension Liability
Last Ten Years⁽¹⁾

	2016	2015	2014
District's proportion of the net pension liability (asset)	6.525%	6.601%	6.666%
District's proportionate share of the net pension liability (asset)	\$ 1,942,879,251	\$ 1,009,505,041	\$ 903,520,866
District's covered-employee payroll	\$ 260,761,083	\$ 256,750,149	\$ 249,141,046
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	745.08%	393.19%	362.65%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%

* The amounts presented for each year were determined as of December 31, the measurement date used by the District.

(1) Schedule is intended to include information for ten years. Additional information will be displayed as it becomes available.

See accompanying independent auditor's report and note to required supplementary information

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 1: BUDGET COMPLIANCE WITH COLORADO STATE LAW**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America (U.S. GAAP) for all funds. The budgetary comparison schedules included for the Combined General Fund as well as the other fund schedules included in the Supplementary Information are presented on a U.S. 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 January 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 Combined General Fund rests with the Superintendent of Schools and/or his or her delegate. Revisions that alter the total expenditures of any fund must be approved by the Board of Education through a formal resolution.

NOTE 2: PENSION PLAN CONTRIBUTIONS

The District is required to contribute to PERA as provided under Senate Bill (SB) 10-001. The Districts required contribution rates are as follows:

Start Date	Statutory Employer Contribution	AED	SAED*	Total Contribution % for Year
Jan 2010	10.15%	2.20%	1.50%	13.85%
Jan 2011	10.15%	2.60%	2.00%	14.75%
Jan 2012	10.15%	3.00%	2.50%	15.65%
Jan 2013	10.15%	3.40%	3.00%	16.55%
Jan 2014	10.15%	3.80%	3.50%	17.45%
Jan 2015	10.15%	4.20%	4.00%	18.35%
Jan 2016	10.15%	4.50%	4.50%	19.15%
Jan 2017	10.15%	4.50%	5.00%	19.65%
Jan 2018	10.15%	4.50%	5.50%	20.15%

In 2004 and 2006, legislation was passed that required employers to remit additional contributions to PERA. These additional contributions are the Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED). The AED is an additional amount contributed by PERA employers that has gradual increases. The SAED is also an amount contributed by employers and is, to the extent permitted by law, to be funded by moneys otherwise available for employee wage increases. The SAED also has gradual increases. These additional employer contributions, based on the total payroll of PERA members and employees who can elect either PERA or another plan (regardless of the plan elected), are designed to reduce PERA's unfunded liability and amortization period.

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 2: PENSION PLAN CONTRIBUTIONS (Continued)

For the School Division, the AED will continue to increase by 0.4 percent per year from 2013 through 2015 and by 0.3 percent in 2016 for a total rate of 4.5 percent. In addition, the SAED will continue to increase by 0.5 percent per year to a total rate of 5.5 percent by 2018. Also the 0.4 percent increase in the statutory employer contribution rate in 2013 was eliminated. However, if the funding ratio reaches 103 percent, the AED and SAED will be reduced by 0.5 percent of pay each.

The actuarially determined contribution (ADC) rates, as a percentage of pensionable payroll, used to determine the ADC amounts in the Schedule of District Contributions are calculated as of December 31, two years prior to the end of the year in which ADC amounts are reported. The following actuarial methods and assumptions (from the December 31, 2014 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending December 31, 2016:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Amortization period	30 years, closed, layered
Asset valuation method	4-year smoothed market
Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90 to 10.85%
Long-term investment rate of return, net of pension plan investment expense, including price inflation	7.50%
Future post-retirement benefit increases	
PERA benefit structure hired prior to 1/1/07	2.00%
PERA benefit structure hired after 12/31/06	0.00% as financed by the annual increase reserve

NOTE 3: PENSION PLAN PROVISIONS

For benefit recipients of the PERA benefit structure based upon a membership date before January 1, 2007, future Post-Retirement Benefits Increases are set at an amount equal to 2 percent (the lesser of that or the annual Consumer Price Index for Urban Wage Earners and Clerical Workers [CPI-W] increase for 2010). However, if the investment return for the prior year is negative, then the increase is an amount equal to the annual CPI-W increase with a cap of 2 percent. The 2 percent cap may be adjusted based upon the year-end funded status, with increases mandated when the funded status reaches 103 percent and decreases mandated when the funded status subsequently falls below 90 percent. The cap will not be reduce below 2 percent. In addition, the increase is first paid on July 1st that is at least 12 months after retirement for those members who retire on or after January 1, 2011. Members not eligible to retire as of January 1, 2011, who retire with a reduced service retirement allowance must reach age 60 or the age and service requirements for unreduced service retirement to be eligible for the Post-Retirement Benefit increases.

Effective January 1, 2011, other than in the Judicial Division, for all active members, who are not eligible for retirement on January 1, 2011, the annual salary increase cap in determination of Highest Average Salary (HAS) was lowered from 15 percent to 8 percent for PERA benefit structure members and for DPS benefit structure members, a change from the average of salaries of the highest 36 months of earned service to the PERA benefit structure method with an annual salary cap of 8 percent.

Effective January 1, 2011, a new requirement was added that PERA benefit structure members must have five years of earned service credit in order to receive a 50 percent match on a refund.

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 3: PENSION PLAN PROVISIONS (Continued)

Effective January 1, 2011, the reduction factors for a reduced service retirement benefit for members not eligible to retire as of January 1, 2011, were changed to an actuarial equivalent basis.

Effective January 1, 2011, a modified Rule of 85 for service retirement eligibility was implemented for members with less than 5 years of service credit as of January 1, 2011.

Effective January 1, 2011, a modified Rule of 88 with a minimum age of 58 for service retirement eligibility was implemented for members hired on or after January 1, 2011, but before January 1, 2017.

Effective January 1, 2011, a modified Rule of 90 with a minimum age of 60 for service retirement eligibility was implemented for members hired on or after January 1, 2017.

The following changes were made to the Plan's provisions as a result of the passage of SB 06-235:

The Annual Increase Reserve (AIR) was established January 1, 2007 and will be used to provide post-retirement benefit increases for members hired on or after that date. The AIR is financed by an allocation from the employer statutory contributions made on behalf of members hired on or after January 1, 2007 equal to 1.00 percent of pensionable payroll and through an allocation of purchase of service dollars.

The Service Retirement Eligibility for those members hired after January 1, 2007 was changed at age 55 by increasing the age and service requirement from 80 years to 85 years.

Other Plan provisions and assumptions include the following:

The investment return assumption is 7.50 percent which is net of investment expenses to better represent the investment consultant's assumptions and predictions and also to better align with GASB accounting and reporting requirements. An ongoing estimated administrative expense of 0.35 percent of pensionable payroll was added to the normal cost beginning with the December 31, 2012 actuarial valuation.

The post-retirement mortality tables used are the RP-2000 Combined Mortality tables projected with a Scale AA to 2020 set back one year for males and two years for females.

The assumed interest rate credited on member contribution accounts is 3 percent.

For the AIR established on January 1, 2007, the AIR balance is excluded from both assets and liabilities in the determination of the ADC rate as a percentage of pensionable payroll.

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Douglas County School District

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***SUPPLEMENTARY
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Combined General Funds

Comparative Balance Sheets
Combining Balance Sheet
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Schedule of Expenditures by Object
Schedule of Expenditures by Program
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
Comparative Balance Sheets
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and Investments	\$ 106,964,978	\$ 119,679,357
Receivables:		
Property Taxes, Net of Allowance for Uncollectible Taxes	10,113,094	9,113,471
Other	814,848	548,491
Inventories	957,310	593,096
Due from Other Funds	1,871,747	1,726,474
Prepaid Costs	165,877	141,023
Total Assets	<u>\$ 120,887,854</u>	<u>\$ 131,801,912</u>
LIABILITIES		
Accounts Payable	\$ 5,528,935	\$ 4,104,681
Accrued Compensation	22,128,489	20,991,154
Unearned Revenues	475,600	489,730
Total Liabilities	<u>28,133,024</u>	<u>25,585,565</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	<u>2,784,670</u>	<u>2,844,632</u>
FUND BALANCES		
Nonspendable:		
Inventories & Prepaid Costs	1,123,187	734,119
Restricted:		
TABOR Emergency Reserve	15,995,000	15,995,000
Assigned:		
3% Board Reserves	15,995,000	21,326,000
School Carryover	16,536,714	20,288,013
Extended Service Severance	428,537	690,888
Facility Use Revenue Share and Insurance Settlement	895,707	-
Medicaid Grant	337,655	1,622,473
1% Pay Increase & One-Time Increase for Employees at Max of Salary Range Fiscal Year 2017	-	4,000,000
Assigned to School Year 2017-2018 Budget	17,618,338	-
1% Retention Stipend	3,200,000	-
Cash In Lieu	3,365,326	-
Master Capital Plan Projects	3,600,000	6,000,000
Transfer to Other Funds	500,000	1,271,572
Pay for Performance Carryover	-	4,424,202
One-Time Allocations to Schools	-	1,500,000
Full Day Kindergarten Scholarships	300,000	250,000
Future Athletic Facility Renovations	-	774,812
Assigned to School Year 2018-2019 Budget	1,300,000	-
Technology - Classroom Devices and InspirED Support	-	3,950,000
Sub-fund Carryover	8,184,875	19,988,969
Unassigned	<u>589,821</u>	<u>555,667</u>
Total Fund Balances	<u>89,970,160</u>	<u>103,371,715</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 120,887,854</u>	<u>\$ 131,801,912</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
Combining Balance Sheet
June 30, 2017

	General Fund 10	Outdoor Education Fund 13	Capital Projects Fund 14	Full Day Kindergarten Fund 15	Risk Insurance Fund 18	Transportation Fund 25	Combined General Fund
ASSETS							
Cash and Investments	\$ 90,558,038	\$ 183,403	\$ 10,863,029	\$ 2,010,916	\$ 1,573,382	\$ 1,776,210	\$106,964,978
Receivables:							
Property Taxes, Net of Allowance for Uncollectible Taxes	10,113,094	-	-	-	-	-	10,113,094
Other	732,047	-	-	-	-	82,801	814,848
Due from Other Funds	1,871,747	-	-	-	-	-	1,871,747
Inventories	428,579	-	-	-	-	528,731	957,310
Prepaid Costs	25,877	-	-	-	140,000	-	165,877
Total Assets	\$103,729,382	\$ 183,403	\$ 10,863,029	\$ 2,010,916	\$ 1,713,382	\$ 2,387,742	\$120,887,854
LIABILITIES							
Accounts Payable	\$ 3,323,131	\$ 16,207	\$ 970,014	\$ -	\$ 152,220	\$ 1,067,363	\$ 5,528,935
Accrued Compensation	21,108,601	16,099	-	315,515	2,824	685,450	22,128,489
Unearned Revenues	180,090	-	-	295,510	-	-	475,600
Total Liabilities	24,611,822	32,306	970,014	611,025	155,044	1,752,813	28,133,024
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes	2,784,670	-	-	-	-	-	2,784,670
FUND BALANCES							
Nonspendable:							
Inventories & Prepaid Costs	454,456	-	-	-	140,000	528,731	1,123,187
Restricted:							
TABOR Emergency Reserve	15,995,000	-	-	-	-	-	15,995,000
Assigned:							
3% Board Reserves	15,995,000	-	-	-	-	-	15,995,000
School Carryover	16,536,714	-	-	-	-	-	16,536,714
Extended Severance	428,537	-	-	-	-	-	428,537
Facility Use Revenue Share for Athletics	545,998	-	-	-	-	-	545,998
Medicaid	337,655	-	-	-	-	-	337,655
Insurance Settlement - Hail Damage	349,709	-	-	-	-	-	349,709
Assigned to School Year 2017-2018 Budget	16,200,000	-	-	-	1,418,338	-	17,618,338
1% Retention Stipend	3,200,000	-	-	-	-	-	3,200,000
Cash In Lieu	-	-	3,365,326	-	-	-	3,365,326
Master Capital Plan	3,600,000	-	-	-	-	-	3,600,000
Transportation Fund Additional Transfer	500,000	-	-	-	-	-	500,000
Full Day Kindergarten Scholarships	300,000	-	-	-	-	-	300,000
Assigned to School Year 2018-2019 Budget	1,300,000	-	-	-	-	-	1,300,000
Subfund Carryover	-	151,097	6,527,689	1,399,891	-	106,198	8,184,875
Unassigned	589,821	-	-	-	-	-	589,821
Total Fund Balances	76,332,890	151,097	9,893,015	1,399,891	1,558,338	634,929	89,970,160
Total Liabilities and Fund Balances	\$103,729,382	\$ 183,403	\$ 10,863,029	\$ 2,010,916	\$ 1,713,382	\$ 2,387,742	\$120,887,854

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	General Fund 10	Outdoor Education Fund 13	Projects Fund 14	Full Day Kindergarten Fund 15	Risk Insurance Fund 18	Transportation Fund 25	Combined General Fund
REVENUES							
Property Taxes	\$ 179,927,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,927,049
Specific Ownership Tax	23,870,092	-	-	-	-	-	23,870,092
Intergovernmental State Sources:							
Equalization	296,915,245	-	-	-	-	-	296,915,245
Special Education	11,592,397	-	-	-	-	-	11,592,397
Vocational Education	639,835	-	-	-	-	-	639,835
Other State	8,977,721	-	-	-	-	4,501,130	13,478,851
Charges for Services	16,035,328	797,604	-	4,156,721	-	1,959,151	22,948,804
Investment Earnings	431,923	-	-	-	-	-	431,923
Other	8,892,126	-	2,295,885	5,904	-	432,417	11,626,332
Total Revenues	547,281,716	797,604	2,295,885	4,162,625	-	6,892,698	561,430,528
EXPENDITURES							
Current Operating:							
Instructional Services	263,314,584	770,113	3,133,766	4,150,489	-	-	271,368,952
Funding to Component Units	105,366,488	-	-	-	-	-	105,366,488
Supporting Services:							
Pupil Support Services	78,871,943	127,932	753,370	392,354	-	-	80,145,599
Operations and Maintenance	38,461,133	33,870	1,458,844	-	430,468	23,462,643	63,846,958
Central Supporting Services	31,516,792	-	9,412,090	-	3,743,675	-	44,672,557
Total Expenditures	517,530,940	931,915	14,758,070	4,542,843	4,174,143	23,462,643	565,400,554
EXCESS (DEFICIENCY) OF							
REVENUES OVER EXPENDITURES	29,750,776	(134,311)	(12,462,185)	(380,218)	(4,174,143)	(16,569,945)	(3,970,026)
OTHER FINANCING SOURCES (USES)							
Compensation for Loss of Asset	500	-	-	-	-	10,045	10,545
Transfers In/Out	(36,433,497)	100,000	7,221,958	380,557	3,862,288	15,426,620	(9,442,074)
Total Other Financing Sources (Uses)	(36,432,997)	100,000	7,221,958	380,557	3,862,288	15,436,665	(9,431,529)
NET CHANGE IN FUND BALANCES	(6,682,221)	(34,311)	(5,240,227)	339	(311,855)	(1,133,280)	(13,401,555)
FUND BALANCES, Beginning	83,015,111	185,408	15,133,242	1,399,552	1,870,193	1,768,209	103,371,715
FUND BALANCES, Ending	\$ 76,332,890	\$ 151,097	\$ 9,893,015	\$ 1,399,891	\$ 1,558,338	\$ 634,929	\$ 89,970,160

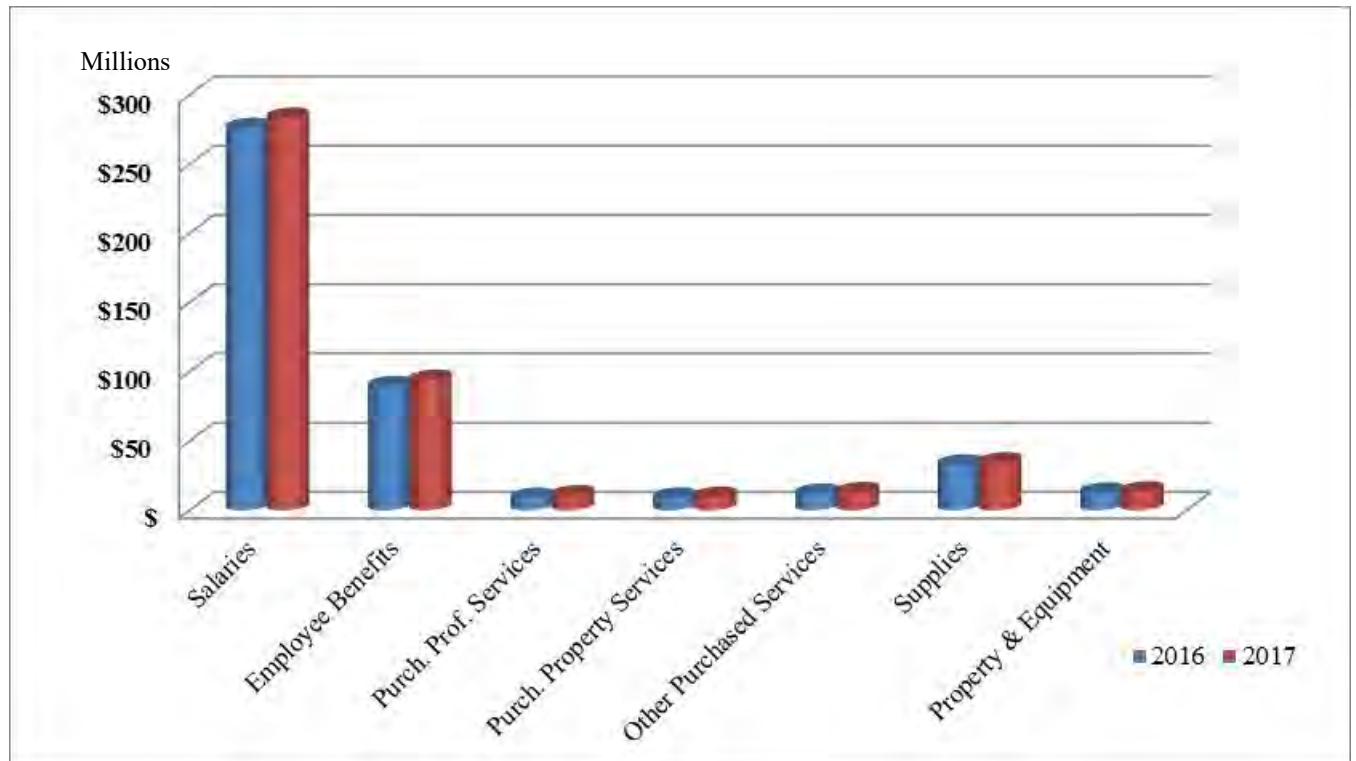
DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
 Schedule of Expenditures by Object - Budget to Actual
 For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

EXPENDITURES	2017			Variance with Budget	2016 Actual
	Adopted Budget	Amended Budget	Actual		
Salaries	\$ 287,139,001	\$ 288,906,788	\$ 283,477,066	\$ 5,429,722	\$ 276,103,300
Employee Benefits	102,063,461	100,088,265	94,291,385	5,796,880	89,769,428
Purchased Professional Services	6,786,617	8,575,956	10,887,976	(2,312,020)	9,072,156
Purchased Property Services	10,857,231	10,175,972	9,723,484	452,488	9,178,427
Other Purchased Services	13,080,111	11,325,740	13,114,646	(1,788,906)	12,116,026
Supplies	51,311,156	50,243,274	34,624,545	15,618,729	33,080,411
Property & Equipment	7,815,952	17,183,728	13,631,207	3,552,521	12,822,182
Other, Chargebacks/Credits	696,927	544,170	283,757	260,413	(498,433)
Total Expenditures	479,750,456	487,043,893	460,034,066	27,009,827	441,643,497
Charter School Allocations	105,090,555	105,160,939	105,366,488	(205,549)	91,493,127
Interfund Transfers, net	8,601,329	9,442,074	9,442,074	-	7,228,188
Total Expenditures	\$ 593,442,340	\$ 601,646,906	\$ 574,842,628	\$ 26,804,278	\$ 540,364,812

Fiscal Year 2017 and 2016
 Combined General Fund Expenditures by Object



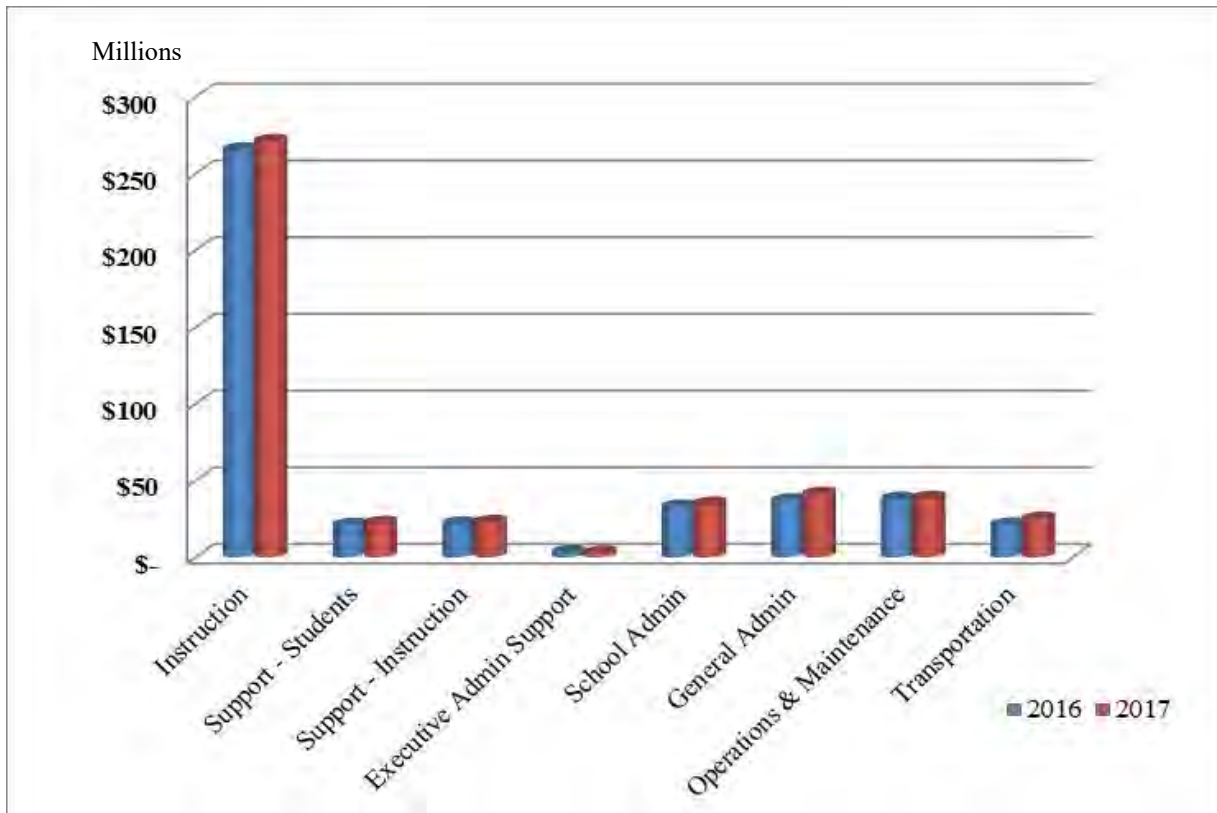
DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
 Schedule of Expenditures by Program - Budget to Actual
 For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017				2016 Actuals
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
EXPENDITURES					
Instructional:					
Instruction	\$ 297,003,923	\$ 293,526,880	\$ 271,368,952	\$ 22,157,928	\$ 265,841,914
Support - Students	16,296,412	18,081,371	22,277,285	(4,195,914)	21,033,764
Support - Instruction	23,269,493	22,893,204	22,979,660	(86,456)	22,029,860
Support Services:					
Executive Admin Support	2,838,916	2,866,862	2,922,124	(55,262)	3,369,073
School Admin	31,477,009	36,972,870	34,888,654	2,084,216	32,990,788
General Admin	39,727,635	38,556,331	41,750,433	(3,194,102)	37,110,664
Operations & Maintenance	45,837,098	49,918,524	38,732,499	11,186,025	38,006,606
Transportation	23,299,970	24,227,851	25,114,459	(886,608)	21,260,828
Total Expenditures	479,750,456	487,043,893	460,034,066	27,009,827	441,643,497
Charter School Allocations	105,090,555	105,160,939	105,366,488	(205,549)	91,493,127
Interfund Transfers, net (for Instructional Programs)	4,336,987	4,807,436	4,807,436	-	4,626,143
Interfund Transfers, net (for Support Programs)	4,264,342	4,634,638	4,634,638	-	2,602,045
Total Expenditures	\$ 593,442,340	\$ 601,646,906	\$ 574,842,628	\$ 26,804,278	\$ 540,364,812

**Fiscal Year 2017 and 2016
 Combined General Fund Expenditures by Program**



DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
 Comparative Schedules of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
REVENUES		
Taxes	\$ 203,797,141	\$ 200,157,440
Intergovernmental:		
State Equalization	296,915,245	288,952,398
Special Education	11,592,397	11,323,379
Vocational Education	639,835	474,907
Other State	13,478,851	12,401,668
Charges for Services	22,948,804	22,235,367
Investment Earnings	431,923	190,151
Other	11,626,332	11,273,118
Total Revenue	<u>561,430,528</u>	<u>547,008,428</u>
EXPENDITURES		
Current Operating:		
Instructional Services	271,368,952	265,841,914
Charter School Allocations	105,366,488	91,493,127
Supporting Services:		
Pupil Support Services	80,145,599	76,054,412
Operations and Maintenance	63,846,958	59,267,434
Central Supporting Services	44,672,557	40,479,737
Total Expenditures	<u>565,400,554</u>	<u>533,136,624</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,970,026)</u>	<u>13,871,804</u>
OTHER FINANCING SOURCES (USES)		
Compensation for Loss of Asset	10,545	1,062,500
Transfers Out	(9,442,074)	(7,228,188)
Total Other Financing Sources (Uses)	<u>(9,431,529)</u>	<u>(6,165,688)</u>
NET CHANGE IN FUND BALANCE	(13,401,555)	7,706,116
FUND BALANCE, Beginning	<u>103,371,715</u>	<u>95,665,599</u>
FUND BALANCE, Ending *	<u>\$ 89,970,160</u>	<u>\$ 103,371,715</u>

*See page 102 for details of fund balance components.



Douglas County School District

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Non-Major Governmental Funds

*Combining Balance Sheet
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances*

*Nutrition Services National School Lunch
Program (NSLP) Fund
Governmental Designated Purpose Grants Fund
Athletics and Activities Fund
Nutrition Services Non-National School Lunch
Program (NSLP) Fund
Child Care Fund
Certificates of Participation Lease Payment Fund*

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2017

	Nutrition Services NSLP Fund 21	Governmental Designated Purpose Grants Fund 22	Athletics and Activities Fund 26	Nutrition Services Non-NSLP Fund 28	Child Care Fund 29	COP Lease Payment Fund 39	Total Non-Major Governmental Funds
ASSETS							
Cash and Investments	\$1,360,816	\$ -	\$ 1,547,875	\$ 158,082	\$6,565,303	\$ 159,954	\$ 9,792,030
Intergovernmental and Grants Receivable	297,023	3,229,839	-	-	-	-	3,526,862
Inventories	524,065	-	-	-	-	-	524,065
Total Assets	<u>\$2,181,904</u>	<u>\$ 3,229,839</u>	<u>\$ 1,547,875</u>	<u>\$ 158,082</u>	<u>\$6,565,303</u>	<u>\$ 159,954</u>	<u>\$ 13,842,957</u>
LIABILITIES							
Accounts Payable	\$ 7,332	\$ 334,374	\$ 316,165	\$ 2,961	\$ 237,344	\$ -	\$ 898,176
Due to Other Funds	-	1,871,747	-	-	-	-	1,871,747
Accrued Compensation	144,186	621,182	78,990	48,417	564,987	-	1,457,762
Unearned Revenues	-	217,416	-	-	-	-	217,416
Total Liabilities	<u>151,518</u>	<u>3,044,719</u>	<u>395,155</u>	<u>51,378</u>	<u>802,331</u>	<u>-</u>	<u>4,445,101</u>
FUND BALANCES							
Non-spendable	524,065	-	-	-	-	-	524,065
Restricted	1,506,321	185,120	1,152,720	106,704	5,762,972	159,954	8,873,791
Total Fund Balances	<u>2,030,386</u>	<u>185,120</u>	<u>1,152,720</u>	<u>106,704</u>	<u>5,762,972</u>	<u>159,954</u>	<u>9,397,856</u>
Total Liabilities and Fund Balances	<u>\$2,181,904</u>	<u>\$ 3,229,839</u>	<u>\$ 1,547,875</u>	<u>\$ 158,082</u>	<u>\$6,565,303</u>	<u>\$ 159,954</u>	<u>\$ 13,842,957</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	Nutrition Services NSLP Fund 21	Governmental Designated Purpose Grants Fund 22	Athletics and Activities Fund 26	Nutrition Services Non-NSLP Fund 28	Child Care Fund 29	COP Lease Payment Fund 39	Total Non-Major Governmental Funds
REVENUES							
Intergovernmental	\$ 3,274,425	\$ 12,959,090	\$ -	\$ -	\$ -	\$ -	\$ 16,233,515
Charges for Services	9,485,148	-	3,846,049	5,336,127	11,535,640	-	30,202,964
Aspen View COP Lease Payment	-	-	-	-	-	963,940	963,940
Merchandise Sales	-	-	4,426,547	-	-	-	4,426,547
Fundrasing and Donations	-	-	2,681,928	-	-	-	2,681,928
Other	80,905	247,744	312,970	27,294	26,051	2,215	697,179
Total Revenues	12,840,478	13,206,834	11,267,494	5,363,421	11,561,691	966,155	55,206,073
EXPENDITURES							
Current Operating:							
Instruction	-	9,792,440	13,959,364	-	11,028,391	-	34,780,195
Supporting Services	12,372,316	3,414,394	2,055,667	5,264,234	538,309	-	23,644,920
Lease Payments:							
Principal Retirement	-	-	-	-	-	2,980,000	2,980,000
Interest and Fiscal Charges	-	-	-	-	-	1,465,405	1,465,405
Total Expenditures	12,372,316	13,206,834	16,015,031	5,264,234	11,566,700	4,445,405	62,870,520
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	468,162	-	(4,747,537)	99,187	(5,009)	(3,479,250)	(7,664,447)
OTHER FINANCING SOURCES							
Transfers In/Out	292,483	-	5,525,788	7,517	-	3,616,286	9,442,074
Total Other Financing Sources	292,483	-	5,525,788	7,517	-	3,616,286	9,442,074
NET CHANGE IN FUND BALANCES	760,645	-	778,251	106,704	(5,009)	137,036	1,777,627
FUND BALANCE, Beginning	1,269,741	185,120	374,469	-	5,767,981	22,918	7,620,229
FUND BALANCE, Ending	\$ 2,030,386	\$ 185,120	\$ 1,152,720	\$ 106,704	\$5,762,972	\$ 159,954	\$ 9,397,856

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 21

Nutrition Services NSLP Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017			Variance with Budget	2016 Actual
	Adopted Budget	Amended Budget	Actual		
REVENUES					
Intergovernmental:					
Federal Government Lunch Program	\$ 2,300,000	\$ 2,164,000	\$ 2,349,287	\$ 185,287	\$ 2,296,434
Commodity Contribution	800,000	421,517	789,601	368,084	729,981
State Match	135,000	131,800	135,537	3,737	134,917
Food Sales	13,713,400	9,575,132	9,485,148	(89,984)	14,050,480
Other	74,000	90,300	80,905	(9,395)	148,927
Total Revenue	<u>17,022,400</u>	<u>12,382,749</u>	<u>12,840,478</u>	<u>457,729</u>	<u>17,360,739</u>
EXPENDITURES					
Supporting Services:					
Food Purchases	6,814,196	4,813,926	5,064,477	(250,551)	6,830,844
Salaries and Benefits	7,418,514	5,113,696	5,402,897	(289,201)	7,175,259
Purchased Services	759,500	408,920	444,816	(35,896)	796,619
Supplies and Equipment	765,300	2,092,947	759,818	1,333,129	704,870
Capital Outlay	-	76,209	76,209	-	202,394
Other	512,984	348,829	624,099	(275,270)	1,304,293
Total Expenditures	<u>16,270,494</u>	<u>12,854,527</u>	<u>12,372,316</u>	<u>482,211</u>	<u>17,014,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>751,906</u>	<u>(471,778)</u>	<u>468,162</u>	<u>939,940</u>	<u>346,460</u>
OTHER FINANCING SOURCES					
Transfers In	-	292,483	292,483	-	1,574
Total Other Financing Sources	<u>-</u>	<u>292,483</u>	<u>292,483</u>	<u>-</u>	<u>1,574</u>
NET CHANGE IN FUND BALANCE	<u>\$ 751,906</u>	<u>\$ (179,295)</u>	<u>760,645</u>	<u>\$ 939,940</u>	<u>348,034</u>
FUND BALANCE, Beginning			<u>1,269,741</u>		<u>921,707</u>
FUND BALANCE, Ending			<u>\$ 2,030,386</u>		<u>\$ 1,269,741</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 22

Governmental Designated Purpose Grants Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017			Variance with Budget	2016 Actual
	Adopted Budget	Amended Budget	Actual		
REVENUES					
Intergovernmental:					
Federal	\$ 12,650,054	\$ 12,859,449	\$ 12,393,891	\$ (465,558)	\$ 12,528,900
State and Local	418,943	595,585	565,199	(30,386)	461,152
Other	195,547	191,938	247,744	55,806	261,446
Total Revenues	<u>13,264,544</u>	<u>13,646,972</u>	<u>13,206,834</u>	<u>(440,138)</u>	<u>13,251,498</u>
EXPENDITURES					
Instruction:					
Salaries and Benefits	8,378,961	7,541,314	7,645,207	(103,893)	7,218,055
Purchased Services	2,939,524	1,934,474	1,940,177	(5,703)	2,093,268
Supplies and Materials	205,751	115,887	134,630	(18,743)	134,812
Capital Outlay	184,000	76,522	68,570	7,952	37,119
Other	-	10,836	3,856	6,980	-
Support Services:					
Salaries and Benefits	1,306,606	2,031,431	1,921,224	110,207	2,440,594
Purchased Services	17,720	732,544	516,704	215,840	436,773
Supplies and Materials	89,582	217,999	110,595	107,404	135,052
Other	142,400	985,965	865,871	120,094	755,825
Total Expenditures	<u>13,264,544</u>	<u>13,646,972</u>	<u>13,206,834</u>	<u>440,138</u>	<u>13,251,498</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

Fund 26

Athletics and Activities Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017			Variance with Budget	2016 Actual
	Adopted Budget	Amended Budget	Actual		
REVENUES					
Charges for Services:					
Student Fees	\$ 4,302,952	\$ 4,802,952	\$ 3,039,858	\$ (1,763,094)	\$ 2,546,968
Gate Fees	661,801	761,801	806,191	44,390	596,212
Merchandise Sales	2,456,992	2,456,992	4,426,547	1,969,555	4,196,942
Fundraising and Donations	2,358,016	2,358,016	2,681,928	323,912	2,994,292
Other	433,818	433,818	312,970	(120,848)	348,982
Total Revenues	<u>10,213,579</u>	<u>10,813,579</u>	<u>11,267,494</u>	<u>453,915</u>	<u>10,683,396</u>
EXPENDITURES					
Instructional:					
Salaries and Benefits	5,633,851	5,836,219	6,037,932	(201,713)	5,874,102
Purchased Services	2,103,887	2,503,887	2,574,143	(70,256)	2,283,735
Supplies	5,148,583	5,120,281	4,867,308	252,973	5,101,985
Capital Outlay	116,400	216,400	97,706	118,694	105,383
Other	565,355	662,969	382,275	280,694	650,164
Supporting Services:					
Salaries and Benefits	730,700	763,945	729,533	34,412	628,739
Purchased Services	194,572	217,572	401,413	(183,841)	287,130
Supplies	543,275	946,251	678,301	267,950	952,923
Capital Outlay	-	-	138,208	(138,208)	32,480
Other	565,432	446,318	108,212	338,106	105,435
Total Expenditures	<u>15,602,055</u>	<u>16,713,842</u>	<u>16,015,031</u>	<u>698,811</u>	<u>16,022,076</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,388,476)</u>	<u>(5,900,263)</u>	<u>(4,747,537)</u>	<u>1,152,726</u>	<u>(5,338,680)</u>
OTHER FINANCING SOURCES					
Transfers In	<u>4,985,043</u>	<u>5,525,788</u>	<u>5,525,788</u>	<u>-</u>	<u>5,317,406</u>
NET CHANGE IN FUND BALANCE	<u>\$ (403,433)</u>	<u>\$ (374,475)</u>	<u>778,251</u>	<u>\$ 1,152,726</u>	<u>(21,274)</u>
FUND BALANCE, Beginning			<u>374,469</u>		<u>395,743</u>
FUND BALANCE, Ending			<u>\$ 1,152,720</u>		<u>\$ 374,469</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 28

Nutrition Services Non-National School Lunch Program (NSLP) Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017				2016 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
REVENUES					
Food Sales	\$ -	\$ 5,720,752	\$ 5,336,127	\$ (384,625)	\$ -
Other	-	18,899	27,294	8,395	-
Total Revenue	-	5,739,651	5,363,421	(376,230)	-
EXPENDITURES					
Supporting Services:					
Food Purchases	-	1,924,063	2,055,437	(131,374)	-
Salaries and Benefits	-	2,304,818	2,433,675	(128,857)	-
Purchased Services	-	350,580	363,412	(12,832)	-
Supplies and Equipment	-	399,400	131,599	267,801	-
Other	-	164,155	280,111	(115,956)	-
Total Expenditures	-	5,143,016	5,264,234	(121,218)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	-	596,635	99,187	(497,448)	-
OTHER FINANCING SOURCES					
Transfers In/Out	-	7,517	7,517	-	-
Total Other Financing Sources	-	7,517	7,517	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ 604,152	106,704	\$ (497,448)	-
FUND BALANCE, Beginning			-		-
FUND BALANCE, Ending			<u>\$ 106,704</u>		<u>\$ -</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 29

Child Care Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017				2016 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
REVENUES					
Charges for Services	\$ 12,061,748	\$ 12,254,608	\$ 11,535,640	\$ (718,968)	\$ 11,657,295
Other	-	-	26,051	26,051	10,376
Total Revenue	12,061,748	12,254,608	11,561,691	(692,917)	11,667,671
EXPENDITURES					
Instructional:					
Salaries and Benefits	8,184,947	8,323,197	8,220,769	102,428	7,682,271
Purchased Services	1,392,290	1,419,656	928,209	491,447	789,442
Supplies	611,555	6,388,225	959,843	5,428,382	1,017,618
Other	1,442,927	1,461,481	919,570	541,911	956,216
Supporting Services:					
Salaries and Benefits	430,029	430,029	513,727	(83,698)	408,096
Purchased Services	-	-	6,686	(6,686)	35,081
Supplies	-	-	15,030	(15,030)	8,000
Other	-	-	2,866	(2,866)	1,440
Total Expenditures	12,061,748	18,022,588	11,566,700	6,455,888	10,898,164
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (5,767,980)</u>	(5,009)	<u>\$ 5,762,971</u>	769,507
FUND BALANCE, Beginning			5,767,981		4,998,474
FUND BALANCE, Ending			<u>\$ 5,762,972</u>		<u>\$ 5,767,981</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 39

Certificates of Participation Lease Payment Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017				2016 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
REVENUES					
Aspen View COP Lease Payment	\$ 963,940	\$ 963,940	\$ 963,940	\$ -	\$ 809,223
Investment Earnings	6,877	3,877	2,215	(1,662)	3,174
Total Revenues	970,817	967,817	966,155	(1,662)	812,397
EXPENDITURES					
Lease Payments:					
Principal Retirement	2,980,000	2,980,000	2,980,000	-	2,505,000
Debt Issuance Costs	10,170	10,170	-	10,170	190,545
Interest and Fiscal Charges	1,458,653	1,458,653	1,465,405	(6,752)	1,740,480
Total Expenditures	4,448,823	4,448,823	4,445,405	3,418	4,436,025
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(3,478,006)	(3,481,006)	(3,479,250)	1,756	(3,623,628)
OTHER FINANCING SOURCES (USES)					
Proceeds from COP Refunding	-	-	-	-	12,100,000
Refunding COP Premium	-	-	-	-	943,790
Payment to Refunded Escrow Agent	-	-	-	-	(12,846,310)
Transfers In	3,616,286	3,616,286	3,616,286	-	1,910,782
Total Other Financing Sources (Uses)	3,616,286	3,616,286	3,616,286	-	2,108,262
NET CHANGE IN FUND BALANCE	<u>\$ 138,280</u>	<u>\$ 135,280</u>	137,036	<u>\$ 1,756</u>	(1,515,366)
FUND BALANCE, Beginning			22,918		1,538,284
FUND BALANCE, Ending			<u>\$ 159,954</u>		<u>\$ 22,918</u>



Douglas County School District
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Bond Redemption Fund

*Comparative Balance Sheets
Schedule of Revenues, Expenditures and
Changes in Fund Balance*

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 31
Bond Redemption Fund
Comparative Balance Sheets
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Receivables:		
Property Taxes, Net of Allowance for Uncollectible Taxes	\$ 1,494,654	\$ 1,624,841
Restricted Cash and Investment	<u>58,601,024</u>	<u>58,242,189</u>
Total Assets	<u>\$ 60,095,678</u>	<u>\$ 59,867,030</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable - Property Taxes	<u>\$ 678,964</u>	<u>\$ 782,441</u>
FUND BALANCES		
Restricted:		
Debt Service	<u>59,416,714</u>	<u>59,084,589</u>
Total Fund Balances	<u>59,416,714</u>	<u>59,084,589</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 60,095,678</u>	<u>\$ 59,867,030</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 31

Bond Redemption Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017				2016 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
REVENUES					
Property Taxes	\$ 51,902,963	\$ 54,652,188	\$ 54,677,033	\$ 24,845	\$ 60,069,873
Investment Earnings	167,211	232,572	312,910	80,338	145,971
Total Revenues	<u>52,070,174</u>	<u>54,884,760</u>	<u>54,989,943</u>	<u>105,183</u>	<u>60,215,844</u>
EXPENDITURES					
Debt Service:					
Principal Retirement	37,190,143	37,190,143	37,190,143	-	48,358,535
Debt Issuance Costs	6,778	6,778	-	6,778	-
Interest and Fiscal Charges	17,464,551	17,464,551	17,467,675	(3,124)	21,273,966
Total Expenditures	<u>54,661,472</u>	<u>54,661,472</u>	<u>54,657,818</u>	<u>3,654</u>	<u>69,632,501</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,591,298)</u>	<u>223,288</u>	<u>332,125</u>	<u>108,837</u>	<u>(9,416,657)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,591,298)</u>	<u>\$ 223,288</u>	<u>332,125</u>	<u>\$ 108,837</u>	<u>(9,416,657)</u>
FUND BALANCE, Beginning			<u>59,084,589</u>		<u>68,501,246</u>
FUND BALANCE, Ending			<u>\$ 59,416,714</u>		<u>\$ 59,084,589</u>



Douglas County School District
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Building Fund

*Comparative Balance Sheet
Schedule of Revenues, Expenditures and
Changes in Fund Balance*

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 45
 Building Fund
 Comparative Balance Sheet
 June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Restricted Cash and Investments	\$ 2,423,238	\$ 6,131,344
Total Assets	<u>\$ 2,423,238</u>	<u>\$ 6,131,344</u>
LIABILITIES		
Accounts Payable	\$ 881,318	\$ 403,649
Total Liabilities	<u>881,318</u>	<u>403,649</u>
FUND BALANCES		
Restricted:		
Building Expenditures	<u>1,541,920</u>	<u>5,727,695</u>
Total Fund Balances	<u>1,541,920</u>	<u>5,727,695</u>
Total Liabilities and Fund Balances	<u>\$ 2,423,238</u>	<u>\$ 6,131,344</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 45

Building Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017				2016 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
REVENUES					
Investment Earnings	\$ 12,000	\$ 12,000	\$ 37,968	\$ 25,968	\$ 27,374
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>37,968</u>	<u>25,968</u>	<u>27,374</u>
EXPENDITURES					
Repair and Replacement	-	-	-	-	1,328,086
Capital Outlay:					
Building and Building Improvements	6,227,948	5,398,971	4,223,743	1,175,228	2,037,291
Equipment	340,725	340,725	-	340,725	6,200
Total Expenditures	<u>6,568,673</u>	<u>5,739,696</u>	<u>4,223,743</u>	<u>1,515,953</u>	<u>3,371,577</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,556,673)</u>	<u>(5,727,696)</u>	<u>(4,185,775)</u>	<u>1,541,921</u>	<u>(3,344,203)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,556,673)</u>	<u>\$ (5,727,696)</u>	<u>(4,185,775)</u>	<u>\$ 1,541,921</u>	<u>(3,344,203)</u>
FUND BALANCE, Beginning			<u>5,727,695</u>		<u>9,071,898</u>
FUND BALANCE, Ending			<u>\$ 1,541,920</u>		<u>\$ 5,727,695</u>



Douglas County School District
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Internal Service Funds

Combining Balance Sheet
Combining Schedule of Revenues, Expenses and
Changes in Fund Net Position
Combining Statement of Cash Flows

Medical Fund
Short Term Disability Fund

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Internal Service Funds
 Combining Balance Sheet
 June 30, 2017

	Medical Fund 65	Short Term Disability Fund 66	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Investments	\$ 6,654,995	\$ 508,480	\$ 7,163,475
Prepaid Costs	<u>3,470,941</u>	<u>23,153</u>	<u>3,494,094</u>
Total Assets	<u>\$ 10,125,936</u>	<u>\$ 531,633</u>	<u>\$ 10,657,569</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 1,034	\$ -	\$ 1,034
Accrued Insurance Claims	<u>4,359,013</u>	<u>-</u>	<u>4,359,013</u>
Total Current Liabilities	<u>4,360,047</u>	<u>-</u>	<u>4,360,047</u>
NET POSITION			
Unrestricted	<u>5,765,889</u>	<u>531,633</u>	<u>6,297,522</u>
Total Net Position	<u>5,765,889</u>	<u>531,633</u>	<u>6,297,522</u>
Total Liabilities and Net Position	<u>\$ 10,125,936</u>	<u>\$ 531,633</u>	<u>\$ 10,657,569</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Internal Service Funds
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	Medical Fund 65	Short Term Disability Fund 66	Total Internal Service Funds
REVENUES			
Premium Revenue	\$ 45,028,510	\$ 812,402	\$ 45,840,912
Other	5,829	-	5,829
Total Revenue	<u>45,034,339</u>	<u>812,402</u>	<u>45,846,741</u>
EXPENSES			
Insurance and Claims	42,446,047	464,672	42,910,719
Stop Loss Premiums	599,295	-	599,295
Salaries and Benefits	21,798	-	21,798
Purchased Services	977,816	-	977,816
Other	15,885	158,789	174,674
Total Expenses	<u>44,060,841</u>	<u>623,461</u>	<u>44,684,302</u>
OPERATING INCOME	<u>973,498</u>	<u>188,941</u>	<u>1,162,439</u>
NON-OPERATING REVENUES			
Investment Earnings	49,711	-	49,711
Total Non-Operating Revenues	<u>49,711</u>	<u>-</u>	<u>49,711</u>
CHANGE IN NET POSITION	1,023,209	188,941	1,212,150
NET POSITION, Beginning	<u>4,742,680</u>	<u>342,692</u>	<u>5,085,372</u>
NET POSITION, Ending	<u>\$ 5,765,889</u>	<u>\$ 531,633</u>	<u>\$ 6,297,522</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Medical Fund 65	Short Term Disability Fund 66	Total Internal Services Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 45,034,339	\$ 878,578	\$ 45,912,917
Payments to Suppliers	(46,669,971)	(543,614)	(47,213,585)
Payments to Employees	(21,798)	-	(21,798)
Net Cash (Used by) Provided to Operating Activities	<u>(1,657,430)</u>	<u>334,964</u>	<u>(1,322,466)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Earnings on Investments	49,711	-	49,711
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,607,719)	334,964	(1,272,755)
CASH AND CASH EQUIVALENTS, Beginning	8,262,714	173,516	8,436,230
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 6,654,995</u>	<u>\$ 508,480</u>	<u>\$ 7,163,475</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED BY) PROVIDED TO OPERATING ACTIVITIES:			
Operating Income	\$ 973,498	\$ 188,941	\$ 1,162,439
Changes in Assets and Liabilities:			
Change in Other Receivables	-	66,176	66,176
Change in Prepaid Costs	(3,470,941)	79,847	(3,391,094)
Change in Accounts Payable	(307,880)	-	(307,880)
Change in Accrued Insurance Claims	1,147,893	-	1,147,893
Total Adjustments	<u>(2,630,928)</u>	<u>146,023</u>	<u>(2,484,905)</u>
NET CASH (USED BY) PROVIDED TO OPERATING ACTIVITIES	<u>\$ (1,657,430)</u>	<u>\$ 334,964</u>	<u>\$ (1,322,466)</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 65

Medical Fund

Schedule of Revenues, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017				2016 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
REVENUE					
Health Revenue	\$ 40,859,839	\$ 40,410,112	\$ 42,794,638	\$ 2,384,526	\$ 39,749,396
Dental Revenue	2,660,748	3,051,356	2,233,872	(817,484)	2,110,089
Other	566,100	500	5,829	5,329	17,989
Total Revenue	<u>44,086,687</u>	<u>43,461,968</u>	<u>45,034,339</u>	<u>1,572,371</u>	<u>41,877,474</u>
EXPENSES					
Health Plan	39,755,188	39,755,188	39,407,497	347,691	38,657,384
Dental Plan	3,139,687	3,139,687	3,038,550	101,137	2,826,007
Stop Loss Premiums	720,000	720,000	599,295	120,705	516,307
Salaries and Benefits	68,400	68,400	21,798	46,602	15,935
Purchased Services	701,457	701,457	977,816	(276,359)	932,373
Other	66,665	358,166	15,885	342,281	45,003
Total Expenses	<u>44,451,397</u>	<u>44,742,898</u>	<u>44,060,841</u>	<u>682,057</u>	<u>42,993,009</u>
OPERATING INCOME (LOSS)	<u>(364,710)</u>	<u>(1,280,930)</u>	<u>973,498</u>	<u>2,254,428</u>	<u>(1,115,535)</u>
NON-OPERATING REVENUES					
Investment Earnings	<u>10,173</u>	<u>38,248</u>	<u>49,711</u>	<u>11,463</u>	<u>15,077</u>
Total Non-Operating Revenues	<u>10,173</u>	<u>38,248</u>	<u>49,711</u>	<u>11,463</u>	<u>15,077</u>
CHANGE IN NET POSITION	<u>\$ (354,537)</u>	<u>\$ (1,242,682)</u>	<u>1,023,209</u>	<u>\$ 2,265,891</u>	<u>(1,100,458)</u>
NET POSITION, Beginning			<u>4,742,680</u>		<u>5,843,138</u>
NET POSITION, Ending			<u>\$ 5,765,889</u>		<u>\$ 4,742,680</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 66

Short Term Disability Fund

Schedule of Revenues, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017				2016 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
REVENUE					
Short Term Disability Revenue	\$ 701,844	\$ 726,844	\$ 812,402	\$ 85,558	\$ 760,193
Total Revenue	<u>701,844</u>	<u>726,844</u>	<u>812,402</u>	<u>85,558</u>	<u>760,193</u>
EXPENSES					
Claims	444,667	504,579	464,672	39,907	446,198
Other	<u>154,452</u>	<u>154,452</u>	<u>158,789</u>	<u>(4,337)</u>	<u>142,631</u>
Total Expenses	<u>599,119</u>	<u>659,031</u>	<u>623,461</u>	<u>35,570</u>	<u>588,829</u>
OPERATING INCOME	<u>102,725</u>	<u>67,813</u>	<u>188,941</u>	<u>121,128</u>	<u>171,364</u>
CHANGE IN NET POSITION	<u>\$ 102,725</u>	<u>\$ 67,813</u>	188,941	<u>\$ 121,128</u>	171,364
NET POSITION, Beginning			<u>342,692</u>		<u>171,328</u>
NET POSITION, Ending			<u>\$ 531,633</u>		<u>\$ 342,692</u>

Fiduciary Funds

Agency Fund
Private Purpose Trust Scholarship Fund

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 74
Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2017

	Balance 6/30/2016	Additions	Deductions	Balance 6/30/2017
<u>Student Activity Funds</u>				
ASSETS				
Cash and Investments	\$ 1,198,928	\$ 1,758,680	\$ 1,806,524	\$ 1,151,084
LIABILITIES				
Accrued Liabilities:				
Accounts Payable	37,114	89,164	37,114	89,164
Due to Student Groups	1,161,814	1,758,680	1,858,574	1,061,920
Total Liabilities	1,198,928	1,847,844	1,895,688	1,151,084
<u>School Discretionary Funds</u>				
ASSETS				
Cash and Investments	236,655	690	218,976	18,369
LIABILITIES				
Accrued Liabilities:				
Accounts Payable	8,352	1,647	8,352	1,647
Due to Schools	228,303	690	212,271	16,722
Total Liabilities	236,655	2,337	220,623	18,369
Grand Total Agency Fund Assets	\$ 1,435,583	\$ 1,759,370	\$ 2,025,500	\$ 1,169,453
Grand Total Agency Fund Liabilities	\$ 1,435,583	\$ 1,850,181	\$ 2,116,311	\$ 1,169,453

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 75

Private Purpose Trust Scholarship

Schedule of Changes in Fiduciary Net Position - Budget and Actual

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Information for the Year Ended June 30, 2016)

	2017			Variance with Budget	2016 Actual
	Adopted Budget	Amended Budget	Actual		
ADDITIONS					
Contributions	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	\$ 63,000
Total Additions	60,000	60,000	60,000	-	63,000
DEDUCTIONS					
Grants and Scholarships	62,000	62,000	62,000	-	70,000
Total Deductions	62,000	62,000	62,000	-	70,000
CHANGE IN NET POSITION	\$ (2,000)	\$ (2,000)	(2,000)	\$ -	(7,000)
NET POSITION, Beginning			34,312		41,312
NET POSITION, Ending			\$ 32,312		\$ 34,312



Douglas County School District
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Component Units (Charter Schools)

*Non-Major Discretely Presented Component Units
(Charter Schools)*

*Combining Statement of Net Position
Combining Statement of Activities*

DOUGLAS COUNTY SCHOOL DISTRICT RE1

Non-Major Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2017

	Academy Charter School	American Academy	Aspen View Academy	Ben Franklin Academy
ASSETS				
Cash and Investments	\$ 3,833,767	\$ 3,547,031	\$ 2,300,257	\$ 4,470,964
Accounts Receivable	1,648	157,380	-	18,157
Inventories	-	-	-	-
Prepaid Costs & Other Assets	-	272,055	4,868	-
Deposits	-	12,000	-	-
Restricted Cash and Investments	586,288	12,418,591	-	1,943,608
Capital Assets, Not Being Depreciated	1,464,127	20,536,450	2,000,000	-
Capital Assets, Net of Accumulated Depreciation	4,701,700	28,049,626	13,845,211	18,222,655
Total Assets	<u>10,587,530</u>	<u>64,993,133</u>	<u>18,150,336</u>	<u>24,655,384</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	7,784,824	20,459,090	10,334,943	8,840,630
Loss on Debt Refunding	479,108	3,550,651	-	-
Total Deferred Outflows of Resources	<u>8,263,932</u>	<u>24,009,741</u>	<u>10,334,943</u>	<u>8,840,630</u>
LIABILITIES				
Accounts Payable	-	2,004,220	36,660	23,084
Accrued Liabilities	-	226,241	371,410	68,443
Accrued Compensation	290,131	569,051	-	595,027
Accrued Interest Payable	-	-	-	415,650
Unearned Revenues	-	293,711	47,570	21,121
Non-Current Liabilities:				
Due Within One Year	205,000	880,073	570,801	320,000
Due in More Than One Year	6,376,939	65,208,963	13,033,350	19,838,234
Net Pension Liability	17,830,927	46,363,813	21,316,073	21,409,962
Total Liabilities	<u>24,702,997</u>	<u>115,546,072</u>	<u>35,375,864</u>	<u>42,691,521</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	80,565	1,347,831	96,313	92,871
NET POSITION				
Net Investment in Capital Assets	170,176	(7,329,517)	2,241,060	(1,894,351)
Restricted for:				
Emergencies	169,000	500,000	217,000	245,000
Debt Service, Repairs	-	3,765,410	-	1,486,730
Capital Projects	-	-	-	-
Unrestricted	(6,271,276)	(24,826,922)	(9,444,958)	(9,125,757)
Total Net Position	<u>\$ (5,932,100)</u>	<u>\$ (27,891,029)</u>	<u>\$ (6,986,898)</u>	<u>\$ (9,288,378)</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE1

Non-Major Discretely Presented Component Units (Continued)
 Combining Statement of Net Position
 June 30, 2017

	Challenge to Excellence Charter School	DCS Montessori Charter School	Global Village Academy	Hope Online Learning Academy Co-Op
ASSETS				
Cash and Investments	\$ 2,245,107	\$ 1,427,403	\$ 151,880	\$ 1,420,679
Accounts Receivable	305	1,919	29,889	235,491
Inventories	-	21,555	-	-
Prepaid Costs & Other Assets	9,815	11,619	66,740	131,920
Deposits	-	-	8,700	94,110
Restricted Cash and Investments	102,698	1,127,329	-	-
Capital Assets, Not Being Depreciated	1,010,419	508,415	-	-
Capital Assets, Net of Accumulated Depreciation	3,554,076	6,351,400	49,286	794,228
Total Assets	<u>6,922,420</u>	<u>9,449,640</u>	<u>306,495</u>	<u>2,676,428</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	5,233,954	6,001,683	3,629,331	10,485,033
Loss on Debt Refunding	236,180	417,816	-	-
Total Deferred Outflows of Resources	<u>5,470,134</u>	<u>6,419,499</u>	<u>3,629,331</u>	<u>10,485,033</u>
LIABILITIES				
Accounts Payable	19,079	17,998	65,568	721,602
Accrued Liabilities	7,336	-	-	136,117
Accrued Compensation	166,300	148,122	74,158	-
Accrued Interest Payable	-	170,855	-	-
Unearned Revenues	500	89,011	24,197	3,055
Non-Current Liabilities:				
Due Within One Year	135,102	265,000	-	400,000
Due in More Than One Year	5,640,654	8,128,776	-	166,628
Net Pension Liability	13,205,120	14,972,704	5,705,361	27,045,670
Total Liabilities	<u>19,174,091</u>	<u>23,792,466</u>	<u>5,869,284</u>	<u>28,473,072</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	69,027	94,520	25,778	846,109
NET POSITION				
Net Investment in Capital Assets	(975,081)	(1,116,145)	49,286	794,228
Restricted for:				
Emergencies	128,000	150,000	68,500	575,999
Debt Service, Repairs	102,698	958,393	-	-
Capital Projects	-	-	-	-
Unrestricted	(6,106,181)	(8,010,095)	(2,077,022)	(17,527,947)
Total Net Position	<u>\$ (6,850,564)</u>	<u>\$ (8,017,847)</u>	<u>\$ (1,959,236)</u>	<u>\$ (16,157,720)</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE1

Non-Major Discretely Presented Component Units (Continued)

Combining Statement of Net Position

June 30, 2017

	North Star Academy	Parker Core Knowledge	Parker Performing Arts	Platte River Academy
ASSETS				
Cash and Investments	\$ 2,899,266	\$ 2,840,797	\$ 192,207	\$ 1,784,286
Accounts Receivable	-	-	9,997	24,783
Inventories	-	-	-	-
Prepaid Costs & Other Assets	19,006	-	-	-
Deposits	-	42,713	-	-
Restricted Cash and Investments	1,373,496	1,504,358	-	1,033,077
Capital Assets, Not Being Depreciated	1,486,781	2,631,755	-	553,332
Capital Assets, Net of Accumulated Depreciation	6,478,559	4,752,549	335,595	3,737,422
Total Assets	12,257,108	11,772,172	537,799	7,132,900
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	6,875,340	8,714,276	11,093,198	6,644,683
Loss on Debt Refunding	2,242,721	866,028	-	1,043,090
Total Deferred Outflows of Resources	9,118,061	9,580,304	11,093,198	7,687,773
LIABILITIES				
Accounts Payable	481,301	435,229	8,074	768
Accrued Liabilities	87,260	200,787	-	-
Accrued Compensation	213,619	-	254,814	349,505
Accrued Interest Payable	-	27,493	-	90,234
Unearned Revenues	-	57,977	-	13,110
Non-Current Liabilities:				
Due Within One Year	330,000	206,102	250,000	118,000
Due in More Than One Year	13,031,448	9,354,901	-	6,138,942
Net Pension Liability	16,907,903	20,530,146	15,402,225	16,273,784
Total Liabilities	31,051,531	30,812,635	15,915,113	22,984,343
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	107,417	85,299	-	71,299
NET POSITION				
Net Investment in Capital Assets	(3,153,387)	(334,613)	335,595	(409,573)
Restricted for:				
Emergencies	173,471	189,000	194,000	135,000
Debt Service, Repairs	1,211,959	278,248	-	441,332
Capital Projects	74,277	22,673	-	164,126
Unrestricted	(8,090,099)	(9,700,766)	(4,813,711)	(8,565,854)
Total Net Position	\$ (9,783,779)	\$ (9,545,458)	\$ (4,284,116)	\$ (8,234,969)

DOUGLAS COUNTY SCHOOL DISTRICT RE1

Non-Major Discretely Presented Component Units (Continued)

Combining Statement of Net Position

June 30, 2017

	Renaissance Secondary School	SkyView Academy Charter School	STEM School	World Compass Academy	Totals
ASSETS					
Cash and Investments	\$ 93,288	\$ 2,141,016	\$ 3,691,182	\$ 471,193	\$ 33,510,323
Accounts Receivable	167,188	16,954	16,850	109,434	789,995
Inventories	-	-	-	-	21,555
Prepaid Costs & Other Assets	4,220	-	15,350	8,232	543,825
Deposits	-	-	-	4,500	162,023
Restricted Cash and Investments	5,098,224	3,227,293	1,320,767	1,098,522	30,834,251
Capital Assets, Not Being Depreciated	8,431,792	3,534,756	2,370,970	2,000,874	46,529,671
Capital Assets, Net of Accumulated Depreciation	124,176	19,979,131	11,462,177	9,208,557	131,646,348
Total Assets	13,918,888	28,899,150	18,877,296	12,901,312	244,037,991
DEFERRED OUTFLOWS OF RESOURCES					
Related to Pensions	-	15,389,344	18,202,088	7,499,873	147,188,290
Loss on Debt Refunding	-	-	-	-	8,835,594
Total Deferred Outflows of Resources	-	15,389,344	18,202,088	7,499,873	156,023,884
LIABILITIES					
Accounts Payable	1,498,764	78,906	219,415	19,885	5,630,553
Accrued Liabilities	-	-	-	-	1,097,594
Accrued Compensation	13,952	505,090	616,685	27,202	3,823,656
Accrued Interest Payable	57,100	757,544	136,922	216,102	1,871,900
Unearned Revenues	70,100	3,075	-	110,359	733,786
Non-Current Liabilities:					
Due Within One Year	45,000	384,988	290,000	12,645,000	17,045,066
Due in More Than One Year	12,405,000	28,774,962	16,847,850	-	204,946,647
Net Pension Liability	-	36,056,520	35,359,823	11,085,452	319,465,483
Total Liabilities	14,089,916	66,561,085	53,470,695	24,104,000	554,614,685
DEFERRED INFLOWS OF RESOURCES					
Related to Pension	-	161,657	116,350	50,088	3,245,124
NET POSITION					
Net Investment in Capital Assets	1,080,016	(5,606,113)	(3,304,703)	(337,047)	(19,790,169)
Restricted for:					
Emergencies	1,000	341,000	395,000	133,000	3,614,970
Debt Service, Repairs	-	2,335,997	1,087,308	-	11,668,075
Capital Projects	-	133,752	96,537	-	491,365
Unrestricted	(1,252,044)	(19,638,884)	(14,781,803)	(3,548,856)	(153,782,175)
Total Net Position	\$ (171,028)	\$ (22,434,248)	\$ (16,507,661)	\$ (3,752,903)	\$ (157,797,934)

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Non-Major Discretely Presented Component Units
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Academy Charter School	American Academy	Aspen View Academy	Ben Franklin Academy
EXPENSES				
Instruction	\$ 5,185,118	\$ 15,320,075	\$ 6,871,066	\$ 6,496,262
Supporting Services	2,265,010	7,939,541	3,552,661	3,495,800
Interest on Long-Term Debt	253,713	-	470,766	-
Business Type Activities	-	3,820,590	145,020	1,234,484
Total Expenses	<u>7,703,841</u>	<u>27,080,206</u>	<u>11,039,513</u>	<u>11,226,546</u>
PROGRAM REVENUES				
Charges for Services	429,544	3,106,628	723,439	947,800
Capital Grants and Contributions	185,586	-	232,094	-
Operating Grants and Contributions	88,414	58,117	83,485	29,488
Total Program Revenues	<u>703,544</u>	<u>3,164,745</u>	<u>1,039,018</u>	<u>977,288</u>
Net Program Expenses	<u>(7,000,297)</u>	<u>(23,915,461)</u>	<u>(10,000,495)</u>	<u>(10,249,258)</u>
GENERAL REVENUES				
Per Pupil Operating Revenue	4,766,636	11,948,833	5,953,379	5,965,429
Mill Levy	364,548	917,162	456,375	458,581
Capital Construction	-	466,492	-	233,176
Investment Earnings	9,083	45,901	-	19,517
Contributions and Grants	-	273,306	104,394	43,019
Other	629	1,200	40,727	1,771
Total General Revenues and Transfers	<u>5,140,896</u>	<u>13,652,894</u>	<u>6,554,875</u>	<u>6,721,493</u>
CHANGE IN NET POSITION	(1,859,401)	(10,262,567)	(3,445,620)	(3,527,765)
NET POSITION, Beginning	<u>(4,072,699)</u>	<u>(17,628,462)</u>	<u>(3,541,278)</u>	<u>(5,760,613)</u>
NET POSITION, Ending	<u>\$ (5,932,100)</u>	<u>\$ (27,891,029)</u>	<u>\$ (6,986,898)</u>	<u>\$ (9,288,378)</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Non-Major Discretely Presented Component Units (Continued)
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Challenge to Excellence Charter School	DCS Montessori Charter School	Global Village Academy	Hope Online Learning Academy Co-Op
EXPENSES				
Instruction	\$ 4,348,987	\$ 4,801,115	\$ 2,679,750	\$ 18,010,156
Supporting Services	1,518,935	1,916,112	1,441,613	5,242,720
Interest on Long-Term Debt	-	-	-	-
Business Type Activities	601,736	873,766	-	-
Total Expenses	<u>6,469,658</u>	<u>7,590,993</u>	<u>4,121,363</u>	<u>23,252,876</u>
PROGRAM REVENUES				
Charges for Services	439,604	1,707,067	25,958	-
Capital Grants and Contributions	-	-	80,909	-
Operating Grants and Contributions	18,292	22,167	220,509	2,782,682
Total Program Revenues	<u>457,896</u>	<u>1,729,234</u>	<u>327,376</u>	<u>2,782,682</u>
Net Program Expenses	<u>(6,011,762)</u>	<u>(5,861,759)</u>	<u>(3,793,987)</u>	<u>(20,470,194)</u>
GENERAL REVENUES				
Per Pupil Operating Revenue	3,390,259	2,938,537	2,098,932	16,532,524
Mill Levy	260,864	225,568	156,629	-
Capital Construction	132,387	114,895	-	-
Investment Earnings	13,233	16,185	-	1,706
Contributions and Grants	-	237,541	-	-
Other	7,118	9,657	1,407	-
Total General Revenues and Transfers	<u>3,803,861</u>	<u>3,542,383</u>	<u>2,256,968</u>	<u>16,534,230</u>
CHANGE IN NET POSITION	(2,207,901)	(2,319,376)	(1,537,019)	(3,935,964)
NET POSITION, Beginning	<u>(4,642,663)</u>	<u>(5,698,471)</u>	<u>(422,217)</u>	<u>(12,221,756)</u>
NET POSITION, Ending	<u>\$ (6,850,564)</u>	<u>\$ (8,017,847)</u>	<u>\$ (1,959,236)</u>	<u>\$ (16,157,720)</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Non-Major Discretely Presented Component Units (Continued)
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	North Star Academy	Parker Core Knowledge	Parker Performing Arts	Platte River Academy
EXPENSES				
Instruction	\$ 5,507,029	\$ 6,775,699	\$ 7,849,131	\$ 5,709,059
Supporting Services	1,940,668	2,638,787	3,038,003	1,518,707
Interest on Long-Term Debt	-	-	11,821	-
Business Type Activities	1,129,129	465,123	-	512,357
Total Expenses	<u>8,576,826</u>	<u>9,879,609</u>	<u>10,898,955</u>	<u>7,740,123</u>
PROGRAM REVENUES				
Charges for Services	312,630	1,040,402	298,977	277,418
Capital Grants and Contributions	-	200,000	-	-
Operating Grants and Contributions	32,256	10,025	-	4,301
Total Program Revenues	<u>344,886</u>	<u>1,250,427</u>	<u>298,977</u>	<u>281,719</u>
Net Program Expenses	<u>(8,231,940)</u>	<u>(8,629,182)</u>	<u>(10,599,978)</u>	<u>(7,458,404)</u>
GENERAL REVENUES				
Per Pupil Operating Revenue	4,613,152	4,694,648	5,440,834	3,717,136
Mill Levy	353,794	361,791	415,012	287,061
Capital Construction	179,866	183,864	210,769	145,659
Investment Earnings	4,600	29,525	-	14,792
Contributions and Grants	200,995	7,788	269,093	56,379
Other	108,967	7,320	5,192	12,778
Total General Revenues and Transfers	<u>5,461,374</u>	<u>5,284,936</u>	<u>6,340,900</u>	<u>4,233,805</u>
CHANGE IN NET POSITION	(2,770,566)	(3,344,246)	(4,259,078)	(3,224,599)
NET POSITION, Beginning	<u>(7,013,213)</u>	<u>(6,201,212)</u>	<u>(25,038)</u>	<u>(5,010,370)</u>
NET POSITION, Ending	<u>\$ (9,783,779)</u>	<u>\$ (9,545,458)</u>	<u>\$ (4,284,116)</u>	<u>\$ (8,234,969)</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Non-Major Discretely Presented Component Units (Continued)
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Renaissance Secondary School	SkyView Academy Charter School	STEM School	World Compass Academy	Totals
EXPENSES					
Instruction	\$ 239,101	\$ 11,246,953	\$ 12,344,979	\$ 4,745,898	\$ 118,130,378
Supporting Services	175,457	5,181,253	6,727,971	2,721,666	51,314,904
Interest on Long-Term Debt	-	-	-	216,102	952,402
Business Type Activities	-	2,358,606	1,866,068	-	13,006,879
Total Expenses	<u>414,558</u>	<u>18,786,812</u>	<u>20,939,018</u>	<u>7,683,666</u>	<u>183,404,563</u>
PROGRAM REVENUES					
Charges for Services	-	1,379,853	659,245	494,443	11,843,008
Capital Grants and Contributions	-	-	-	133,386	831,975
Operating Grants and Contributions	196,500	45,694	9,597	266,550	3,868,077
Total Program Revenues	<u>196,500</u>	<u>1,425,547</u>	<u>668,842</u>	<u>894,379</u>	<u>16,543,060</u>
Net Program Expenses	<u>(218,058)</u>	<u>(17,361,265)</u>	<u>(20,270,176)</u>	<u>(6,789,287)</u>	<u>(166,861,503)</u>
GENERAL REVENUES					
Per Pupil Operating Revenue	-	8,776,185	11,186,860	3,418,975	95,442,319
Mill Levy	-	672,843	864,492	261,416	6,056,136
Capital Construction	-	340,824	436,338	-	2,444,270
Investment Earnings	13,306	1,198	23,810	3,410	196,266
Contributions and Grants	-	222,663	13,560	-	1,428,738
Other	31,068	68,460	300	27,360	323,954
Total General Revenues and Transfers	<u>44,374</u>	<u>10,082,173</u>	<u>12,525,360</u>	<u>3,711,161</u>	<u>105,891,683</u>
CHANGE IN NET POSITION	(173,684)	(7,279,092)	(7,744,816)	(3,078,126)	(60,969,820)
NET POSITION, Beginning	<u>2,656</u>	<u>(15,155,156)</u>	<u>(8,762,845)</u>	<u>(674,777)</u>	<u>(96,828,114)</u>
NET POSITION, Ending	<u>\$ (171,028)</u>	<u>\$ (22,434,248)</u>	<u>\$ (16,507,661)</u>	<u>\$ (3,752,903)</u>	<u>\$ (157,797,934)</u>

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***STATISTICAL
SECTION***



Douglas County School District
Learn Today, Lead Tomorrow

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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 as well as required and other supplementary information to assess the condition of Douglas County School District Re.1.

Financial Trends Data 150-157

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

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

Revenue Capacity Data 158-163

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 164-172

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
- Estimated Overlapping General Obligation Debt
- Legal Debt Margin

Demographic and Economic Statistics 174-175

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

- Demographic and Economic Statistics
- Principal Employers

Operating Information..... 176-180

These schedules contain service and infrastructure data pertaining to 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

Note: Unless otherwise noted, the information in these schedules is derived from internal sources.

Douglas County School District Re. 1
Net Position by Component
Last Ten Fiscal Years

	2017	2016	2015 ⁽¹⁾
General activities:			
Net Investment in Capital Assets	\$ 300,050,580	\$ 266,307,934	\$ 223,953,589
Restricted	85,827,425	87,678,033	102,440,756
Unrestricted	(1,141,745,624)	(829,825,456)	(800,342,280)
Total governmental activities net position	<u>\$(755,867,619)</u>	<u>\$(475,839,489)</u>	<u>\$(473,947,935)</u>
Business-type activities			
Invested in Capital Assets	\$ -	\$ -	\$ -
Restricted	-	-	-
Unrestricted	-	-	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government			
Net Investment in Capital Assets	\$ 300,050,580	\$ 266,307,934	\$ 223,953,589
Restricted	85,827,425	87,678,033	102,440,756
Unrestricted	(1,141,745,624)	(829,825,456)	(800,342,280)
Total primary government net position	<u>\$(755,867,619)</u>	<u>\$(475,839,489)</u>	<u>\$(473,947,935)</u>

(1) In fiscal year 2015, the District restated beginning net position/fund balance due to reclassification of non-major enterprise funds to non-major special revenue funds. Consistent with the guidance from the Colorado Department of Education and in accordance with GASB statement No.54, management of the District has reclassified the Nutrition Services Fund and Child Care Fund from an enterprise fund to a special revenue fund, and the Outdoor Education Fund as part of the Combined General Fund.

In addition, during fiscal year 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires the District to record its proportionate share of PERA's net pension liability and related deferred inflows and outflows of resources in the government-wide financial statement.

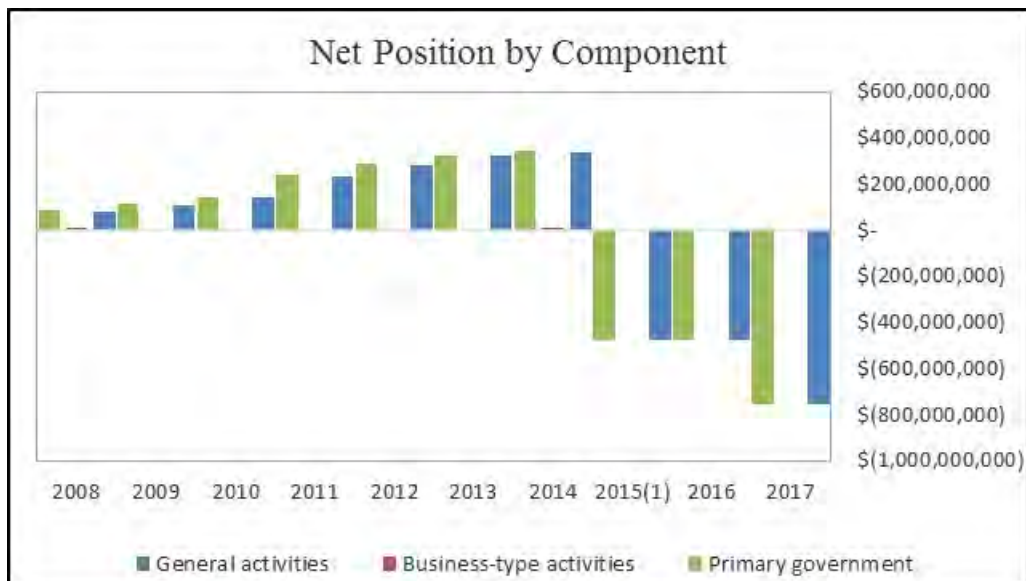
Balances prior to 2015 are shown as originally presented and have not been restated for accounting changes.

Table 1

2014	2013	2012	Restated 2011	2010	2009	2008
\$ 195,973,287	\$ 174,072,099	\$ 125,537,753	\$ 95,943,480	\$ 37,510,363	\$ 42,172,382	\$ 27,281,732
95,722,952	74,749,578	92,237,379	100,536,282	97,561,208	141,671,418	204,803,878
45,382,747	72,738,537	67,437,692	40,060,467	6,722,286	(72,687,504)	(150,796,048)
\$ 337,078,986	\$ 321,560,214	\$ 285,212,824	\$ 236,540,229	\$ 141,793,857	\$ 111,156,296	\$ 81,289,562

\$ 3,528,490	\$ 3,290,033	\$ 3,721,875	\$ 4,090,512	\$ 4,332,085	\$ 2,730,010	\$ 2,505,690
-	-	-	-	-	-	-
4,526,262	839,446	181,336	(1,568,281)	(1,371,707)	659,110	5,122,236
\$ 8,054,752	\$ 4,129,479	\$ 3,903,211	\$ 2,522,231	\$ 2,960,378	\$ 3,389,120	\$ 7,627,926

\$ 199,501,777	\$ 177,362,132	\$ 129,259,628	\$ 100,033,992	\$ 41,842,448	\$ 44,902,392	\$ 29,787,422
95,722,952	74,749,578	92,237,379	100,536,282	97,561,208	141,671,418	204,803,878
49,909,009	73,577,983	67,619,028	38,492,186	5,350,579	(72,028,394)	(145,673,812)
\$ 345,133,738	\$ 325,689,693	\$ 289,116,035	\$ 239,062,460	\$ 144,754,235	\$ 114,545,416	\$ 88,917,488



Douglas County School District Re. 1
Change in Net Position
Last Ten Fiscal Years

	2017	2016	2015 ⁽¹⁾
EXPENSES			
Governmental activities:			
Instruction	\$ 484,977,831	\$ 329,000,833	\$ 301,623,918
Supporting services	345,400,596	220,462,709	224,759,449
Funding to Component Units ⁽²⁾	105,366,488	91,493,127	80,957,702
Interest on long-term debt	17,549,955	20,438,609	24,041,678
Total primary government program expenses	<u>953,294,870</u>	<u>661,395,278</u>	<u>631,382,747</u>
Business-type activities:			
Nutrition Services	-	-	-
Non-Major Enterprise Funds	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program expenses	<u>953,294,870</u>	<u>661,395,278</u>	<u>631,382,747</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services	58,998,077	56,412,403	53,492,483
Operating grants and contributions	41,944,598	40,351,338	36,769,664
Capital grants and contributions	-	-	-
Total governmental activities	<u>100,942,675</u>	<u>96,763,741</u>	<u>90,262,147</u>
Business type activities:			
Charges for services - Nutrition Services	-	-	-
Operating grants and contributions	-	-	-
Charges for services - non-major enterprise funds	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>100,942,675</u>	<u>96,763,741</u>	<u>90,262,147</u>
Net (Expense)/Revenue			
Governmental activities	(852,352,195)	(564,631,537)	(541,120,600)
Business-type activities	-	-	-
Total primary government net expense	<u>(852,352,195)</u>	<u>(564,631,537)</u>	<u>(541,120,600)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Property taxes	234,440,643	237,419,629	230,044,555
Specific ownership taxes	23,870,092	22,236,877	21,630,690
State equalization	296,915,245	288,952,398	293,357,217
COP Charter school repayment	-	-	-
Investment earnings	832,512	378,573	147,171
Grants and contributions not specific to programs	8,792,764	8,651,744	-
Other	7,472,809	5,100,762	9,923,025
Transfers	-	-	-
Total governmental activities	<u>572,324,065</u>	<u>562,739,983</u>	<u>555,102,658</u>
Business-type activities:			
Other	-	-	-
Transfers	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government general revenues	<u>572,324,065</u>	<u>562,739,983</u>	<u>555,102,658</u>
CHANGE IN NET POSITION			
Governmental activities	(280,028,130)	(1,891,554)	13,982,058
Business-type activities	-	-	-
TOTAL CHANGE IN NET POSITION	<u>\$ (280,028,130)</u>	<u>\$ (1,891,554)</u>	<u>\$ 13,982,058</u>

1 In fiscal year 2015, the District restated beginning net position/fund balance due to reclassification of non-major enterprise funds to non-major special revenue funds. Consistent with the guidance from the Colorado Department of Education and in accordance with GASB statement No.54, management of the District has reclassified the Nutrition Services Fund and Child Care Fund from an enterprise fund to a special revenue fund, and the Outdoor Education Fund as part of the Combined General Fund.

2 Payments to Component Units were included under instructional expense FY 2010 and prior.

Table 2

	2014	2013	2012	2011	2010	2009	2008
\$	269,742,706	\$ 270,892,918	\$ 266,574,362	\$ 255,901,180	\$ 305,026,427	\$ 280,588,259	\$ 330,050,883
	196,761,368	171,113,103	149,913,182	142,363,827	182,308,594	197,239,443	153,020,191
	73,281,995	59,994,588	54,244,208	46,384,715	-	-	-
	28,911,330	30,187,963	28,148,114	35,322,746	31,755,542	31,732,601	32,362,410
	568,697,399	532,188,572	498,879,866	479,972,468	519,090,563	509,560,303	515,433,484
	14,628,994	14,470,523	14,163,053	14,396,183	15,301,521	16,488,675	13,958,595
	9,938,248	9,457,490	8,945,976	8,560,831	8,857,027	9,464,830	7,596,573
	24,567,242	23,928,013	23,109,029	22,957,014	24,158,548	25,953,505	21,555,168
	593,264,641	556,116,585	521,988,895	502,929,482	543,249,111	535,513,808	536,988,652
	28,530,827	27,874,860	26,326,938	24,594,662	17,634,758	18,493,995	13,907,195
	30,342,355	28,777,165	23,774,694	28,805,131	26,849,162	24,380,125	19,776,495
	-	-	-	-	63,492	-	-
	58,873,182	56,652,025	50,101,632	53,399,793	44,547,412	42,874,120	33,683,690
	12,179,758	10,941,844	10,624,082	10,850,000	11,621,798	9,851,990	9,412,258
	3,091,358	3,602,925	3,576,019	3,726,239	2,917,705	2,803,292	2,346,509
	10,490,492	9,664,554	9,139,908	8,905,075	9,122,383	9,158,931	8,223,883
	25,761,608	24,209,323	23,340,009	23,481,314	23,661,886	21,814,213	19,982,650
	84,634,790	80,861,348	73,441,641	76,881,107	68,209,298	64,688,333	53,666,340
	(509,824,217)	(475,536,547)	(448,778,234)	(426,572,675)	(474,543,151)	(466,686,183)	(481,749,794)
	1,194,366	281,310	230,980	524,300	(496,662)	(4,139,292)	(1,572,518)
	(508,629,851)	(475,255,237)	(448,547,254)	(426,048,375)	(475,039,813)	(470,825,475)	(483,322,312)
	224,180,235	225,526,250	213,087,082	232,462,054	227,029,556	224,686,214	210,261,080
	19,916,387	17,961,028	16,186,615	15,522,850	15,949,421	17,932,981	19,748,994
	270,410,414	255,686,365	246,289,764	244,359,000	249,467,855	234,872,441	191,877,073
	-	-	12,364,050	-	-	-	-
	144,848	247,485	174,758	442,416	1,331,324	5,157,300	11,510,006
	-	-	159,476	1,572,533	-	-	-
	13,296,105	12,407,767	10,339,083	9,160,063	11,402,556	13,786,604	13,692,270
	(2,605,000)	55,042	(1,150,000)	-	-	117,377	-
	525,342,989	511,883,937	497,450,828	503,518,916	505,180,712	496,552,917	447,089,423
	125,907	-	-	9,308	67,920	17,863	15,679
	2,605,000	(55,042)	1,150,000	-	-	(117,377)	-
	2,730,907	(55,042)	1,150,000	9,308	67,920	(99,514)	15,679
	528,073,896	511,828,895	498,600,828	503,528,224	505,248,632	496,453,403	447,105,102
	15,518,772	36,347,390	48,672,594	76,946,241	30,637,561	29,866,734	(34,660,371)
	3,799,366	226,268	1,380,980	524,300	(496,662)	(4,256,669)	(1,556,839)
\$	19,318,138	\$ 36,573,658	\$ 50,053,574	\$ 77,470,541	\$ 30,140,899	\$ 25,610,065	\$ (36,217,210)

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

	2017	2016	2015 ⁽²⁾	2014
Combined General Fund				
Nonspendable	\$ 1,123,187	\$ 734,119	\$ 734,907	\$ 1,027,061
Reserved	-	-	-	-
Restricted - TABOR Emergency Reserve	15,995,000	15,995,000	15,290,000	15,132,000
Assigned	72,262,152	86,086,929	79,177,558	71,579,987
Unassigned	589,821	555,667	463,134	486,854
Total General Fund	\$ 89,970,160	\$ 103,371,715	\$ 95,665,599	\$ 88,225,902
All other governmental funds				
Nonspendable	\$ 524,065	\$ 647,527	\$ 671,255	\$ -
Reserved	-	-	-	-
Restricted:				
Building/Aspen View Academy	1,541,920	5,727,695	9,071,898	14,986,393
Debt Service	59,416,714	59,084,589	68,501,246	62,838,660
Other	8,873,791	6,870,749	7,368,073	2,765,899
Assigned	-	101,953	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 70,356,490	\$ 72,432,513	\$ 85,612,472	\$ 80,590,952
Governmental Funds				
Nonspendable	\$ 1,647,252	\$ 1,381,646	\$ 1,406,162	\$ 1,027,061
Reserved/Assigned	158,089,577	173,866,915	179,408,775	167,302,939
Unreserved	589,821	555,667	463,134	486,854
Total governmental funds	\$ 160,326,650	\$ 175,804,228	\$ 181,278,071	\$ 168,816,854

(1) In fiscal year 2011 the District adopted GASB 54, Fund Balance Reporting and Fund Type Definitions, changing the titles and classifications of fund balance.

The District has retroactively applied this statement for the purposes of providing a comparative reference.

(2) In fiscal year 2015, the District restated beginning net position/fund balance due to a reclassification of a non-major enterprise funds to non-major special revenue funds. Consistent with the guidance from the Colorado Department of Education and in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, management of the District has reclassified the Nutrition Services Fund and Child Care Fund from an enterprise fund to a special revenue fund, and Outdoor Education Fund to the Combined General Fund.

Balances prior to 2015 are shown as originally presented and have not been restated for accounting changes.

Table 3

		Restated ⁽¹⁾				
2013	2012	2011	2010	2009	2008	
\$ 820,300	\$ 806,542	\$ 762,782	\$ 750,463	\$ -	\$ -	
-	-	-	11,291,510	2,065,105	1,213,125	
14,043,000	12,790,000	11,745,301	12,313,022	12,414,008	11,750,000	
89,027,824	68,735,779	27,114,329	-	-	-	
537,143	18,052,019	26,815,727	21,738,732	6,141,834	7,224,933	
<u>\$ 104,428,267</u>	<u>\$ 100,384,340</u>	<u>\$ 66,438,139</u>	<u>\$ 46,093,727</u>	<u>\$ 20,620,947</u>	<u>\$ 20,188,058</u>	
\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
14,342,407	18,002,255	29,450,305	30,123,296	81,761,934	152,572,604	
59,535,070	60,333,964	59,340,736	55,124,890	45,430,371	40,481,274	
1,171,508	1,111,160	185,120	-	-	-	
-	-	1,076,248	-	-	-	
-	-	-	10,422,477	5,649,724	5,837,202	
<u>\$ 75,078,985</u>	<u>\$ 79,447,379</u>	<u>\$ 90,052,409</u>	<u>\$ 95,670,663</u>	<u>\$ 132,842,029</u>	<u>\$ 198,891,080</u>	
\$ 850,300	\$ 806,542	\$ 762,782	\$ 750,463	\$ -	\$ -	
178,119,809	160,973,158	128,912,039	108,852,718	141,671,418	206,017,003	
537,143	18,052,019	26,815,727	32,161,209	11,791,558	13,062,135	
<u>\$ 179,507,252</u>	<u>\$ 179,831,719</u>	<u>\$ 156,490,548</u>	<u>\$ 141,764,390</u>	<u>\$ 153,462,976</u>	<u>\$ 219,079,138</u>	

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

	2017	2016	2015	2014
REVENUES				
Taxes	\$ 258,474,174	\$ 260,227,313	\$ 252,092,362	\$ 247,142,354
Payment in Lieu of Taxes	-	-	-	-
Intergovernmental	338,859,843	329,303,736	330,125,900	300,752,769
Charges for services	53,151,768	51,086,322	53,492,483	28,530,827
Investment Earnings	782,801	363,496	140,674	132,902
Other	20,395,926	20,046,480	12,803,286	13,932,610
Total Revenues	671,664,512	661,027,347	648,654,705	590,491,462
EXPENDITURES				
Current operating:				
Instruction	306,149,147	299,786,084	283,860,606	276,669,387
Supporting Services	212,310,034	199,043,430	198,026,671	180,116,275
Funding to Component Unit	105,366,488	91,493,127	80,957,702	73,281,995
Capital Outlay	4,223,743	3,371,577	5,904,688	12,945,707
Debt Service:				
Debt issuance costs	-	190,545	431,679	172,052
Principal	40,170,143	50,863,535	42,298,688	41,851,380
Interest and fiscal charges	18,933,080	23,014,446	29,681,349	32,193,583
Total Expenditures	687,152,635	667,762,744	641,161,383	617,230,379
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	12,100,000	47,135,000	-
Premium on Bonds	-	943,790	3,197,689	-
Payments to Refunded Bond Escrow	-	(12,846,310)	(49,891,056)	-
Issuance of COP	-	-	-	15,000,000
COP Charter School Repayment	-	-	-	-
Compensation for Loss of Asset	10,545	1,064,074	-	-
Issuance of Capital Lease	-	-	-	3,530,800
Other Sources (Uses)	-	-	-	122,719
Transfers In	9,442,074	7,228,188	7,436,481	10,063,087
Transfers Out	(9,442,074)	(7,228,188)	(7,436,481)	(12,668,087)
Total other financing sources (uses)	10,545	1,261,554	441,633	16,048,519
Net change in fund balances	\$ (15,477,578)	\$ (5,473,843)	\$ 7,934,955	\$ (10,690,398)
Debt service as a percentage of non-capital expenditures	8.9%	11.3%	11.5%	12.5%

Table 4

	2013	2012	Restated 2011	2010	2009	2008
\$	237,365,348	\$ 236,258,181	\$ 244,884,158	\$ 244,581,528	\$ 235,594,106	\$ 230,010,074
	-	-	92,000	123,192	71,114	661,285
	284,463,530	270,223,934	274,736,664	276,380,509	259,252,566	211,653,568
	27,874,860	26,326,938	24,594,662	17,634,758	18,493,995	13,907,195
	276,635	160,793	423,889	1,084,491	4,937,959	11,379,892
	12,211,910	10,188,833	8,908,432	11,279,364	13,715,490	13,030,985
	562,192,283	543,158,679	553,639,805	551,083,842	532,065,230	480,642,999
	274,167,817	247,204,042	246,797,488	285,889,484	287,206,411	258,791,779
	160,186,452	143,195,462	138,836,902	154,940,755	161,978,101	154,749,135
	59,994,588	54,244,208	46,384,715	867,667	-	-
	18,620,893	19,743,061	30,882,869	72,549,474	85,360,848	121,340,086
	483,024	489,201	542,871	832,407	-	-
	43,289,338	40,960,449	38,179,739	30,823,505	28,945,000	22,300,000
	29,603,277	29,153,263	30,532,096	31,755,542	31,732,601	32,362,410
	586,345,389	534,989,686	532,156,680	577,658,834	595,222,961	589,543,410
	31,020,000	71,095,000	86,405,000	101,770,000	-	63,944,949
	3,925,547	14,185,059	17,247,133	13,504,761	-	12,260,702
	(34,353,871)	(84,800,060)	(103,113,364)	(100,398,355)	-	(14,260,000)
	15,500,000	-	-	-	-	-
	-	12,364,049	-	-	-	-
	-	-	-	-	-	-
	7,636,963	3,478,130	-	-	-	-
	100,000	-	-	-	-	-
	6,715,311	5,377,499	19,227,111	21,136,366	24,358,656	22,240,125
	(6,715,311)	(6,527,499)	(23,043,821)	(21,136,366)	(26,817,087)	(23,800,125)
	23,828,639	15,172,178	(3,277,941)	14,876,406	(2,458,431)	60,385,651
\$	(324,467)	\$ 23,341,172	\$ 18,205,185	\$ (11,698,586)	\$ (65,616,162)	\$ (48,514,760)
	13.2%	13.5%	14.8%	12.7%	11.2%	10.6%

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

Residential Property

Other Property Classes

Tax Year	Collection Year	Assessed Value	Actual Value	Vacant Land	Commercial	Industrial	Agricultural
2016	2017	\$ 3,443,604,810	\$ 43,261,366,960	\$ 221,157,040	\$ 1,634,129,580	\$ 131,056,010	\$ 19,095,700
2015	2016	3,348,508,890	42,066,694,598	233,290,650	1,625,150,430	129,205,900	18,640,540
2014	2015	2,772,808,070	34,834,272,236	207,204,100	1,438,065,210	116,662,310	17,590,720
2013	2014	2,700,797,330	33,929,614,698	212,708,100	1,409,372,620	113,493,760	17,339,320
2012	2013	2,633,649,430	33,086,048,116	230,484,200	1,352,916,980	107,361,790	16,897,990
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

(1) Source: Douglas County Assessor

<http://www.douglas.co.us/documents/2016-abstract.pdf>

(2) Source Douglas County Assessors -2016 Tax Districts and Authorities

<http://douglas.co.us/documents/tax-districts-mill-levies.pdf>

Table 5

Natural Resources	State Assessed	Other Property Classes Assessed	Other Property Classes Actual Value	Total Assessed Value	Grand Total Actual Value	Direct ⁽²⁾ Tax Rate
\$ 327,390	\$ 246,628,700	\$ 2,252,394,420	\$ 7,766,877,310	\$ 5,695,999,230	\$ 51,028,244,270	41.064
438,980	237,761,700	1,945,861,640	6,709,867,724	4,579,511,070	39,795,915,840	42.439
458,850	227,523,800	1,980,896,450	6,830,677,414	4,753,704,520	41,664,949,650	48.277
422,900	235,325,500	2,157,990,940	7,441,348,069	4,993,269,140	43,060,420,933	48.277
435,290	209,659,400	1,924,637,390	6,636,680,655	4,729,252,140	41,870,534,298	48.727
425,920	184,707,000	2,107,375,460	7,266,811,931	4,819,552,470	41,339,387,434	48.788
343,730	158,980,100	2,079,945,980	7,172,227,517	4,710,619,410	40,220,888,698	46.890
219,050	154,083,000	1,976,028,250	6,813,890,517	4,332,505,090	36,417,870,919	46.681
318,030	143,966,400	1,889,567,070	6,515,748,517	4,095,956,330	34,234,206,557	47.103
380,290	137,184,200	1,688,212,450	5,821,422,241	3,661,912,120	30,616,644,226	46.500

Douglas County School District Re. 1
Direct and Overlapping Property Tax Rate ⁽¹⁾
Last Ten Calendar Years

Assessment Year	Collection Year	General Fund	Debt Service Fund	Total	Douglas County ⁽²⁾	Total
2016	2017	31.508	9.556	41.064	23.77	64.84
2015	2016	31.763	10.676	42.439	24.27	66.71
2014	2015	32.849	15.428	48.277	24.27	72.55
2013	2014	32.935	15.342	48.277	24.27	72.55
2012	2013	33.599	15.128	48.727	24.27	73.00
2011	2012	33.341	15.447	48.788	24.27	73.06
2010	2011	32.644	14.246	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

- (1) In addition to the County and the School District, there are five cities and towns and one hundred three (103) 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) and Douglas County Government.

Source: Douglas County Treasurer

<http://www.douglas.co.us/documents/tax-districts-mill-levies.pdf>

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

	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Park Meadows Mall LLC	\$ 74,436,090	1	1.31%	\$ 60,665,660	1	1.35%
HCA HealthOne LLC	71,480,860	2	1.25%	44,179,690	2	0.98%
Intermountain Rural Elec Assn.	65,197,290	3	1.14%	31,604,700	4	0.70%
Public Service Co. of Colo(Xcel)	54,788,900	4	0.96%	24,945,100	5	0.55%
Century Link (was Qwest Corporation)	38,807,200	5	0.68%	-	-	-
Kaiser Foundation Hospitals	33,711,200	6	0.59%	-	-	-
CS Lone Tree	24,225,400	7	0.43%	-	-	-
Century Link Communications	20,643,100	8	0.36%	-	-	-
Plaza Drive Properties	19,856,400	9	0.35%	18,930,200	8	0.42%
Craig Realty Group Castle Rock LLC	18,493,790	10	0.32%	18,974,700	7	0.42%
Qwest Corporation (was US West Comm)	-	-	-	38,731,400	3	0.86%
VISA USA Inc.	-	-	-	20,501,460	6	0.45%
Wells Reit II South Jamaica Street	-	-	-	13,841,400	9	0.31%
Target Corporation	-	-	-	12,607,750	10	0.28%
Total Principal Taxpayers	\$ 421,640,230		7.39%	\$ 284,982,060		6.32%

Source: Douglas County CAFR

<http://www.douglas.co.us/documents/2016-cafr.pdf>



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

Assessment Year	Collection Year	Total Tax Levy	Collected within the Fiscal Year of the Levy ⁽¹⁾			Total Tax Collections	Percent of Total Tax Collections to Levy
			Current Tax Collections	Percent of Levy Collected	Collection in Subsequent Years		
2016	2017	\$ 234,851,135	\$ 227,683,294	96.95%	\$ 501,829	\$ 228,185,123	97.16%
2015	2016	238,509,546	237,545,623	99.60%	450,136	237,995,759	99.78%
2014	2015	231,973,131	229,982,554	99.14%	86,893	230,069,447	99.18%
2013	2014	227,593,608	227,223,163	99.84%	103,769	227,326,932	99.88%
2012	2013	223,058,985	215,369,540	96.55%	28,714	215,398,254	96.57%
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%

Source: Douglas County Treasurer's Office

(1) Collections are from January 1 to August 31. Additional taxes will be collected from September 1 to December 31.

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

Governmental Activities

Year Ended June 30	General Obligation Bonds	Certificates of Participation	Accteted Interest	Bond Premiums	Capital Leases	Total
2017	\$ 305,059,570	\$ 45,515,000	\$ 5,780,971	\$ 31,144,205	\$ 7,096,285	\$ 394,596,031
2016	342,249,713	48,495,000	7,095,655	35,369,506	8,171,653	441,381,527
2015	390,608,248	50,510,000	9,620,808	45,288,506	9,206,434	505,233,996
2014	432,426,936	52,200,000	15,722,043	49,067,791	10,174,165	559,590,935
2013	470,743,316	40,735,000	19,695,769	53,252,046	7,364,704	591,790,835
2012	509,211,093	26,505,000	18,532,441	63,924,242	1,159,302	619,332,078
2011	543,221,501	27,540,000	-	-	-	570,761,501
2010	580,366,240	28,575,000	-	-	-	608,941,240
2009	608,924,744	16,920,000	-	-	-	625,844,744
2008	637,134,744	17,655,000	-	-	-	654,789,744

(1) Douglas County Government

<http://www.douglas.co.us/documents/2016-abstract.pdf>

(2) 2016 Douglas County CAFR -Demographic and Economic Statistics

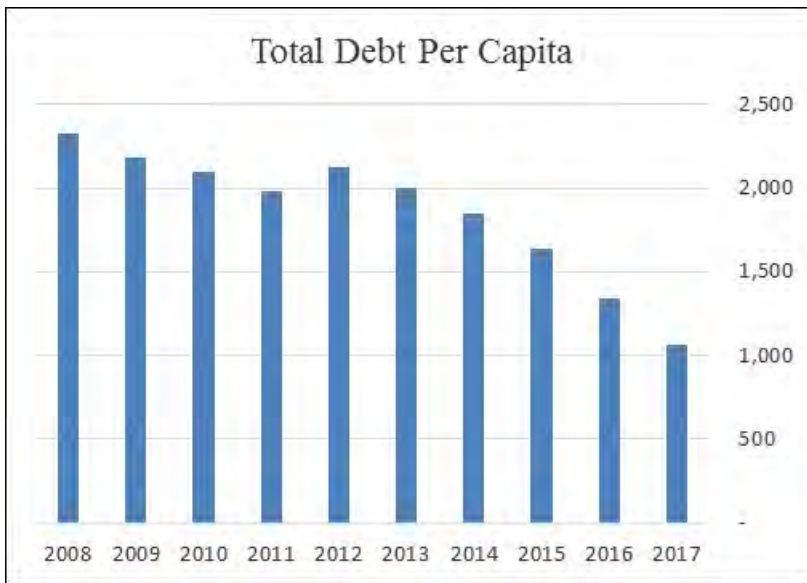
<http://www.douglas.co.us/documents/2016-cafr.pdf>

Figures included in this schedule represent the most recent data available.

2016 and prior numbers have not been revised to match the County's updated data.

Table 9

Assessed Value ⁽¹⁾	Personal Income ⁽²⁾	Population ⁽²⁾	Percentage of Personal Income	Total Debt Per Capita
\$ 5,695,999,230	\$ 22,641,353	336,000	5.74%	1,174
5,592,997,090	21,713,011	328,990	4.92%	1,342
4,780,313,060	19,900,804	308,000	3.94%	1,640
4,689,459,530	18,561,913	302,464	3.32%	1,850
4,551,405,080	21,737,873	295,689	3.67%	2,001
4,504,735,760	20,801,664	291,083	3.36%	2,128
4,916,844,570	17,514,402	288,430	3.07%	1,979
4,879,538,950	17,108,472	290,059	2.81%	2,099
4,678,187,640	16,969,723	286,780	2.71%	2,182
4,513,520,560	14,706,467	281,418	2.25%	2,327



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

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 ⁽¹⁾	Personal Income ⁽²⁾	Population ⁽²⁾
2017	\$ 341,984,746	\$41,671,933	\$ 300,312,813	0.59%	\$ 894	\$ 51,028,244,270	\$ 5,695,999,230	\$ 22,641,353	336,000
2016	384,714,874	37,190,142	347,524,732	0.70%	1,056	49,806,309,081	5,592,997,090	21,713,011	328,990
2015	445,517,562	48,358,535	397,159,027	0.95%	1,289	41,756,703,236	4,780,313,060	19,900,804	308,000
2014	497,216,770	39,363,688	457,853,082	1.12%	1,514	40,787,070,561	4,689,459,530	18,561,913	302,464
2013	543,691,131	46,691,379	496,999,752	1.25%	1,681	39,698,998,633	4,551,405,080	21,737,873	295,689
2012	591,667,776	40,687,776	550,980,000	1.40%	1,893	39,277,491,767	4,504,735,760	20,801,664	291,083
2011	543,221,501	34,010,448	509,211,053	1.19%	1,765	42,796,887,933	4,916,844,570	17,514,402	288,430
2010	580,366,240	37,144,738	543,221,502	1.28%	1,873	42,388,764,678	4,879,538,950	17,108,472	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

(1) Douglas County Government

<http://www.douglas.co.us/documents/2016-abstract.pdf>

(2) Douglas County CAFR

<http://www.douglas.co.us/documents/2016-cafr.pdf>

(3) General Obligation Bond related amounts include General Obligation Bonds, accreted interest and bond premiums.

Figures included in this schedule represent the most recent data available.

Data is estimated and is subject to change based on updated information.

2016 and prior numbers have not been updated to match the County's updated data .

Douglas County School District Re. 1
Estimated Overlapping General Obligation Debt
(Unaudited)

In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries which overlap or partially overlap the boundaries of the District. The following table sets forth the estimated overlapping general obligation debt attributable to property owners within the District as of June 30, 2017. Additional taxing entities may overlap with the District in the future.

Estimated Overlapping General Obligation Debt

	2016 Assessed Valuation ⁽²⁾	Entity's Debt Outstanding	Outstanding Debt Attributable to the District ⁽³⁾	
			Percent	Amount
Direct Debt				
Douglas County School District RE-1	\$ 5,695,999,230	\$ 394,604,694	100%	\$ 394,596,031

Overlapping G.O. Debt ⁽¹⁾

Name of Overlapping Entity ⁽¹⁾	Valuation ⁽²⁾	G.O. Debt	Percent	Amount
Antelope Heights Metropolitan District	\$ 14,987,960	\$ 10,355,000	100.00%	\$ 10,355,000
Anthology West Metropolitan District No. 2 f.k.a. Cherry Creek South Metropolitan District No. 2	3,510,960	1,850,000	100.00	1,850,000
Arapahoe County Water and Wastewater P.I.D.	430,143,035	136,900,000	4.91	6,721,790
Canterberry Crossing Metropolitan District	29,491,290	9,565,000	100.00	9,565,000
Canterberry Crossing Metropolitan District II	23,122,080	11,390,000	100.00	11,390,000
Canyons Metropolitan District No. 5 ⁽⁴⁾	11,080	59,425,000	100.00	59,425,000
Canyons Metropolitan District No. 6 ⁽⁴⁾	11,070	14,797,000	100.00	14,797,000
Castle Oaks Metropolitan District	23,228,460	7,760,000	100.00	7,760,000
Castle Oaks Metropolitan District No. 3 ⁽⁴⁾	2,798,920	31,170,000	100.00	31,170,000
Castle Pines Commercial Metro. District No. 1 ⁽⁵⁾	598,420	5,790,000	100.00	5,790,000
Castlewood Ranch Metropolitan District ⁽⁶⁾	32,966,130	19,225,000	100.00	19,225,000
Chatfield South Water District ⁽⁷⁾	5,829,260	15,968	100.00	15,968
Cherokee Ridge Estates Metropolitan District	3,282,270	970,000	100.00	970,000
Cherry Creek South Metropolitan District No. 1	41,094,880	2,850,000	100.00	2,850,000
Cherry Creek South Metropolitan District No. 11	16,700	500,000	100.00	500,000
Compark Business Campus Metropolitan District ⁽⁸⁾	46,592,480	51,110,000	100.00	51,110,000
Concord Metropolitan District	35,177,740	5,105,000	100.00	5,105,000
Consolidated Bell Mountain Ranch Metro. District ⁽⁴⁾	16,234,510	12,610,000	100.00	12,610,000
Cottonwood Water and Sanitation District	89,886,510	4,500,000	100.00	4,500,000
Crystal Crossing Metropolitan District ⁽⁴⁾	9,318,810	8,500,000	100.00	8,500,000
Crystal Valley Metropolitan District No. 1	49,740	5,133,000	100.00	5,133,000
Crystal Valley Metropolitan District No. 2	24,489,510	55,230,000	100.00	55,230,000
Elkhorn Ranch Metropolitan District No. 1	7,202,920	6,350,000	100.00	6,350,000
Highfield Metropolitan District	10,454,000	4,250,000	100.00	4,250,000
Highlands Ranch Metropolitan District	1,425,805,980	29,800,000	100.00	29,800,000
Horse Creek Metropolitan District	13,268,210	4,325,000	100.00	4,325,000
Horseshoe Ridge Metro. Districts Nos. 1 to 3 ⁽⁹⁾	9,994,410	3,850,000	100.00	3,850,000
Hunting Hill Metropolitan District	5,742,610	4,000,000	100.00	4,000,000
Inspiration Metropolitan District f.k.a. RockingHorse Metropolitan District No. 2 ⁽⁴⁾⁽⁶⁾	15,921,760	48,928,617	100.00	48,928,617
Inverness Metropolitan Improvement District	294,246,921	3,575,000	37.53	1,341,698
Inverness Water and Sanitation District	329,660,945	11,605,000	33.50	3,887,675
Jordan Crossing Metropolitan District	2,790,130	1,395,000	100.00	1,395,000
Larkspur Fire Protection District	136,216,140	2,180,000	100.00	2,180,000
Lincoln Creek Metropolitan District	2,167,270	4,130,000	100.00	4,130,000

Douglas County School District Re. 1
Estimated Overlapping General Obligation Debt
(Unaudited)

Estimated Overlapping General Obligation Debt
(Continued)

Name of Overlapping Entity ⁽¹⁾	Valuation ⁽²⁾	G.O. Debt	Percent	Amount
Lincoln Meadows Metropolitan District	\$ 8,414,830	\$ 8,490,292	100.00%	\$ 8,490,292
Lincoln Park Metropolitan District ⁽⁶⁾	33,753,700	31,185,000	100.00	31,185,000
Lincoln Station Metropolitan District ⁽⁴⁾	43,910,770	15,835,000	100.00	15,835,000
Louviers Water and Sanitation District ⁽⁷⁾	1,965,160	734,739	100.00	734,739
Maher Ranch Metropolitan District No. 4 ⁽⁴⁾	30,375,310	19,380,000	100.00	19,380,000
Meadow Station Public Improvement District	2,684,770	330,000	100.00	330,000
Meadows Metropolitan Districts Nos. 1 to 7 ⁽⁶⁾⁽¹⁰⁾	180,720,660	70,000,000	100.00	70,000,000
Meridian Metropolitan District	174,335,460	81,765,000	100.00	81,765,000
Meridian Village Metropolitan Dists. Nos. 1 & 2 ⁽¹¹⁾	51,057,210	35,185,000	100.00	35,185,000
Neu Towne Metropolitan District ⁽⁴⁾	4,808,420	7,607,123	100.00	7,607,123
North Meridian Metropolitan District	295,850	7,328,000	100.00	7,328,000
North Pine Vistas Metropolitan District No. 2 ⁽⁴⁾	1,620	10,545,000	100.00	10,545,000
North Pine Vistas Metropolitan District No. 3 ⁽⁴⁾	1,909,850	15,766,000	100.00	15,766,000
North Pines Metropolitan District	4,233,520	2,340,000	100.00	2,340,000
Olde Town Metropolitan District	2,732,430	890,000	100.00	890,000
Omnipark Metropolitan District	49,422,240	2,195,000	100.00	2,195,000
Overlook Metropolitan District ⁽⁴⁾⁽⁶⁾	1,259,940	5,170,000	100.00	5,170,000
Parker Automotive Metropolitan District	9,175,080	14,745,000	100.00	14,745,000
Parker Homestead Metropolitan District ⁽⁴⁾	10,719,690	8,300,000	100.00	8,300,000
Parker Water and Sanitation District	570,659,808	84,720,000	100.00	84,720,000
Pine Bluffs Metropolitan District	11,209,888	4,660,000	100.00	4,660,000
Pinery West Metropolitan District No. 2 ⁽⁴⁾	40,483,450	15,105,000	100.00	15,105,000
Pinery West Metropolitan District No. 3 ⁽⁴⁾	11,794,260	1,415,000	100.00	1,415,000
Promenade at Castle Rock Metro. District No. 1 ⁽¹²⁾	307,620	34,615,000	100.00	34,615,000
Rampart Range Metropolitan District No. 1 ⁽¹³⁾	1,900	184,382,868	100.00	184,382,868
Ravenna Metropolitan District	8,121,280	41,580,697	100.00	41,580,697
Reata North Metropolitan District ⁽⁴⁾	24,276,630	11,090,000	100.00	11,090,000
Reata South Metropolitan District ⁽⁴⁾	14,827,420	18,975,000	100.00	18,975,000
Regency Metropolitan District	5,968,290	3,455,000	100.00	3,455,000
Robinson Ranch Metropolitan District	1,162,850	680,000	100.00	680,000
Roxborough Village Metropolitan District	62,669,960	8,379,560	100.00	8,379,560
Roxborough Water and Sanitation District ⁽⁷⁾	173,142,715	22,648,061	78.98	17,887,439
Salisbury Heights Metropolitan District ⁽⁴⁾	1,716,670	2,854,000	100.00	2,854,000
Sedalia Water and Sanitation District ⁽⁷⁾	5,934,300	49,618	100.00	49,618
Sierra Ridge Metropolitan District No. 2 ⁽⁴⁾	10,794,770	30,000,000	100.00	30,000,000
Solitude Metropolitan District	3,230	4,770,000	100.00	4,770,000
South Meridian Metropolitan District	41,239,460	4,830,000	100.00	4,830,000
South Suburban Park and Recreation District	3,194,080,498	9,835,000	20.64	2,029,944
Southeast Public Improvement Metro. District ⁽⁴⁾	2,188,259,644	2,985,000	34.06	1,016,691
Stone Canon Ranch Metropolitan District	1,654,890	340,968	100.00	340,968
Stonegate Village Metropolitan District	82,342,260	23,260,000	100.00	23,260,000
Tallman Gulch Metropolitan District ⁽⁴⁾	737,710	4,214,000	100.00	4,214,000
Thunderbird Water and Sanitation District ⁽⁷⁾	6,960,330	411,863	100.00	411,863
Village on the Green Metro. District No. 1	2,748,130	1,400,000	100.00	1,400,000

Douglas County School District Re. 1
 Estimated Overlapping General Obligation Debt
 (Unaudited)

Estimated Overlapping General Obligation Debt
 (Continued)

Name of Overlapping Entity ⁽¹⁾	Valuation ⁽²⁾	G.O. Debt	Percent	Amount
Villages at Castle Rock Metropolitan Dist. No. 4 and Founders Village Metropolitan District ⁽¹⁴⁾	\$ 1,621,330	\$ 26,000,000	100.00%	\$ 26,000,000
Villages at Castle Rock Metropolitan District No. 6	19,661,100	44,217,667	100.00	44,217,667
Villages at Castle Rock Metropolitan District No. 7	23,615,400	1,405,000	100.00	1,405,000
West Metro Fire Protection District	3,228,193,294	26,045,000	3.60	937,620
Total Overlapping				<u>\$ 1,351,484,837</u>
Total Direct Debt and Overlapping Debt				<u>\$ 1,746,080,868</u>

- (1) The following entities also overlap the District, but have no outstanding general obligation debt: Airport Vista Metropolitan Districts Nos. 1 and 2; Anthology West Metropolitan Districts Nos. 3 to 6; City of Aurora; Belford South Metropolitan District; Bella Mesa Metropolitan District (f.k.a. Vistas at Rock Canyon Metropolitan District); BMR Metropolitan District (f.k.a. Bell Mountain Metropolitan District); Canyons Metropolitan Districts Nos. 1 to 4 and 7 to 11; Carousel Farms Metropolitan District; Castle Oaks Metropolitan District No. 2; City of Castle Pines; Castle Pines Commercial Metropolitan Districts Nos. 2 and 5; Castle Pines Metropolitan District; Castle Pines North Metropolitan District; Castle Pines Town Center Metropolitan Districts Nos. 1 to 3; Town of Castle Rock; Castle Rock Downtown Development Authority; Castle Rock Fire Protection District; Castleton Center Water and Sanitation District; Castlevue Metropolitan District; Cedar Hill Cemetery District; Centennial Water and Sanitation District; Chambers Highpoint Metropolitan Districts Nos. 1 and 2; Cherry Creek Basin Water Quality Authority; Cherry Creek South Metropolitan Districts Nos. 4 to 10; Cielo Metropolitan District; Clearwater Metropolitan District; Colorado Horse Park Metropolitan District; Cottonwood Commercial Area Urban Renewal Plan; Cottonwood Highlands Metropolitan Districts Nos. 1 and 2; Cottonwood Metropolitan District Crowfoot Valley Ranch Metropolitan Districts Nos. 1 and 2; Dawson Ridge Metropolitan Districts Nos. 1 to 5; Denver Southeast Suburban Water and Sanitation District; Dominion Water and Sanitation District; Douglas County; Douglas County Law Enforcement Authority; Douglas County Libraries; Douglas County Soil Conservation District; Douglas County Woodmoor Mountain General Improvement District; E-470 Potomac Metropolitan District; E-470 Public Highway Authority; Elbert County; Elbert County Library District; Foxhill Metropolitan Districts Nos. 1 and 2; Franktown Business Area Metropolitan District; Franktown Fire Protection District; Grandview Estates Rural Water Conservation District; Heritage Hills Metropolitan District; Hess Ranch Metropolitan Districts Nos. 1 to 8; Hidden Pointe Metropolitan District; High Prairie Farms Metropolitan District; High Prairie Polo Club Metropolitan District No. 1; Hillside at Castle Rock Metropolitan District; Jackson 105 Fire Protection District; Kings Point South Metropolitan Districts Nos. 1 and 2; Kiowa Soil Conservation District; Lanterns Metropolitan Districts Nos. 1 to 3; Town of Larkspur; City of Littleton; Littleton Fire Protection District; City of Lone Tree; Lone Tree Business Improvement District; McArthur Ranch Metropolitan Recreation District; Meridian Village Metropolitan Districts Nos. 3 and 4; Miller's Landing Business Improvement District; Mirabelle Metropolitan Districts Nos. 1 to 4; Mountain Communities Fire Protection District; North Fork Fire Protection District; North Pine Vistas Metropolitan District No. 1; Northern Douglas County Water and Sanitation District; Park Meadows Business Improvement District; Park Meadows Metropolitan District; Town of Parker; Parker Central Area Urban Renewal Plan; Parker Road Area Urban Renewal Plan; Perry Park Metropolitan District; Perry Park Water and Sanitation District; Perry Park Water and Sanitation District (Water Service Area); Pinery Commercial Metropolitan Districts Nos. 1 and 2; Promenade at Castle Rock Metropolitan District No. 2; Rampart Range Metropolitan Districts Nos. 3 to 6 and 8 to 9; Rattlesnake Fire Protection District; Reata Ridge Village Metropolitan Districts Nos. 1 and 2; Regional Transportation District; Remuda Ranch Metropolitan District; RockingHorse Metropolitan District No. 1; Sierra Ridge Metropolitan District No. 1; Silver Heights Water and Sanitation District; South Metro Fire Rescue District; South Santa Fe Metropolitan Districts Nos. 1 and 2; Southgate Sanitation District; Southgate Water District; Southwest Metropolitan Water and Sanitation District; Spring Valley Metropolitan District No. 4; Sterling Crossing Commercial Metropolitan District; Sterling Crossing Residential Metropolitan District; Sterling Ranch Colorado Metropolitan Districts Nos. 1 to 7; Stone Creek Metropolitan District; Timbers Metropolitan District; Two Bridges Metropolitan District (f.k.a. High Prairie Polo Club Metropolitan District No. 2); United Water and Sanitation District; Upper South Platte Water Conservancy District; Urban Drainage and Flood Control District; Urban Drainage and Flood Control District - South Platte Levy; Ute Pass Regional Health Service District; Villages at Castle Rock Metropolitan District No. 9; Villas Metropolitan District; West Douglas County Fire Protection District; Westcreek Lakes Water District; Westcreek Metropolitan Districts Nos. 1 and 2; Westfield Metropolitan Districts Nos. 1 and 2; and The Yard Metropolitan District.
- (2) The 2016 assessed valuation figures certified by the County Assessors are for the collection of ad valorem property taxes in 2017.
- (3) The percentage of each entity's outstanding debt attributable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.
- (4) The debt of this district consists of limited tax general obligation bonds secured by a required mill levy, specific ownership taxes, and other available moneys.
- (5) Castle Pines Commercial Metropolitan District No. 1 issued limited tax supported revenue bonds payable from the property taxes generated by the debt service levies of Castle Pines Commercial Metropolitan District Nos. 3 and 4. The 2016 assessed valuations of No. 3 and No. 4 are \$5,750,710 and \$6,517,700, respectively, and each levied 40.000 mills for debt service in 2016.

Douglas County School District Re. 1
 Estimated Overlapping General Obligation Debt
 (Unaudited)

Estimated Overlapping General Obligation Debt
 (Continued)

- (6) The outstanding debt of this entity is as of December 31, 2015.
- (7) The debt of this district consists of mill levy supported loans from Colorado Water Resources and Power Development Authority and/or the Colorado Water Conservation Board.
- (8) Pursuant to an agreement with Compark Business Campus Metropolitan District, E-470 Potomac Metropolitan District is required (through 2018) to levy a limited mill levy to pay debt service on a portion of the bonds. The 2016 assessed valuation of E-470 Potomac Metropolitan District is \$5,976,680 and it levied 39.824 mills for debt service in 2016.
- (9) Under a Capital Pledge Agreement, Horseshoe Ridge Metropolitan Districts Nos. 2 and 3 pledge certain tax revenues to pay Horseshoe Ridge Metropolitan District No. 1's property tax supported revenue bonds.
- (10) Seven contiguous districts formed as part of the Meadows project entered into a Regional Facilities Cost Sharing Agreement whereby each district is liable for a portion of the total general obligation debt incurred by the other districts.
- (11) Meridian Village Metropolitan District No. 1's debt is supported by pledged revenues partially consisting of ad valorem property taxes levied against all taxable property in Meridian Village Metropolitan District No. 2.
- (12) Pursuant to a Capital Pledge Agreement, Promenade at Castle Rock Metropolitan District No. 3 transfers property tax revenue to Promenade at Castle Rock Metropolitan District No. 1 for repayment of all the bonds. The 2016 assessed valuation of Castle Rock Metropolitan District No. 3 is \$9,138,350 and it levied 40.000 mills for debt service in 2016.
- (13) Pursuant to a Capital Pledge Agreement, Rampart Range Metropolitan Districts Nos. 2 and 7 transfer property tax revenue to Rampart Range Metropolitan District No. 1 for repayment of all the bonds. The 2016 assessed valuations of Nos. 2 and 7 are \$22,505,160 and \$163,774,950, respectively, and each levied 38.000 mills for debt service in 2016.
- (14) Pursuant to a Plan for Adjustment of Debts approved by the United States Bankruptcy Court, Villages at Castle Rock Metropolitan District No. 4 ("Villages No. 4") issued Revenue Refunding Bonds, Series 1991 in the amount of \$29,970,000. Pursuant to an agreement with Villages No. 4, Founders Village Metropolitan District is obligated to levy a limited mill levy to pay debt service on the bonds. The bonds mature in 2031, and any outstanding current interest, accrued but unpaid interest, and principal amounts due as of such date will be discharged. The 2016 assessed valuation of Founders Village Metropolitan District is \$44,229,140 and it levied 79.146 mills for debt service in 2016.

Sources: Assessors' Offices of Arapahoe, Douglas, Elbert, and Jefferson Counties; Assessor's Office of the City and County of Denver; and individual taxing entities.



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Douglas County School District Re. 1
 Legal Debt Margin
 For The Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Debt limit ⁽¹⁾	\$ 1,139,199,846	\$ 1,118,599,418	\$ 956,062,612	\$ 937,891,906	\$ 910,281,016
Total debt applicable to limit	394,596,031	441,381,527	505,233,996	559,590,935	591,790,835
Legal debt margin ⁽²⁾	744,603,815	677,217,891	450,828,616	378,300,971	318,490,181
Total debt applicable to the limit as a percentage of debt limit	34.64%	39.46%	52.85%	59.66%	65.01%

(1) Debt limits calculated by determining the total assessed value as reported in Table 9 on page 156 and multiplying by 20 percent.

(2) Legal debt margin is calculated by subtracting the "total debt applicable to limit from the debt limit".

Table 12

	2012	2011	2010	2009	2008
\$	900,947,152	\$ 983,368,914	\$ 975,907,790	\$ 935,637,528	\$ 902,704,112
	619,332,078	570,761,501	608,941,240	625,844,744	654,789,744
	281,615,074	412,607,413	366,966,550	309,792,784	247,914,368
	68.74%	58.04%	62.40%	66.89%	72.54%

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

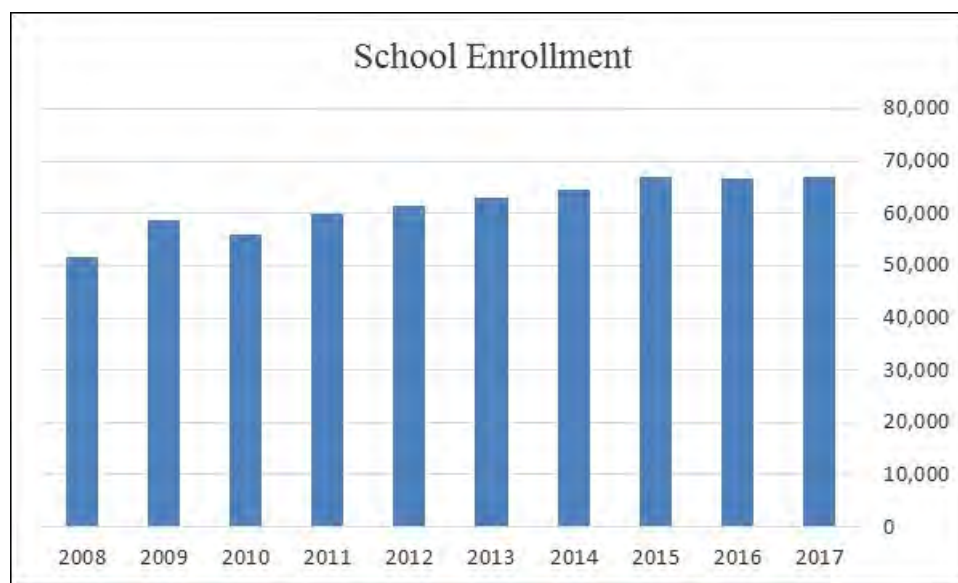
Year	Estimated Population	Per Capita Personal Income	Personal Income Total	Average Household Size	Median Age	School Enrollment ⁽²⁾	Unemployment Rate
2017	336,000	\$ 67,385	\$ 22,641,353	2.76	37.6	66,896	2.8%
2016	328,990	65,999	21,713,011	2.84	37.2	66,702	2.6%
2015	308,000	64,613	19,900,804	2.82	36.9	67,000	4.5%
2014	302,464	61,369	18,561,913	2.80	37.5	64,600	5.6%
2013	295,689	73,516	21,737,873	2.95	37.4	63,114	5.9%
2012	291,083	71,463	20,801,664	2.79	36.6	61,465	6.1%
2011	288,430	60,723	17,514,402	2.86	36.6	59,932	6.7%
2010	290,059	59,358	17,108,472	2.90	34.3	56,031	6.6%
2009	286,780	60,361	16,969,723	2.88	35.7	58,723	5.1%
2008	281,418	54,261	14,706,467	2.85	33.5	51,689	3.2%

- (1) 2016 Douglas County CAFR
<http://www.douglas.co.us/documents/2016-cafr.pdf>
- (2) School enrollment as of October 1 of the referenced calendar year

Figures included in this schedule represent the most recent data available.

Data is estimated and is subject to change based on updated information.

2016 and prior numbers have not been updated to match the County's updated data in their most recent Annual Financial Report.



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

	2017			2008		
	Employees		% of Total County Employment	Employees		% of Total County Employment
Douglas County Schools	6,165	1	3.56%	6,557	1	4.23%
Charles Schwab	3,200	2	1.85%			
EchoStar Communications	2,320	3	1.34%	1,900	2	1.22%
CH2M Hill	1,610	4	0.93%	1,720	3	1.11%
Western Union	1,600	5	0.92%	1,080	6	0.70%
Centura Health	1,560	6	0.90%			
Healthone:Sky Ridge Medical	1,400	7	0.81%	930	8	0.60%
Douglas County Government	1,186	8	0.68%	1,042	7	0.67%
The Trizetto Group	1,000	9	0.58%			
Information Handling Services	950	10	0.55%			
Avaya				1,500	4	0.97%
Time Warner Telecom				1,100	5	0.71%
Nextel				930	9	0.60%
Liberty Media				800	10	0.52%
Total for Principal Employers	<u>20,991</u>		<u>12.12%</u>	<u>17,559</u>		<u>11.33%</u>
Total Average Employment in Douglas County	173,141			155,171		

2016 Douglas County CAFR
<http://www.douglas.co.us/documents/2016-cafr.pdf>

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

	2017	2016	2015 ⁽¹⁾
Instructional Services:			
Administrators Direct Educational Support	12	12	11
Principals and Assistant Principals	153	153	148
Admin. Intern, BRT, RTI Staff	9	85	91
Instructional Support Professionals ⁽²⁾ *	36	32	32
Classroom Teachers, Regular and Special Services	2,926	2,909	2,860
Educational Assistants- Regular and Special Services *	807	778	799
Preschool and Child Care	283	230	207
Food Services*	239	227	225
Guidance Counselors	78	75	75
Student Support Professionals : ⁽²⁾	323	300	299
Speech Pathologist, Orthopedic and Physical Therapists			
Psychologists, Social Workers, Occupational Therapists			
Certified Librarians	21	22	23
Media Specialists*	58	55	58
Nurses	29	29	29
Health Assistants*	33	32	33
Athletic Trainers	7	9	9
Computer Resource Tech Support*	25	29	30
Operational Support Services:			
Administrators	36	36	36
Technical Professionals	31	25	29
Business Services, Human Resources and Operational Professionals ⁽²⁾	66	59	61
Security Services; including Crossing Guards*	76	65	71
Operations & Maintenance	247	252	250
Pupil Transportation and Bus Drivers*	326	318	321
School Clerical, Business Office, Payroll and Benefits*	421	432	416
	6,242	6,165	6,111

* Definition of FTE changed beginning in FY 2016.

FTE defined for these groups to be calculated against an eight hour day /number of days worked.

(1) FTE prior to FY 2016 was defined as number of hours worked per day divided by 8 or 7.5 for licensed staff regardless of the number of months an employee works.

For example, 8 hours a day equals to one FTE, 4 hours a day equal 0.5 FTE.

Prior years have been updated to reflect this definition.

(2) Job class was changed in FY 2015 for Coordinators from licensed to professional.

Table 15

2014	2013	2012	2011	2010	2009	2008
15	10	10	15	16	16	13
143	134	127	131	158	160	163
79	64	59	91	72	79	63
19	6	3	6	7	12	11
2,869	2,725	2,668	2,752	2,900	2,973	2,968
557	546	503	509	579	539	583
220	257	250	224	241	262	252
158	128	128	134	168	162	147
66	62	62	65	66	66	76
223	191	187	144	176	192	88
14	14	25	13	13	15	15
35	36	34	22	39	42.64	41.72
25	28	21	19	21	22	21
19	20	25	28	1	22	21
8	9	9	9	9	8	8
34	30	36	51	24	46	36
32	33	34	32	34	43	44
34	30	16	24	26	29	28
43	43	49	34	30	26	26
47	35	35	31	27	32	44
252	255	260	277	298	305	319
220	224	201	209	239	258	249
358	345	352	371	428	438	380
5,470	5,226	5,094	5,194	5,571	5,746	5,596

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

	2017	2016	2015	2014
School Enrollment ¹	67,470	66,896	66,702	66,230
Funded Pupil Count ¹	64,223	63,159	63,037	59,462
Average Student Teacher Ratio ²	20.3	20.8	22.4	21.5
Expenses - Total Governmental Funds ³	\$ 953,280,576	\$ 661,395,278	\$ 631,382,747	\$ 568,697,399
Cost per FPC	\$ 14,843	\$ 10,472	\$ 10,016	\$ 9,137
Bus Miles Traveled ⁴	3,868,148	3,987,257	3,727,278	4,025,069
Preventive Maintenance Work Orders	15,326	17,119	19,136	19,287
Building Square Footage	6,714,527	6,680,458	6,678,758	6,661,633
Free & Reduced Student Count ⁵	7,871	8,035	7,326	8,023
% of Free & Reduced to Total School Enrollment	11.7%	12.0%	11.0%	12.5%
Average Teacher Salary ⁶	\$ 56,712	\$ 54,731	\$ 54,162	\$ 53,983

(1) Colorado Department of Education: District Summary of Pupil Counts as of October of the referenced fiscal year.

(2) Colorado Department of Education Website- Pupil FTE Ratio by School for the referenced fiscal year.

(3) Table 2 -DCSD CAFR Stat Section.

(4) Per CDE 40 Transportation reimbursement form.

(5) From Colorado Department of Education Website: Free and reduced lunch eligibility.

(6) Average teacher salary reported here is for teachers working within the District's neighborhood schools, does not include teachers working at District charter schools.

Table 16

2013	2012	2011	2010	2009	2008
64,657	63,114	61,465	59,932	57,723	52,393
61,199	59,606	57,566	56,181	54,921	49,695
21.0	26.7	24.2	22.1	20.6	19.3
\$ 532,188,572	\$ 498,879,866	\$ 479,972,468	\$ 519,090,563	\$ 509,560,303	\$ 515,433,484
\$ 8,696	\$ 8,370	\$ 8,338	\$ 9,240	\$ 9,278	\$ 10,372
3,807,811	3,600,911	3,381,542	3,295,241	4,212,904	4,196,613
20,438	16,861	22,428	17,777	15,539	13,865
6,661,633	6,660,845	6,617,016	6,282,231	6,137,617	5,596,976
7,321	6,867	6,502	4,887	4,416	2,377
11.3%	10.9%	10.6%	8.2%	7.7%	4.5%
\$ 53,582	\$ 54,141	\$ 54,691	\$ 54,302	\$ 54,868	\$ 51,547

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Schools										
Elementary Schools	47	47	47	47	47	47	47	46	46	44
Middle Schools	9	9	9	9	9	9	9	9	9	7
High Schools	9	9	9	9	9	9	9	9	9	9
Charter Schools	17	16	15	13	13	11	9	8	8	7
Magnet Schools	2	2	2	2	2	2	2	2	2	2
Alternative High Schools	1	1	1	1	1	1	1	1	1	1
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
Other Facilities										
Administration	3	3	3	3	3	3	3	3	2	2
Bus Terminals	3	3	3	3	3	3	3	3	3	3
Operations & Maintenance	3	3	3	3	3	3	3	3	3	3
Warehouse	2	2	2	2	2	2	2	2	1	1
Stadiums	3	3	3	3	3	3	3	3	2	2

COMPLIANCE SECTION

**Report on Internal Control Over Financial Reporting
and On Compliance and Other Matters Based On
an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Independent Auditor's Report

To the Board of Education
Douglas County School District RE.1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Douglas County School District RE.1 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2017. Our report includes a reference to other auditors who audited the financial statements of the District's Charter Schools (the aggregated discretely presented component units), as described in our report on the District's financial statements. The financial statements of the District's Charter Schools were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the District's Charter Schools.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RSM US LLP

Denver, Colorado
December 20, 2017



RSM US LLP

**Report on Compliance for Each Major Federal
Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Education
Douglas County School District RE.1

Report on Compliance for the Major Federal Program

We have audited Douglas County School District RE.1's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The District's financial statements include the operations of their Charter Schools, which are presented as the aggregate discretely presented component units. Any federal awards received by the Charter Schools are not included in the District's schedule of federal awards for the year ended June 30, 2017. Our audit, described below, did not include the operations of the Charter Schools because they were audited by other auditors.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

RSM US LLP

Denver, Colorado
December 20, 2017

Douglas County School District RE.1

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through State Department of Education:			
Title I, Part A	84.010	4010--5051	\$ 1,452,754
Title I, Part A (Prevention Integration)	84.010	5010-5300	130,145
Title I, Part A	84.010	5010 (9202--5051)	150,882
Title I, Part A	84.010	5010 (9210--5051)	19,694
Title I, Part A	84.010	5010 (9211--5051)	27,699
Title I, Part A	84.010	5010 (9206-5051)	324,928
Title I, Part A (Reading Ignite)	84.010	5010 (9212-5051)	10,720
Total CFDA No. 84.010			2,116,822
Special Education Cluster:			
IDEA Part B: Special Education (IDEA, Part B)	84.027	4027--5041	8,388,598
Indicator 14	84.027	5027-5069	4,275
Total CFDA No. 84.027			8,392,873
Special Education Preschool Grants	84.173	4173--5049	103,077
Total Special Education Cluster			8,495,950
Title V, Part B: Charter Schools Program	84.282	5282	785,997
AP Placement Exams	84.330	5330	2,254
Title III, Part A: English Language Acquisition Grants	84.365	4365--5024	224,300
Title II, Part A: Improving Teacher Quality	84.367	4367--5056	486,955
School Readiness RTTT	84.412	5412	200
DCECC Race to the Top	84.412	2412	141,073
Total CFDA No. 84.412			141,273
Colorado Multi-Tiered System of Supports MTSS	84.323a	5323	5,000
Passed Through State Board for Community College and Occupational Education, Career & Technical Education Grant	84.048	4048--5060	183,795
Total Department of Education			12,442,346
U.S. Department of Health and Human Services			
Childcare Development & Block Grant (direct)	93.575	7575	78,376
Passed Through State Department of Education, Childcare Development & Block Grant (EQIT)	93.575	7575-1000	14,243
Total Department of Health and Human Services			92,619
U.S. Department of Agriculture			
Child Nutrition Cluster:			
Passed Through State Department of Education:			
School Breakfast Program	10.553	4553	199,982
Special Milk Program for Children	10.556	4556	26,292
Summer Food Program for Children	10.559	4559	60,371
National School Lunch Program	10.555	4555	789,601
National School Lunch Program (Non-cash), passed through State Department of Human Services	10.555	4555	2,062,645
Total Child Nutrition Cluster			2,852,246
Total Expenditures of Federal Awards			\$ 15,673,856

See notes to schedule of expenditures of federal awards.

Douglas County School District RE.1

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

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 (the District) for the year ended June 30, 2017. 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 Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a select portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Note 2. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Expenditures of federal awards are recognized in the accounting period when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where in certain types of expenditures are not allowable or are limited as to reimbursement.

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 \$789,601 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 and are valued at current market price.

Note 4. Subrecipients

For the year ended June 30, 2017, the District did not pass through any federal grants to subrecipients.

Note 5. Indirect Cost Rate

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Douglas County School District RE.1

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017**

Number	Comment	Status	Corrective Action Plan or Other Explanation
2016-001	Instance of noncompliance with PDPA requirements (2016-001).	Corrected	None

Douglas County School District RE.1

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- . Material weakness(es) identified? Yes No
- . Significant deficiency(ies) identified? Yes None Reported
- . 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 None Reported

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

- . Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster
84.010	Title I Grant to Local Educational Agencies
84.367	Title II, Part A: Teacher Quality

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

Douglas County School District RE.1

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2017**

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

A. Internal Control

None reported

B. Compliance Findings

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Control in Administering Federal Awards

None reported

B. Compliance Findings

None reported



RSM US LLP

**Report of Electronic
Financial Data Integrity Check Figures
Independent Auditor's Report**

To the Board of Education
Douglas County School District RE.1

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and aggregate remaining fund information of Douglas County School District RE.1 (the District) as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2017. Our report includes a reference to other auditors who audited the District's Charter Schools (the aggregate discretely presented component units). 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.

The schedule of electronic data integrity check figures 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures described above and the reports of the other auditors, the schedule of electronic data integrity check figures is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Denver, Colorado
December 20, 2017



Colorado Department of Education
Auditors Integrity Report
 District 0900—DOUGLAS COUNTY RE 1
 Fiscal Year 2017
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	99,733,307	423,808,594	435,765,014	87,776,887
18 Risk Mgmt Sub-Fund of General Fund	1,870,194	3,862,288	4,174,142	1,558,340
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	101,603,501	427,670,882	439,939,156	89,335,227
11 Charter School Fund	24,781,020	121,533,729	119,458,143	26,856,605
20,26-29 Special Revenue Fund	6,142,459	33,725,905	32,845,963	7,022,401
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	1,574,458	14,179,360	13,575,724	2,178,093
22 Govt Designated-Purpose Grants Fund	185,117	13,206,833	13,206,833	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	1,768,203	22,329,363	23,462,643	634,922
31 Bond Redemption Fund	59,084,590	54,989,942	54,657,818	59,416,714
39 Certificate of Participation (COP) Debt Service Fund	22,917	4,582,441	4,445,405	159,953
41 Building Fund	5,727,696	37,968	4,223,742	1,541,921
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	200,889,959	692,256,422	705,815,428	187,330,954
Proprietary				
50 Other Enterprise Funds	-10,747,284	3,413,466	5,229,217	-12,563,035
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	5,085,373	10,609,572	9,397,425	6,297,521
Totals	-5,661,910	14,023,038	14,626,641	-6,265,514
Fiduciary				
70 Other Trust and Agency Funds	34,312	60,000	62,000	32,312
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	1,390,116	1,759,370	2,070,844	1,078,642
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	1,424,429	1,819,370	2,132,844	1,110,955

FINAL

12/21/17

