

Douglas County School District Re 1

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018



**Douglas County
School District Re 1**
620 Wilcox Street,
Castle Rock, CO 80104
www.dcsdk12.org

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Year Ended June 30, 2018



Thomas S. Tucker, Ph.D
SUPERINTENDENT

Prepared by:
Office of Business Services

Scott S. Smith
Chief Financial Officer

Jana L. Schleusner
Director of Finance



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DOUGLAS COUNTY SCHOOL DISTRICT RE.1
Comprehensive Annual Financial Report
June 30, 2018

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INTRODUCTORY SECTION

DOUGLAS COUNTY SCHOOL DISTRICT RE.1
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Board of Education



From left to right: Kevin Leung, Anthony Graziano, Wendy Vogel, David Ray, Krista Holtzmann, Anne-Marie Lemieux, and Christina Ciano-Schor

Name	Position/District	Term Expires
David Ray	President – District F	2019
Wendy Vogel	Vice President – District A	2019
Anthony Graziano	Director – District B	2021
Anne-Marie Lemieux	Treasurer – District C	2019
Christina Ciano-Schor	Director – District D	2021
Kevin Leung	Director – District E	2021
Krista Holtzmann	Secretary – District G	2021

DOUGLAS COUNTY SCHOOL DISTRICT RE.1
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Leadership Team

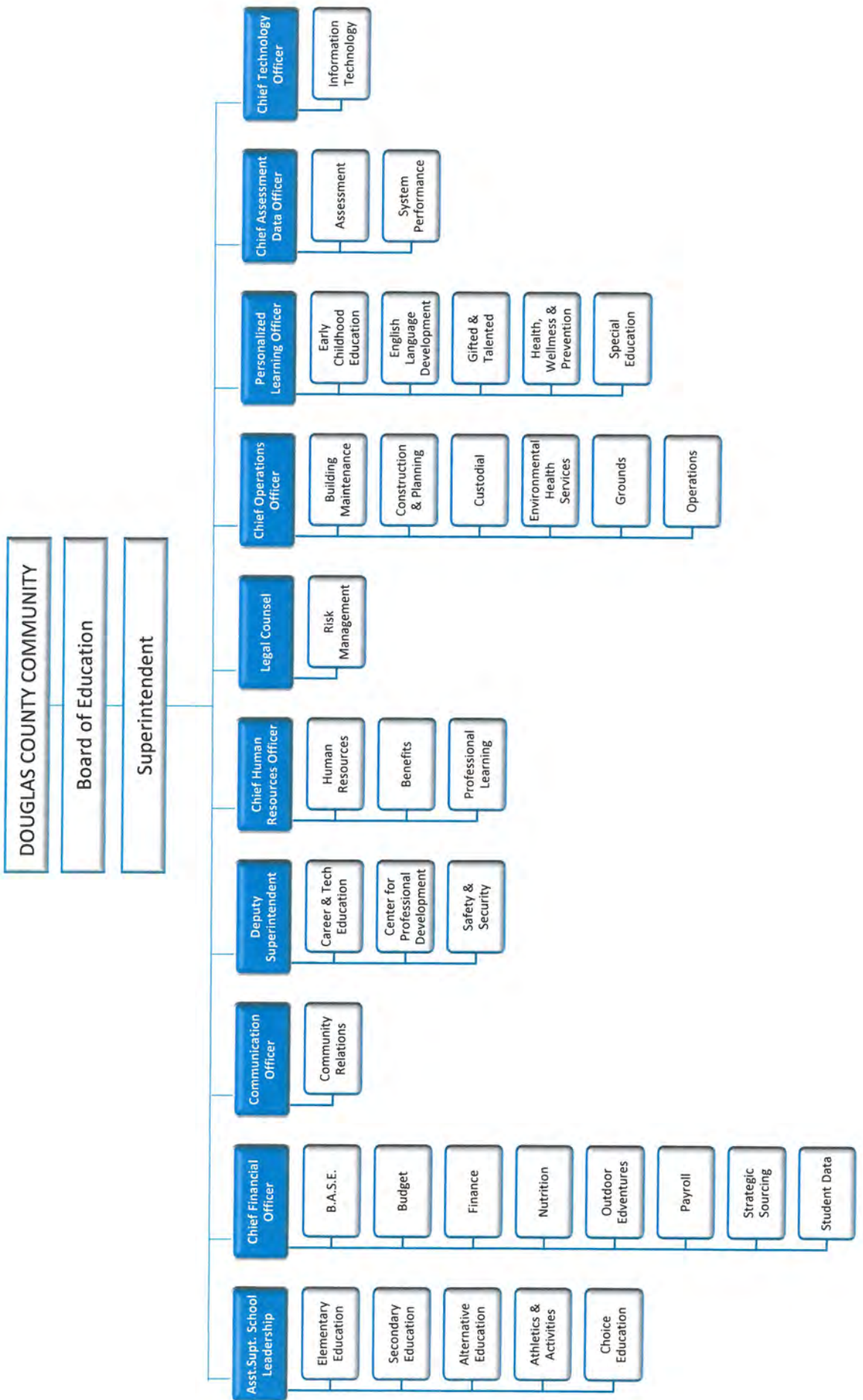
Thomas S. Tucker, Ph.D.
Superintendent



Superintendent Cabinet

Richard Cosgrove
Marlena Gross-Taylor
Nancy Ingalls
Mary Klimesh
Ted Knight
Stacy Rader
Matt Reynolds
Gautam Sethi
Scott Smith
Amanda Thompson

Chief Operating Officer
Chief Academic Officer
Personalized Learning Officer
General Counsel
Assistant Superintendent of School Leadership
Communications Officer
Chief Assessment and Data Officer
Chief Technology Officer
Chief Financial Officer
Chief Human Resources Officer



DOUGLAS COUNTY SCHOOL DISTRICT RE.1
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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.





Thomas S. Tucker, Ph.D.
Superintendent

December 21, 2018

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, 2018. 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. The District changed auditors to CliftonLarsonAllen LLP for the year ended June 30, 2018 audit. CliftonLarsonAllen LLP Certified Public Accountants have issued an unmodified (clean) opinion on the District's financial statements for the year ended June 30, 2018. 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, 2018, 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 346,000 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 67,597 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 2,200 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.

The District includes as discretely presented component units nineteen (19) charter schools; Academy Charter, American Academy with three sites - one in Castle Pines and two located in the Town of Parker, Apex Community School, Ascent Classical Academy, Aspen View Academy, Ben Franklin Academy, Challenge to Excellence, DCS Montessori, Global Village Academy, HOPE Online Learning Academy, Leman Classical 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. Renaissance Secondary began instructional operations in fall of 2017 thus this Comprehensive Annual Financial Report includes their first full year of financial results presented in the "Component Units" section of this document starting on page 135. Ascent Classical Academy and Leman Classical Academy began instructional operations in August of 2018. Apex Community School is currently scheduled to open in fall of 2019. Apex, Ascent and Leman have provided zero year unaudited 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.

Budget Process and Budgetary Controls

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, 2018, Mrs. Erin Kane, Interim Superintendent, completed twenty two (22) 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.

Dr. Thomas S. Tucker, Ph.D. was named Superintendent of the Douglas County School District effective July 1, 2018, following a nationwide search. Dr. Tucker served 29 years in the Kansas and Ohio public school systems. During that time, he held the positions of classroom teacher, assistant principal, principal, director of secondary curriculum, and superintendent.

Demographic Trends: The population in Douglas County continues to grow. It has increased to 346,000 residents as of January 2018 representing an increase of about 2.9 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, 2017 continues to be very low at 1.9 percent while the national rate is 4.5 percent. The number of jobs located in Douglas County grew about 3.5 percent bringing the average annual total to about 116,000 jobs.

Douglas County School District enrollment is beginning to slow and stagnate, yet remains the third largest school district in the State of Colorado. Student growth remains an important factor in 2018-2019 and for the District's long-term future. The membership for 2018-2019 is estimated at 68,880 which includes 64,592 PreK-12 Full Time Equivalent (FTE) (charter schools also included in FTE count) students. The Funded Pupil Count (FPC) for 2018-2019 is projected at 64,977 which includes the FTE count of 64,592, plus pupils from the Full Day Kindergarten factor and Colorado Preschool Program (CPP) pupils.

Though the District is in a relatively low growth point in its history, Douglas County School District is expected to grow substantially 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.

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 2017-2018, 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.

Using the data provided by LRPC in conjunction with funding strategies recommended by the District Fiscal Oversight Committee (FOC), the District staff presented Bond and Mill Levy Override recommendations to the Board in August 2018.

The Douglas County School District Board of Education authorized bond and mill levy override (MLO) questions for the 2018 ballot. At the August 21 meeting, the BOE unanimously voted 6-0 (Director Wendy Vogel was absent) to place before voters a \$250 million no new taxes bond and a \$40 million mill levy override.

A mill levy override allows a school district to request more property tax revenue for day-to-day operational expenses than is provided by the Colorado Public School Finance Act. Unlike neighboring school districts, DCSD has not passed a mill levy override in 12 years. The \$40 million in mill levy funds would address teacher/staff pay and school level funding, as well as provide counselors at elementary schools, and reduce counselor to student ratios at middle and high schools. Charter schools share in DCSD's MLO on a 100 percent equal, per student basis.

The BOE also authorized a \$250 million no new tax bond for the 2018 ballot. The bond question would address capital needs in DCSD including building systems and components (such as HVAC), security at all schools, information technology, and transportation. If passed by voters, the bond would also fix all Tier 1 needs identified in the DCSD Master Capital Plan and increase programmatic offerings including career and technical education. In November, 2018, the voters of Douglas County approved both the mill levy override and bond ballot questions.

State Education Fund Revenue Forecast: The June 2018 Office of Strategic Planning and Budget (OSPB) Revenue Forecast reported the economic outlook in Colorado is still positive. Revenue to the State Education Fund will increase 13 percent and 5.2 percent in fiscal year 2017-2018 and fiscal year 2018-2019, respectively.

The Colorado Constitution requires that one-third of one percent of taxable income from Colorado taxpayers be credited to the State Education Fund. In addition to this revenue, policies enacted over the past several years have transferred other General Fund money to the State Education Fund.

The future of the state's PreK-12 funding remains uncertain. In November 2018, voters defeated Colorado Amendment 73 which would have increased income taxes by \$1.6 billion annually to increase funding for preschool through high school public education. Without voter approval of new school finance funds, the future of education funding will be predicated on strong economic growth within the state sufficient to cover inflation and student growth. While strong economic growth can benefit K12, the state budget will need to address the growing pressure of Medicaid, social programs and transportation, among others.

Significant Financial Policy Changes

1. PERA Liability Change in Assumptions Impacting the Net Pension Liability for the School Division Trust Fund (SCHDTF):

Senate Bill 18-200

SB18-200, signed into law June 4, 2018, significantly reformed Colorado Public Employees' Retirement Association (PERA) contributions and benefits in order to restore PERA to full funding within 30 years. The most significant changes are as follows:

- Employer contribution increase of 0.25 percent to 20.40 percent effective July 1, 2019
- Employee contribution increase of 2.00 percent total to 10.00 percent, phased in over a three-year period (0.75 percent increase beginning July 1, 2019; 0.75 percent increase beginning July 1, 2020; 0.50 percent increase beginning July 1, 2021)
- Defined contribution plan offered to State and Local PERA Divisions only (not offered to School Division)
- Retirement age raised to 64 and 30 years service for new members only for full service retirement on new members after January 1, 2020
- Annual line item in State budget of \$225 million to directly fund PERA for 30 years
- Highest average salary calculation increased from 3 to 5 years for non-vested members
- Cost of Living Adjustment (COLA) maximum of 1.50 percent

2. PERA Health Care Trust Fund:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, issued in June 2015, became effective for the District beginning with its fiscal year ending June 30, 2018. This statement required the District to record the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA).

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

The guiding premise in developing the 2017-2018 budget was 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 \$7 million of ongoing savings.

4. Carryover Policy Revisions Regarding School and Department Carryover:

Because of the zero-based budgeting process, 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 awarding 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.

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 2019.

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, 2017. 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.

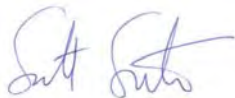
A Certificate of Achievement is valid for a period of one year only. The District has received a GFOA Certificate of Achievement for the last thirty consecutive years (fiscal years ended 1987-2017). For the fifth year in a row, the District submitted for the ASBO International award and was successful. 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. We would like to thank all those who played a part in the preparation of this report. Additionally, we 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,



Thomas S. Tucker, Ph.D.
Superintendent



Scott S. Smith
Chief Financial Officer



Jana L. Schleusner
Director, Finance



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, 2017

Christopher P. Morill

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, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Education
Douglas County School District, No. Re.1
Douglas County, Colorado

Report on the Financial Statements

We have audited the accompanying 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, No. Re.1 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the District's Charter Schools, discretely presented component units, which represents 97.5 percent and 99.9 percent, respectively, of the assets and deferred outflows of resources and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the District's Charter Schools, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the District's Charter Schools, aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*, with the exception HOPE Online Learning Academy Co-op, which was audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, 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, 2018, 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.

Emphasis of Matters

Adoption of New Accounting Standard

As described in Note 12 to the financial statements, the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As a result of the implementation of GASB Statement No. 75, the District reported a restatement for the change in accounting principle. Our opinions were not modified with respect to the restatement.

Additionally, as described in Note 12 to the financial statements, the District corrected an error made in the prior year. As a result the District reported a restatement of net position for governmental activities and fund balance for the non-major governmental funds. Our opinions were not modified with respect to the restatement.

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 25-38, the combined general fund budgetary comparison schedule on page 89, the schedule of the District's proportionate share of the net pension liability on page 93, the schedule of the District's proportionate share of the net OPEB liability on page 96, the schedule of pension contributions and related ratios on page 90, and the schedule of OPEB contributions and related ratios on page 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended June 30, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the combining component unit financial statements, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the combining component unit financial statements, the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures 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 for the year ended June 30, 2018 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the combining component unit financial statements, the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The District's basic financial statements for the year ended June 30, 2017 (not presented herein), were audited by other auditors whose report thereon dated December 20, 2017 expressed unmodified opinions on the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The report of the other auditors dated December 20, 2017, stated that the combining and individual nonmajor fund financial statements and schedules, the combining component unit financial statements, the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures and the schedule of expenditures of federal awards for the year ended June 30, 2017 were subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

The introductory section and statistical section 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 11, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's 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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 11, 2018

Douglas County School District RE. 1
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2018

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, 2018. We encourage readers to consider this narrative in conjunction with additional information furnished in the Letter of Transmittal located on pages 12-18 and the balance of information within this Comprehensive Annual Financial Report (the Report).

Financial Highlights

- The District reports a decrease in "Net Position" of \$371,571,712 over fiscal year 2017 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 No. 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 \$20 million.
- ◊ The District continues to be conservative in estimating tax-generated revenues. During fiscal year 2018, due to continuing economic improvement, the District saw an increase in specific ownership tax revenues of over \$1.2 million from projection. In addition, though State statute allows the District to levy for property tax abatements, these revenues are not budgeted. The \$1.2 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, 2018, the Short Term Disability Insurance (STDI) fund reported a gain of over \$259 thousand and the Medical Fund a gain of over \$3.2 million. For the fourth 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). However, claims within both STDI and Medical Funds continue to come in much lower than historical and actuarial estimates would expect. Since the success of these funds is directly related to the good health of the District employees, the District is looking into several options to potentially distribute some funds to employees for the success of these programs therefore reducing the net position in future years.
- ◊ District policy of allowing schools to carryover discretionary budget dollars into the next fiscal year continues. Schools have savings of over \$18.1 million in the General Fund and \$20,065 to include Full Day Kindergarten reserves. This policy has empowered schools to scrutinize their expenditures without fear of losing unspent dollars. This practice promotes good stewardship of taxpayer dollars.
- ◊ The guiding premise in developing the 2017-2018 budget was that students, and therefore schools, are the focus of everything the District does. Using this premise, the District leadership team instituted 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. This extensive process along with the central administration reorganization in January 2017 resulted in significant savings to the central supporting services. This savings is evident on page 105 of these statements showing almost \$7 million in savings over the prior year in this category.
- ◊ Beginning in fiscal year 2018, the District is required to record their proportionate share of PERA's Health Care Trust Fund (HCTF), otherwise known as Postemployment Benefits Other Than Pensions (OPEB). Similar to the pension NPL, the District has no control over the investment policies and activities associated with this Trust. The implementation of GASB Statement No. 75, Net OPEB Liability, resulted in a required restatement of prior year Net Position of over \$46 million and a current year expense of over \$722 thousand.
- The government-wide governmental activities liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of fiscal year 2018 by \$1,174,526,547 (net deficit) due to the posting of the "Net Pension Liability" (NPL) of \$2,124,245,847 required pursuant to GASB Statement No. 68. The District portion of the PERA NPL increased over fiscal year 2017 by \$181,366,596. Though the dollar amount for DCSD representing its portion of the NPL increased substantially, the proportionate PERA percentage increased a very small percentage from 6.53 percent to 6.56 percent, an increase of approximately 0.03 percent. However, the overall PERA NPL continues its upward trend.
- ◊ 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, 2018 marks the fourth 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 70.

Financial Highlights (Continued)

- ◇ The NPL increase for the District is due to changes in assumptions adopted by the PERA Board in November of 2016. The PERA board 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 over \$13 billion. This increased NPL trend is expected to continue until Senate Bill 18-200 begins to restore funding to PERA. These changes begin to take effect in July 2019.
- ◇ 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 76. A one percent increase or decrease in the discount rate impacts the District's proportionate share by about \$455 to \$560 million.
- ◇ The government-wide governmental activities liabilities *exclusive* of the Net Pension Liability (NPL) and OPEB Liability total \$394,091,800 for the period ended June 30, 2018, a decrease from the prior year of \$46,546,837. This decrease is due primarily to the continued pay-off of General Obligation (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.
- ◇ At the close of the fiscal year, the governmental funds of the District reported a combined ending fund balance of \$150,183,177. This ending fund balance represents an overall decrease of \$9,613,137 from the prior year primarily due to the drawdown of fund balance in the Building Fund and the Combined General Fund. All of the proceeds received from prior year issuance of Certificate of Participation was spent in total during 2018 leaving the Building Fund with no ending fund balance. The District continues its intentional spend of fund balance in the Combined General Fund as the District strives to achieve competitive pay in comparison to neighboring districts without additional resources. In an effort to alleviate some of those pressures, the District cut over \$7 million in Central Supporting Services during 2018.

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.

Overview of the Financial Statements (Continued)

Government-wide Financial Statements (Continued)

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 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 nineteen (19) 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 136-145. All charter school audits are performed independent of each other and the District. 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 41-43 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. 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 89, a budgetary comparison statement is provided for the Combined General Fund to demonstrate compliance with the annually appropriated budget

Proprietary Funds

The District maintains only one type of proprietary fund, Internal Service Fund. Internal Service Funds are used to accumulate

Overview of the Financial Statements (Continued)

Proprietary Funds (Continued)

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 activities and are included in the government-wide financial statements within governmental activities. They are not included in the governmental funds on pages 44 and 46 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 126-130.

Another fund, the Risk Insurance Fund, which provides services associated with property, liability and self-insured worker's compensation, is included in the Combined General Fund for fiscal year 2017. Because the Risk Insurance Fund is funded 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 and all activity is 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 53-86.

Net Position

The following table provides a summary of the Governmental net position as of June 30, 2018. Comparative data for June 30, 2017 is also presented. This financial statement reports that liabilities plus deferred inflows of resources exceeded assets plus deferred outflow of resources by \$1,174,526,547. This negative net position is solely due to the adoption of GASB Statement No. 68. Note that in comparison to the fiscal year 2017 data, the District net position decreased by \$371,571,712. This decrease, however, was due to the continued impact of the change in assumptions adopted by the PERA Board in November of 2016. As mentioned earlier, the NPL as of June 30, 2018 increased over June 30, 2017 by \$181,366,596, continuing its upward trend. The District expects the new legislation related to PERA funding passed during 2018 will slow the NPL growth that has occurred over the past three years. 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 \$20 million from June 30, 2017. 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	
	2017-2018	Restated* 2016-2017
Current and other assets	\$ 197,488,281	\$ 206,159,143
Capital assets	656,424,387	672,082,801
Total assets	853,912,668	878,241,944
Deferred outflows of resources	632,067,556	771,871,433
Current liabilities	80,433,669	85,454,786
Long-term liabilities outstanding	2,486,409,198	2,298,717,032
Total liabilities	2,566,842,867	2,384,171,818
Deferred inflows of resources	93,663,904	22,339,514
Net position:		
Net investment in capital assets	320,514,061	300,050,580
Restricted for:		
TABOR Emergency	15,038,500	15,995,000
Debt Service	59,288,363	59,416,714
Nutrition Services	1,593,922	2,030,386
Other Grants & Programs	2,353,308	8,385,325
Unrestricted	(1,573,314,701)	(1,142,275,960)
Total net position	\$ (1,174,526,547)	\$ (756,397,955)

*This restated balance represents the Nutrition Services omissions only. It has not been restated to include the impact of the OPEB liability pursuant to GASB Statement No. 75. The value of the OPEB liability for the year ended June 30, 2017 was \$46,556,880 resulting in a restated beginning net position of \$(802,954,835). Please refer to Note 12 within the Notes to Financial Statements on page 85.

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 non-major governmental funds, mostly in the Child Care Fund. This cash balance is used for normal operations of the program. Note that the cash balance in the Bond Redemption Fund is available to make the December 1, 2018 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, 2018, the Certificate of Participation (COP) Building Fund, reported a zero balance sheet. All proceeds from previously issued COP issuances has been spent as of June 30, 2018. In November 2018, the District was successful in obtaining voter approval for a \$250 million no new taxes bond. As mentioned in the Letter of Transmittal, the bond will be used to fix all Tier I needs identified in the DCSD Master Capital Plan and increase programmatic offerings including career and technical education.

Note in the Condensed Statement of Activities below that governmental activity revenues increased \$21,537,323 over fiscal year 2017 due primarily to student growth and the increase in per pupil revenue of \$239/student associated with the School Finance Act. Note that a large portion of this increase, about \$14 million, was provided by local property taxes as opposed to the State Equalization. The increase in property tax is due to the increase in assessed valuations in the county. The increase in property taxes in the General Fund was slightly offset by the decreased need in the Bond Redemption Fund. The Bond Redemption Fund levy was decreased by about \$3 million over last year indicative of the fact that the District continues to pay off outstanding debt over time and has not had the authority to sell additional general obligation (G.O.) bonds. Up until the recent November 2018 elections, the District had not had a successful bond election since November of 2006.

Government-wide Financial Analysis (Continued)

Net Position (Continued)

Interest earnings increased by over \$1.3 million, due to both an increasing interest rate environment nationwide as well as the new longer term investment options utilized by the District in the current year. Charges for services increased of just over \$6 million from fiscal year 2017. Almost half of this increase is due to the increase in charter school enrollment and therefore purchased services revenue charged to the charters on a per pupil basis. The total expenses increased \$112,550,569 from 2017. Over \$90 million of the increase is due to the significant increase in the PERA NPL as well as the PERA HCTF liability. Payments to component units (charter schools) increased by \$11,330,147. The remaining \$11 million is attributable to current year salary and benefit increases.

Condensed Statement of Activities for Fiscal Years Ended June 30, 2018 and 2017

	Governmental Activities	
	2017-2018	Restated* 2016-2017
Revenues:		
Program revenues:		
Charges for Services	\$ 64,905,244	\$ 58,467,741
Operating/capital grants	41,319,993	41,944,598
General revenues		
Property taxes	248,797,953	234,440,643
Specific ownership taxes	26,409,216	23,870,092
State equalization	295,788,353	296,915,245
Interest earnings	2,195,821	832,512
Grant contributions not specific to programs	4,999,420	8,792,764
Other	9,857,727	7,472,809
Total revenues	694,273,727	672,736,404
Expenses:		
Instruction	575,136,210	484,977,831
Supporting services	358,768,350	345,400,596
Payments to component units	116,696,635	105,366,488
Interest on long-term debt	15,244,244	17,549,955
Total expenses	1,065,845,439	953,294,870
Change in net position	(371,571,712)	(280,558,466)
NET POSITION, Beginning	(802,954,835)	(475,839,489)
NET POSITION, Ending	\$ (1,174,526,547)	\$ (756,397,955)

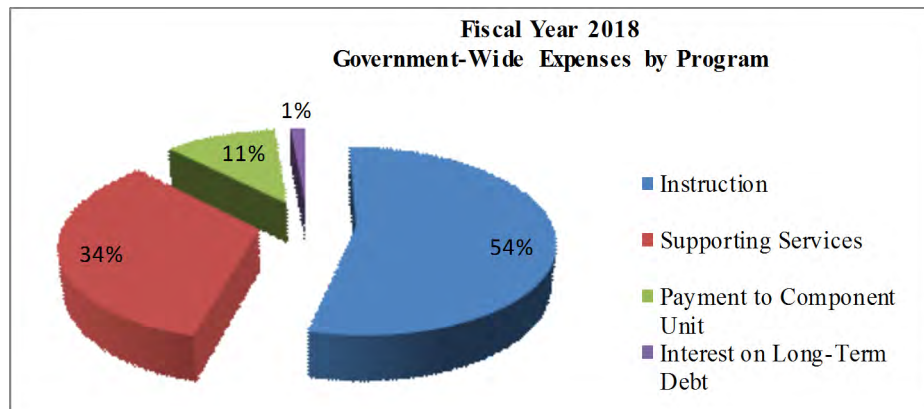
*This restated balance represents the Nutrition Services omissions only. It has not been restated to include the impact of the OPEB liability pursuant to GASB Statement No. 75. The value of the OPEB liability for the year ended June 30, 2017 was \$46,556,880 resulting in a restated beginning net position of \$(802,954,835).

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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 2018 and fiscal year 2017. The accompanying chart graphically shows the proportion of revenues from all the sources for fiscal year 2018. The largest revenue source for the District is received from state and federal intergovernmental sources at \$337,108,346, a decrease of 1.7 percent from the prior year. The decrease is due to an increase in assessed value in the County causing more of PPR and student growth revenue to be borne by the local property tax payers.

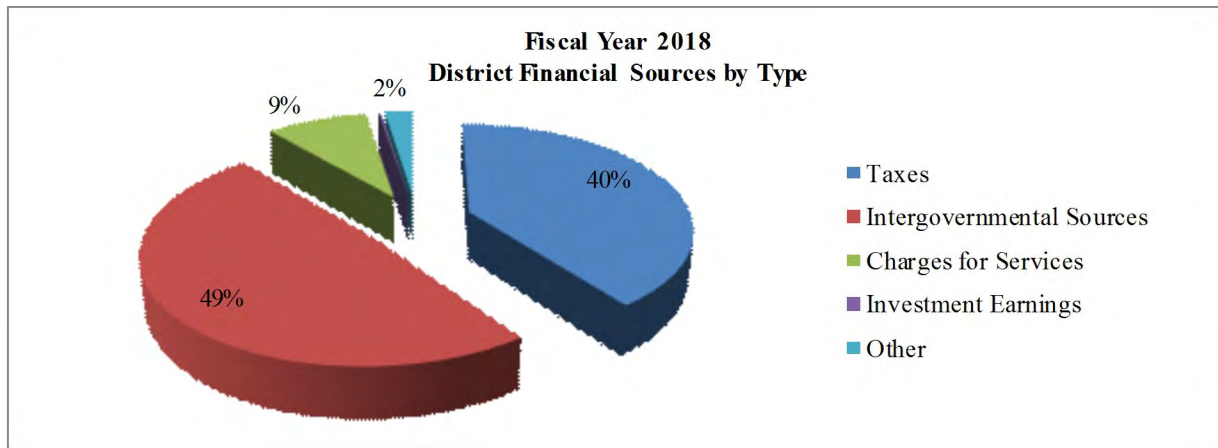
Property taxes represent the next significant source of revenue. The property tax revenue increase is due to the combined effect of increases in students and in funding levels per student along with an increase in property assessed value overall. Note also that there was a small increase in Specific Ownership Taxes indicative of the strong local economy.

The District charges its charter schools and students various fees. Recognize here that these charges include child care tuition and lunch charges in nutrition services. Charges for services increased 1.6 percent, this slight increase is very comparable to prior year charges in all categories.

	2017-2018		2016-2017 (restated)	
Taxes	\$ 275,111,761	39.8%	\$ 258,474,174	38.5%
Intergovernmental Sources	337,108,346	48.8%	338,859,843	50.5%
Charges for Services	64,905,244	9.4%	52,621,432	7.8%
Investment Earnings	1,484,563	0.2%	782,801	0.1%
Other	11,864,422	1.7%	20,395,926	3.0%
	<u>\$ 690,474,336</u>	<u>100%</u>	<u>\$ 671,134,176</u>	<u>100%</u>

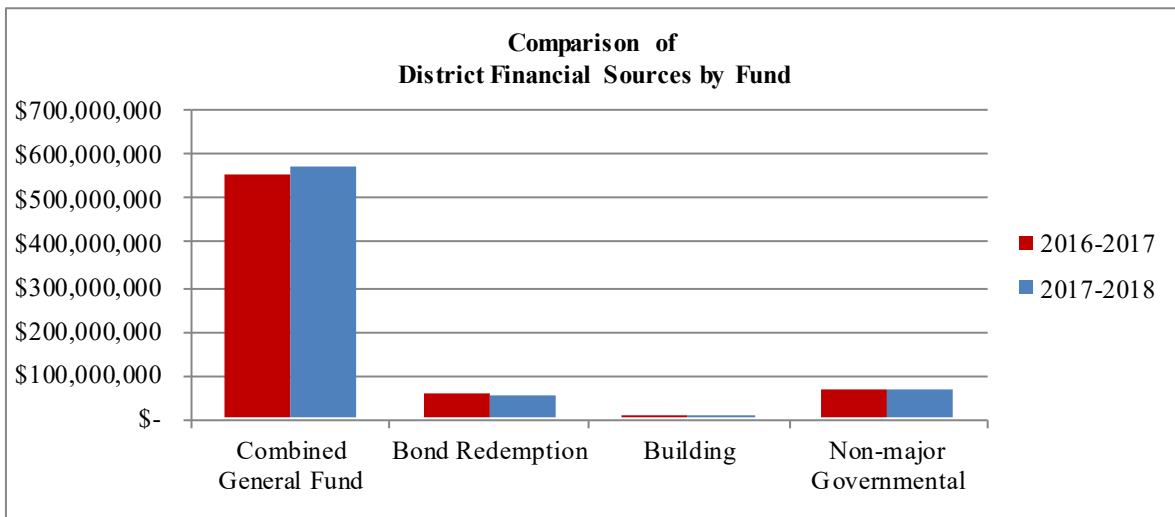
Governmental Fund Financial Analysis (Continued)

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.

	2017-2018		2016-2017		Inc/(Dec)
Combined General	\$ 573,974,259	83.1%	\$ 551,998,999	82.2%	\$ 21,975,260
Bond Redemption	52,112,260	7.5%	54,989,943	8.2%	(2,877,683)
Building	20,637	0.0%	37,968	0.0%	(17,331)
Non-major Governmental	64,500,167	9.3%	64,648,147	9.6%	(147,980)
Total	<u>\$ 690,607,323</u>	<u>100%</u>	<u>\$ 671,675,057</u>	<u>100%</u>	<u>\$ 18,932,266</u>



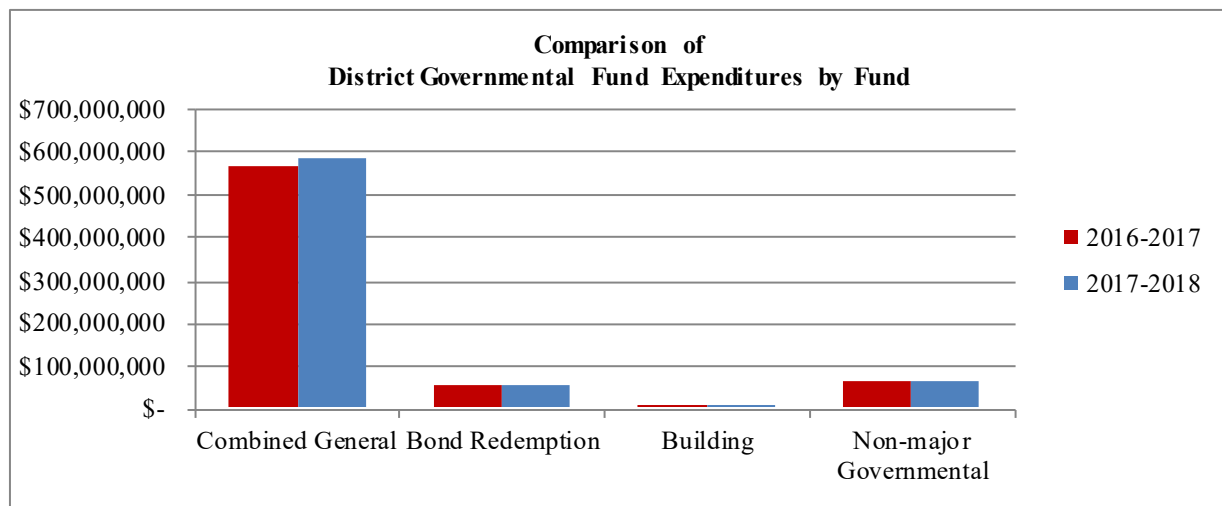
Note that new revenues for the Building Fund were not received in fiscal year 2018. The Board of Education imposed a policy limit on COP Lease Payment obligations and DCSD has been near that limit. As reported earlier, that limit is determined as a maximum of one (1) percent of annual General Fund revenues.

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 \$13,067,825 due primarily to increases in instructional expense and the increase in payments to component units due to charter school enrollment growth. Renaissance Secondary opened in the fall of 2017 providing about 345 new student seats. Additionally, American Academy opened a third campus providing about 546 new student seats.

	2017-2018		2016-2017		Inc/(Dec)
Combined General	\$ 582,779,994	83.2%	\$ 565,400,554	82.3%	\$ 17,379,440
Bond Redemption	51,385,322	7.3%	54,657,818	8.0%	(3,272,496)
Building	1,562,557	0.2%	4,223,743	0.6%	(2,661,186)
Non-major Governmental	64,492,587	9.2%	62,870,520	9.1%	1,622,067
Total	<u>\$ 700,220,460</u>	<u>100%</u>	<u>\$ 687,152,635</u>	<u>100%</u>	<u>\$ 13,067,825</u>



Ending Fund Balances

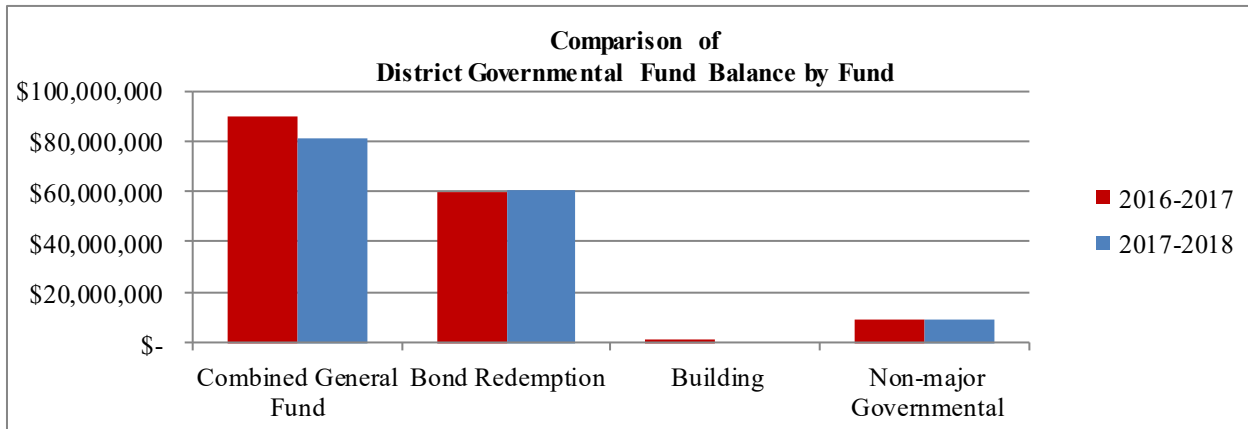
As of the end of the current fiscal year, the District governmental funds reported combined ending fund balances of \$150,183,177, a decrease of \$9,613,137 from the prior year. This decrease is primarily due to an intentional drawdown of resources in the Combined General Fund as well as in the Building Fund.

	2017-2018		2016-2017 (restated)		Inc/(Dec)
Combined General	\$ 81,164,425	54.0%	\$ 89,970,160	56.3%	\$ (8,805,735)
Bond Redemption	60,143,652	40.0%	59,416,714	37.2%	726,938
Building	-	0.0%	1,541,920	1.0%	(1,541,920)
Non-major Governmental	8,875,100	5.9%	8,867,520	5.5%	7,580
Total	<u>\$ 150,183,177</u>	<u>100%</u>	<u>\$ 159,796,314</u>	<u>100%</u>	<u>\$ (9,613,137)</u>

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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 89. Note that the Amended expenditure budget shows an increase over the Adopted Budget of about \$5.5 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 carryover 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 carryover amounts awarded to each school.

After the District's financial plan is adopted in June of the prior year, budgets may be amended by the Board of Education or management. Once the budget is approved, individual sites may amend between individual expense items at any time as long as the total expenditures do not change. Total expenditures were amended by management and approved by the Board to align expenditures for changes in revenues as described above, as well as allocating funds for projects specifically identified in the Facility Acquisition and Construction category.

Note that the District expenditures were under budget in the Combined General Fund by \$12,463,141. Supplies and property and equipment were both under budget. Property and equipment expenditures were under due to scheduled capital projects that were not fully complete as of July 1, 2018. 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 \$10,651,700 in the Capital Projects fund is either encumbered to complete projects started during fiscal year 2018 or are restricted – about \$2.4 million – as Cash in Lieu – dollars designated only for growth-related expenditures. The District schools continue to carefully monitor and review expenditures. This results in schools carrying over discretionary dollars in an amount of about \$20.065 million to include Full Day Kindergarten reserves. School carryover reserves increased during fiscal year 2018 in an amount of about \$2.4 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.

Revenues were greater than budgeted by \$1,589,023 confirming the District practice of conservatively estimating revenues. Specific Ownership Taxes and property taxes received were greater than budgeted by \$2,491,466. Note, however, that even with the continued low price of gasoline, the Transportation Fund had expenditures greater than revenues (before transfers) by about \$15.9 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 law and State statute. As previously mentioned, PPR was increased by \$239/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 or increases to school budgets.

Combined General Fund Budgetary Highlights (Continued)

Capital Asset and Debt Administration

Capital Assets

The District investment in capital assets for governmental activities as of June 30, 2018, equaled \$656,424,387, a decrease of \$15,658,414 (net of accumulated depreciation) due to \$28,797,466 in current year depreciation expense offset by an increase in machinery and equipment and an increase in construction in progress. This investment in capital assets includes technology, buildings, building improvements, 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 62.

	Governmental Activities	
	2018	2017
Capital Assets:		
Land	\$ 13,310,241	\$ 13,310,241
Buildings and Improvements	942,743,830	940,264,491
Land Improvements	2,034,638	866,462
Machinery and Equipment	98,830,392	87,492,839
Construction in Progress	13,578,309	20,720,547
Accumulated Depreciation	(414,073,023)	(390,571,779)
Total Net Capital Assets	<u>\$ 656,424,387</u>	<u>\$ 672,082,801</u>

Long-Term Debt

As of June 30, 2018, the District had outstanding long-term debt exclusive of NPL and OPEB, of \$356,010,216, a decrease of \$43,935,252 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, \$272,435,000 is G.O. bonded debt that is backed by the full faith and credit of the District taxpayers. Please also note the \$42,510,000 in outstanding COPs. 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 67, we report that our maximum yearly COP Lease payments will be \$4,453,805, an amount well below one percent of about \$568.2 million (\$5,682,670) in General Fund revenues received in fiscal year 2018.

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 \$2,124,245,847, over 2 percent higher over the prior year. For the year ended June 30, 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, requiring cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by PERA to record their proportionate share. The restatement of prior year OPEB liability is shown below along with the current year.

	Governmental Activities			
	June 30, 2018	%	June 30, 2017	%
General Obligation Bonds	\$ 272,435,000	10.8%	\$ 305,059,570	12.8%
Certificates of Participation	42,510,000	1.7%	45,515,000	1.9%
Accreted Interest	779,558	0.0%	5,780,971	0.2%
Bond Premiums	28,275,838	1.1%	31,144,205	1.3%
Extended Service Separation	332,469	0.0%	428,537	0.0%
Capital Leases	6,318,769	0.2%	7,096,285	0.3%
Compensated Absences	5,358,582	0.2%	4,920,900	0.2%
Total before NPL	356,010,216		399,945,468	
OPEB Liability	48,505,220	1.9%	48,084,618	2.0%
Net Pension Liability	2,124,245,847	84.0%	1,942,879,251	81.3%
Total	<u>\$ 2,528,761,283</u>	<u>100%</u>	<u>\$ 2,390,909,337</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 \$42,510,000 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 \$3.3 million from the District and an additional amount of \$963,756 in revenues received from Aspen View Academy. See the Notes on page 65. 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 two credit agencies as follows: Moody's Investors Services Inc. at Aa1, and Fitch, Inc. at AA+. Additional information on the District's long-term debt is provided in Note 6 starting on page 64.

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 of June 30, 2018, all proceeds from both G.O. bonds and COP obligations have been spent in full.

The District was successful in passing both the \$250 million no new taxes bond and a \$40 million mill levy override during the November 2018 election.

Other Obligations of the District

The District maintains two 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.

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 to further enhance the sustainability of the District financial position. This additional Board reserve is committed 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 Board of Education, by policy, requires an additional 3 percent of yearly spend held in reserve providing financial stability and available resources to fund any unexpected emergency. You can see on page 44 that the financial statements report the District meets the TABOR and additional Board of Education reserve policy reporting restricted and committed fund balances of \$15,038,500 and \$15,038,500 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 2018 Revenue Forecast from the Office of Strategic Planning and Budget, the economy in Colorado is expected to grow about 5.6 percent during fiscal year 2019 and another 5.9 percent during fiscal year 2020. Although Colorado continues to boast one of the lowest unemployment rates in the nation, tight labor and housing market conditions are expected to limit growth.

Revenue to the State Education Fund increased 14.3 percent in fiscal year 2017-2018 and is expected to grow another 6.8 percent in fiscal year 2018-19 and 6.1 percent in fiscal year 2019-2020.

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 \$822 million translating to approximately \$59.2 million for DCSD. Pursuant to the Colorado School Finance Act for fiscal year 2018, the District PPR (per pupil revenue) without the Budget Stabilization factor, would have been \$8,314/student, about \$918 more than the actual PPR of \$7,396. With the constraints of TABOR and the Gallagher Amendment, Colorado does not have a sustainable plan to fund increases in PreK-12 education. PreK-12 education represents approximately 38 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 346,000 residents as of January 2018. This increase of 10,000 residents represents a growth rate of about 2.9 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 March 2018, was reported at 2.7 percent. Employment grew 3.3 percent in Douglas County to over 121,936 workers.
- District Enrollment - While the positive economic data reflected above continues to result in increased enrollment in Douglas County Schools the increases are much lower than the past five years. Enrollment grew about 127 students to a total enrollment of 67,597 for this reporting year. As of October 1, 2018 (fiscal year 2019), the District reported to CDE a decrease of 6 students to 67,591 students. This enrollment number is inclusive of both charter and neighborhood schools. Currently, charter school enrollment is at 16, 186 representing approximately 23.9 percent of the District total enrollment. One new charter school opened for fiscal year 2018, Renaissance Secondary, and American Academy opened a third campus. These schools added about 891 student seats.
- Fiscal Year 2019 School Finance Act Approved Increases and New District-wide Allocations - In July 2018, the District adopted a budget that includes an increase in per pupil revenue of \$463/student, a more favorable increase than in recent years. However, this increase is offset by a projected \$4.94 million due to declining neighborhood school enrollment.

With the recent passing for a District mill levy override of \$40 million, the District has committed to increase pay throughout the District and specifically focus on the pay associated with those who were employed during the wage freeze from 2008-2010 and those in hard to fill positions. The District is also committed to absorbing the \$2.27 million increase in medical benefit premiums as well as the 0.50 percent increase in the PERA contribution.

Though our growth rate of student enrollment has decreased over the past few years, we continue to see significant growth in students with special education needs. Due to this growth, we allocated out an additional \$1.92 million to fund these student needs. Finally, in continued support of our students and schools, we have allocated an additional \$1.53 million to fund highly impacted schools and provide additional school based budgeting dollars.

- Colorado Governors Budget Request for Fiscal Year 2020 - Based on the September 2017 Revenue Forecast, Governor John Hickenlooper submitted his fiscal year 2020 budget request to the Joint Budget Committee. This budget request calls for an average per pupil revenue increase of about \$357/student for a total PPR amount of \$8,495 which translates to a \$347/student increase for Douglas County students to \$8,198/student.

The Governor's proposed budget includes a decrease to the Budget Stabilization Factor of \$77 million to a total of \$595 million from \$672 million. It is important to note that the continued portion for DCSD of the Budget Stabilization Factor is projected to be \$43 million. At the end of fiscal year 2020, the budget proposal by the governor will result in a cumulative loss for DCSD of ten years totaling more than \$592 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 nineteen component units, all of which are charter schools. This number includes the first year audited financial activity for Renaissance Secondary that opened its doors in August of 2016. In addition, the zero year or construction year of Ascent Classical Academy, Leman Academy of Excellence and Apex Community Charter Schools are 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.

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, Mr. Scott Smith, [701 Prairie Hawk Drive, Castle Rock, Colorado 80109](#).

BASIC FINANCIAL STATEMENTS



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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Net Position
June 30, 2018

	Primary Governmental Activities	Component Units Charter Schools
Cash and Investments	\$ 116,841,631	\$ 41,058,651
Receivables:		
Property Taxes	11,320,572	-
Other	4,756,926	643,964
Inventories	1,622,687	13,667
Prepaid Costs and Other Assets	3,721,871	828,524
Restricted Cash and Investments	59,224,594	21,109,343
Capital Assets:		
Non-Depreciable	26,888,550	23,761,948
Depreciable, Net	629,535,837	171,617,572
Total Assets	853,912,668	259,033,669
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	616,400,773	153,179,020
OPEB Related Amounts	2,037,503	1,175,264
Deferred Amount on Refunding	13,629,280	8,134,627
Total Deferred Outflows of Resources	632,067,556	162,488,911
LIABILITIES		
Accounts Payable	5,211,194	3,976,763
Accrued Compensation	23,753,006	4,246,962
Unearned Revenues	1,437,721	753,269
Accrued Insurance Claims	5,073,618	-
Accrued Interest Payable	716,751	2,270,793
Non-Current Liabilities:		
Due within One Year	44,241,379	4,539,605
Due in More than One Year:		
Accrued Insurance Claims	1,889,294	-
Other Non-Current Liabilities	311,768,837	235,739,968
OPEB Liability	48,505,220	8,979,789
Net Pension Liability	2,124,245,847	393,235,789
Total Liabilities	2,566,842,867	653,742,938
DEFERRED INFLOWS OF RESOURCES		
OPEB Related Amounts	811,481	150,232
Pension Related Amounts	92,852,423	17,591,795
Total Deferred Inflows of Resources	93,663,904	17,742,027
NET POSITION		
Net Investment in Capital Assets	320,514,061	(25,796,568)
Restricted:		
TABOR Emergency Reserve	15,038,500	4,017,522
Debt Service/Lease Obligation	59,288,363	-
Other Grants and Programs	2,353,308	13,368,449
Nutrition Services	1,593,922	-
Unrestricted (deficit)	(1,573,314,701)	(241,551,788)
Total Net Position (deficit)	\$ (1,174,526,547)	\$ (249,962,385)

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Instruction	\$ 575,136,210	\$ 64,905,244	\$ 16,500,763	\$ -
Supporting Services	358,768,350	-	24,819,230	-
Funding to Component Units - Unallocated	116,696,635	-	-	-
Interest on Long-Term Debt	15,244,244	-	-	-
Total Governmental Activities	1,065,845,439	64,905,244	41,319,993	-
Component Units				
Charter Schools	\$ 221,670,790	\$ 14,804,800	\$ 3,661,204	\$ 3,243,943

GENERAL REVENUES

Property Taxes

Specific Ownership Taxes - Unrestricted

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, Beginning, as restated

NET POSITION, Ending

See accompanying notes to the financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Component Units
\$ (493,730,203)	\$ -
(333,949,120)	-
(116,696,635)	-
(15,244,244)	-
(959,620,202)	-
-	(199,960,843)
248,797,953	-
26,409,216	-
295,788,353	112,543,303
2,195,821	592,255
4,999,420	1,969,777
1,715,052	-
8,142,675	296,712
588,048,490	115,402,047
(371,571,712)	(84,558,796)
(802,954,835)	(165,403,589)
\$ (1,174,526,547)	\$ (249,962,385)

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Governmental Funds
Balance Sheet
June 30, 2018

	Combined General	Bond Redemption	Building	Non-Major Governmental	Total Governmental
ASSETS					
Cash and Investments	\$ 96,640,645	\$ -	\$ -	\$ 9,562,451	\$ 106,203,096
Receivables:					
Property Taxes	9,989,600	1,330,972	-	-	11,320,572
Other	1,223,852	229,106	-	3,303,968	4,756,926
Due from Other Funds	1,696,744	-	-	-	1,696,744
Prepaid Costs	1,009,079	-	-	-	1,009,079
Inventories, at Cost	1,062,901	-	-	559,786	1,622,687
Restricted Cash and Investments	-	59,224,594	-	-	59,224,594
Total Assets	\$ 111,622,821	\$ 60,784,672	\$ -	\$ 13,426,205	\$ 185,833,698
LIABILITIES					
Accounts Payable	\$ 4,709,605	\$ -	\$ -	\$ 494,404	\$ 5,204,009
Accrued Compensation	22,298,504	-	-	1,454,502	23,753,006
Due to Other Funds	-	-	-	1,696,744	1,696,744
Unearned Revenues	532,265	-	-	905,455	1,437,720
Total Liabilities	27,540,374	-	-	4,551,105	32,091,479
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	2,918,022	641,020	-	-	3,559,042
FUND BALANCES					
Nonspendable:					
Inventories & Prepaid Costs	2,071,980	-	-	559,786	2,631,766
Restricted:					
TABOR Emergency Reserve	15,038,500	-	-	-	15,038,500
Debt Service	-	60,143,652	-	-	60,143,652
Grant	2,168,188	-	-	1,219,256	3,387,444
Committed:					
3% Board Reserves	15,038,500	-	-	-	15,038,500
Assigned:					
Extended Service Severance	332,469	-	-	-	332,469
Facility Use Revenue Share	882,904	-	-	-	882,904
Cash in Lieu	2,490,830	-	-	-	2,490,830
Master Capital Plan Projects	3,988,524	-	-	-	3,988,524
Full Day Kindergarten Scholarships	144,950	-	-	-	144,950
School Carryover	20,065,678	-	-	-	20,065,678
Subfund Carry-over	4,237,024	-	-	7,096,058	11,333,082
Unassigned	14,704,878	-	-	-	14,704,878
Total Fund Balances	81,164,425	60,143,652	-	8,875,100	150,183,177
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 111,622,821	\$ 60,784,672	\$ -	\$ 13,426,205	\$ 185,833,698

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, 2018

Fund Balances of Governmental Funds		\$ 150,183,177
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.		656,424,387
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.		3,559,042
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.		9,849,902
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	\$ 13,629,280	
Deferred outflows of resources, pension-related amounts	616,400,773	
Deferred outflows of resources, other post employment benefit-related amounts	2,037,503	
Deferred inflows of resources, pension-related amounts	(92,852,423)	
Deferred inflows of resources, other post employment benefit-related amounts	(811,481)	538,403,652
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	(272,435,000)	
Certificates of Participation	(42,510,000)	
Accreted Interest	(779,558)	
Bond Premiums	(28,275,838)	
Accrued Interest Payable	(716,751)	
Net Pension Liability	(2,124,245,847)	
Other Post Employment Benefit Liability	(48,505,220)	
Accrued Insurance Claims Payable	(3,468,673)	
Capital Leases	(6,318,769)	
Extended Service Severance	(332,469)	
Compensated Absences	(5,358,582)	(2,532,946,707)
Net Position (deficit) of Governmental Activities		<u><u>\$ (1,174,526,547)</u></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, 2018

	Combined General	Bond Redemption	Building	Non-Major Governmental	Total Governmental
REVENUES					
Property Taxes	\$197,272,795	\$ 51,429,750	\$ -	\$ -	\$248,702,545
Specific Ownership Tax	26,409,216	-	-	-	26,409,216
Intergovernmental	320,607,583	-	-	16,500,763	337,108,346
Charges for Services	29,134,356	-	-	35,770,888	64,905,244
Fundraisers and Donations	2,835,173	-	-	2,164,247	4,999,420
Investment Earnings	781,416	682,510	20,637	-	1,484,563
Other	5,376,756	-	-	1,488,246	6,865,002
Total Revenue	582,417,295	52,112,260	20,637	55,924,144	690,474,336
EXPENDITURES					
Current:					
Instruction	285,203,836	-	-	34,359,648	319,563,484
Supporting Services	174,826,582	-	-	25,669,634	200,496,216
Funding to Component Units	116,696,635	-	-	-	116,696,635
Capital Outlay	6,052,941	-	1,562,557	-	7,615,498
Debt Service/Lease Payments:					
Principal	-	32,624,570	-	3,005,000	35,629,570
Interest and Fiscal Charges	-	18,760,752	-	1,458,305	20,219,057
Total Expenditures	582,779,994	51,385,322	1,562,557	64,492,587	700,220,460
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(362,699)	726,938	(1,541,920)	(8,568,443)	(9,746,124)
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Capital Lease	130,087	-	-	-	130,087
Compensation for Loss of Asset	2,900	-	-	-	2,900
Transfers In	-	-	-	8,576,023	8,576,023
Transfers Out	(8,576,023)	-	-	-	(8,576,023)
Total Other Financing Sources (Uses)	(8,443,036)	-	-	8,576,023	132,987
NET CHANGES IN FUND BALANCES	(8,805,735)	726,938	(1,541,920)	7,580	(9,613,137)
FUND BALANCES, Beginning, restated	89,970,160	59,416,714	1,541,920	8,867,520	159,796,314
FUND BALANCES, Ending	\$ 81,164,425	\$ 60,143,652	\$ -	\$ 8,875,100	\$150,183,177

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, 2018

Net change in fund balances of governmental funds **\$ (9,613,137)**

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	\$ 13,576,950	
Depreciation	(28,797,466)	
Net Book Value of Disposal	(437,898)	(15,658,414)

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.

95,408

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	32,624,570	
Principal Lease Payments - Certificates of Participation	3,005,000	
Change in Accreted Interest	5,001,413	
Change in Accrued Interest	(26,601)	
Issuance of Capital Leases	(130,087)	
Principal Payments Capital Leases	907,603	
Amortization of Bond Premium and Deferred Charges	1,256,728	42,638,626

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	(392,109,246)	
Other Post Employment Benefit Expense	(722,318)	
Change in Compensated Absence	(437,682)	
Change in Extended Service Severance	96,068	
Liability Claims	586,603	(392,586,575)

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.

3,552,380

Change in net position (deficit) of governmental activities **\$ (371,571,712)**

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Proprietary Fund
Statement of Net Position
June 30, 2018

	Governmental Activities Internal Service Funds
ASSETS	
Current Assets:	
Cash and Investments	\$ 10,638,535
Prepaid Costs	<u>2,712,792</u>
Total Assets	<u>\$ 13,351,327</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 7,185
Accrued Insurance Claims	<u>3,494,240</u>
Total Current Liabilities	<u>3,501,425</u>
NET POSITION	
Unrestricted	<u>9,849,902</u>
Total Net Position	<u>9,849,902</u>
Total Liabilities and Net Position	<u>\$ 13,351,327</u>

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, 2018

	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES	
Premium Revenue	\$ 48,888,868
Other	<u>6,235</u>
Total Operating Revenue	<u>48,895,103</u>
OPERATING EXPENSES	
Insurance and Claims	44,325,644
Salaries and Benefits	30,601
Purchased Services	934,859
Other	<u>176,274</u>
Total Operating Expenses	<u>45,467,378</u>
OPERATING INCOME	<u>3,427,725</u>
NON-OPERATING REVENUES	
Investment Earnings	<u>124,655</u>
Total Non-Operating Revenues	<u>124,655</u>
CHANGE IN NET POSITION	3,552,380
NET POSITION, Beginning	<u>6,297,522</u>
NET POSITION, Ending	<u><u>\$ 9,849,902</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, 2018

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 49,679,643
Payments to Suppliers	(46,298,637)
Payments to Employees	(30,601)
Net Cash Provided to Operating Activities	3,350,405
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on Investments	124,655
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,475,060
CASH AND CASH EQUIVALENTS, Beginning	7,163,475
CASH AND CASH EQUIVALENTS, Ending	\$ 10,638,535
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Income	\$ 3,427,725
Changes in Assets and Liabilities:	
Change in Prepaid Costs	781,302
Change in Accounts Payable	6,151
Change in Accrued Insurance Claims	(864,773)
Total Adjustments	(77,320)
NET CASH PROVIDED TO OPERATING ACTIVITIES	\$ 3,350,405

See accompanying notes to the financial statements

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fiduciary Funds
Statement of Net Position
June 30, 2018

	Agency Fund 74	Private Purpose Trust Scholarship Fund 75
ASSETS		
Cash and Investments	\$ 1,210,322	\$ 35,912
Total Assets	<u>1,210,322</u>	<u>35,912</u>
LIABILITIES		
Accounts Payable	10,895	-
Assigned Student Related Activities	<u>1,199,427</u>	<u>-</u>
Total Liabilities	<u>\$ 1,210,322</u>	<u>-</u>
NET POSITION		
Held in Trust for High School Students		<u>35,912</u>
Total Net Position		<u>\$ 35,912</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, 2018

	Private Purpose Trust Scholarship
ADDITIONS	
Contributions	\$ 60,600
Total Additions	<u>60,600</u>
DEDUCTIONS	
Grants and Scholarships	<u>60,000</u>
Total Deductions	<u>60,000</u>
CHANGE IN NET POSITION	600
NET POSITION, Beginning	<u>35,312</u>
NET POSITION, Ending	<u><u>\$ 35,912</u></u>

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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 nineteen separately authorized charters: Academy, American Academy, Apex Community School, Ascent Classical Academy, Aspen View Academy, Ben Franklin Academy, Challenge to Excellence, DCS Montessori, Global Village Academy, Hope Online Learning Academy Co-Op, Leman Classical 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. Renaissance Secondary began instructional operations in the fall of 2017. Ascent Classical Academy and Leman Classical Academy began instructional operations in the fall of 2018. Apex Community School is currently scheduled to open in the fall of 2019.

Charter schools are public schools authorized by the District 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. Apex, Ascent and Leman all received audit exemptions from the State Auditors Office.

Joint Venture (Parker Joint Service Facility) - In September 1991, the District and the South Metro Fire Rescue (South Metro) 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 South Metro. 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 South Metro. 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, 2018

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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Projects Fund has been included in the Combined General Fund as most 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. As of June 30, 2018 all proceeds were spent.

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 (Non-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 elementary B.A.S.E. programs, 3 Pre-K B.A.S.E. programs, and 1 middle school B.A.S.E. program.

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, 2018

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. The following are considered to be cash and cash equivalents: cash on hand; cash in the bank; and highly liquid investments which have a maturity of three months or less when purchased or which are subject to withdrawal.

As of June 30, 2018, the District investments consist of investment in external investment pools. Colorado Statewide Investment Pool (CSIP) and Colorado Surplus Asset Fund (CSafe). CSIP funds are reported at Net Asset Value (NAV) and CSafe funds are 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, 2018

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:

Assets	Years
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, fees, or prepaid student lunch accounts.

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 three 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. The third amount is shown as other post-employment benefit (OPEB) related amounts and includes items related to the District's portion of the Health Care Trust Fund administered by PERA. 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 OPEB plan investments. Additional information on pension-related amounts is included in Note 10.

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 three 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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

pension-related amounts is included in Note 9. The third amount is shown as other post-employment benefit (OPEB) related amounts and includes items related to the District's portion of the Health Care Trust Fund administered by PERA. 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 OPEB plan investments. Additional information on pension-related amounts is included in Note 10.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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)

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.

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets of \$320,514,061 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. 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, 2018, the District has \$15,038,500 and the charter schools have \$4,017,522 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTE 2: DEPOSITS AND INVESTMENTS

At June 30, 2018, deposits and investments were reported in the financial statements as follows:

Governmental Activities *	\$	176,066,225
Private Purpose Trust Scholarship		35,912
Agency		1,210,322
Total	\$	<u>177,312,459</u>

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

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 2: DEPOSITS AND INVESTMENTS (Continue)

Cash and investments at June 30, 2018, consisted of the following:

Deposits	\$	12,460,121
Cash on Hand		41,800
Cash with Fiscal Agent		76,000
Investment		164,734,538
Total	\$	177,312,459

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, 2018, 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, 2018, the District had the following investments:

Investment Type	Amortized				S&P/Fitch Ratings
	Cost	Net Asset Value	Total		
CSafe Funds	\$ 22,868,040	\$ -	\$ 22,868,040		AAAm
CSIP LGIP	-	58,866,498	58,866,498		AAAm
CSIP Term	-	83,000,000	83,000,000		AAAf
Total	\$ 22,868,040	\$ 141,866,498	\$ 164,734,538		

Local Government Investment Pools - At June 30, 2018, the District had dollars invested in local government investment pools with \$141,866,498 invested in CSIP, Colorado Statewide Investment Program. These investments are measured at Net Asset Value (NAV). CSIP 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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

are limited to those allowed by State statutes. The District also had \$22,868,040 invested in the Colorado Surplus Asset Fund (CSafe) at June 30, 2018. CSafe is similar to a money market fund, with each share valued at \$1.00 and is measured at amortized cost. The State Securities Commissioner administers and enforces all state statutes governing CSafe.

CSIP 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. CSIP'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. CSIP 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, CSIP pools and invests the funds of Colorado local government participants within the investment policies and limitations set forth in CSIP's Indenture of Trust and C.R.S. § 24-75-601, *et seq.* Participants include municipalities, counties, school districts and special districts.

CSIP offers two investment options, 1) CSIP Liquid Portfolio and 2) CSIP Term Portfolio. The CSIP Liquid Portfolio is a fully liquid, variable rate investment option, rated AAAM by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily and there is a one-day redemption notice. The CSIP Term Portfolio offers the ability for participants to invest in shares of fixed-rate, fixed-term investments, rated AAAF by Fitch Ratings. There are no unfunded commitments, the redemption period is planned at maturity, and the redemption period is a sixty-day minimum and one-year maximum.

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, 2018, were composed of the following:

Due From	Due To	Amount
Grant Fund	General Fund	\$
		1,696,744

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.

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

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, 2018 were as follows:

Transfers From	Transfers To	Amount
General Fund	COP Lease Payment Fund	\$ 3,350,000
General Fund	Student Athletics & Activities Fund	5,226,023
	Total	<u>\$ 8,576,023</u>

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, 2018 was as follows:

	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Governmental Activities					
Land	\$ 13,310,241	\$ -	\$ -	\$ -	\$ 13,310,241
Construction in Progress (CIP)	20,720,547	7,685,581	-	(14,827,819)	13,578,309
Total Capital Assets (Not Depreciated)	34,030,788	7,685,581	-	(14,827,819)	26,888,550
Buildings and Improvements	940,264,491	349,979	(38,376)	2,167,736	942,743,830
Land Improvements	866,462	205,994	-	962,182	2,034,638
Machinery and Equipment	87,492,839	5,335,396	(5,695,744)	11,697,901	98,830,392
Total Depreciable Capital Assets	1,028,623,792	5,891,369	(5,734,120)	14,827,819	1,043,608,860
<u>Accumulated Depreciation</u>					
Building and Improvements	(329,365,651)	(20,728,384)	7,938	-	(350,086,097)
Machinery and Equipment	(61,206,128)	(8,069,082)	5,288,284	-	(63,986,926)
Total Accumulated Depreciation	(390,571,779)	(28,797,466)	5,296,222	-	(414,073,023)
Net Depreciated Capital Assets	638,052,013	(22,906,097)	(437,898)	14,827,819	629,535,837
Net Capital Assets with Land and CIP	<u>\$ 672,082,801</u>	<u>\$ (15,220,516)</u>	<u>\$ (437,898)</u>	<u>\$ -</u>	<u>\$ 656,424,387</u>

For the year ended June 30, 2018, depreciation expense was charged to functions of the District as follows:

Governmental Activities:

Instruction	\$ 1,583,861
Supporting Services	27,213,605
Total	<u>\$ 28,797,466</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4: CAPITAL ASSETS (Continue)

Discretely Presented Component Units- Charter Schools	June 30, 2017	Additions	Deletions	June 30, 2018
Land	\$ 17,680,266	\$ 20,469	\$ -	\$ 17,700,735
Construction in Progress (CIP)	28,849,405	7,020,653	(29,808,845)	6,061,213
Total Capital Assets (Not Depreciated)	46,529,671	7,041,122	(29,808,845)	23,761,948
Buildings and Improvements	156,106,234	45,175,065	(55,071)	201,226,228
Machinery and Equipment	6,208,268	1,347,906	(520,078)	7,036,096
Total Depreciable Capital Assets	162,314,502	46,522,971	(575,149)	208,262,324
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	(26,121,366)	(5,627,170)	11,014	(31,737,522)
Machinery and Equipment	(4,549,571)	(877,737)	520,078	(4,907,230)
Total Accumulated Depreciation	(30,670,937)	(6,504,907)	531,092	(36,644,752)
Net Depreciated Capital Assets	131,643,565	40,018,064	(44,057)	171,617,572
Net Capital Assets with Land and CIP	<u>\$ 178,173,236</u>	<u>\$ 47,059,186</u>	<u>\$ (29,852,902)</u>	<u>\$ 195,379,520</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, 2018 are recorded in the funds as follows:

Governmental Activities:

Combined General Fund	\$ 22,298,504
Non-major Governmental Funds	1,454,502
Total	<u>\$ 23,753,006</u>

Accrued compensation for the charter schools as of June 30, 2018, is \$4,246,962.

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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2018, is as follows:

	Balance			Balance	Due Within
	June 30, 2017	Additions	Reductions	June 30, 2018	One Year
Governmental Activities:					
General Obligation Bonds	\$ 305,059,570	\$ -	\$ 32,624,570	\$ 272,435,000	\$ 35,745,000
Certificates of Participation	45,515,000	-	3,005,000	42,510,000	3,075,000
Accreted Interest	5,780,971	1,184,013	6,185,426	779,558	362,909
Bond Premiums	31,144,205	-	2,868,367	28,275,838	3,609,777
Extended Service Separation	428,537	-	96,068	332,469	100,000
Capital Leases	7,096,285	130,087	907,603	6,318,769	853,693
Compensated Absences	4,920,900	845,760	408,078	5,358,582	495,000
OPEB Liability	48,084,618	420,602	-	48,505,220	-
Net Pension Liability	1,942,879,251	181,366,596	-	2,124,245,847	-
Total	<u>\$ 2,390,909,337</u>	<u>\$ 183,947,058</u>	<u>\$ 46,095,112</u>	<u>\$ 2,528,761,283</u>	<u>\$ 44,241,379</u>

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 outstanding at June 30, 2018, consist of the following:

\$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.	\$ 7,125,000
\$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.	70,835,000
\$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.	74,810,000
\$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.	68,020,000

(Continue on next page)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

\$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
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\$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.	30,185,000
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\$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.	21,360,000
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Total General Obligation Bonds	\$ 272,435,000
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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.

COPs outstanding at June 30, 2018, consist of the following:

\$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.	\$ 14,160,000
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\$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.	12,560,000
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\$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.	5,055,000
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\$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.	10,735,000
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Total Certificates of Participation	\$ 42,510,000
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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

Copier equipment lease beginning November 2017 in the amount of \$130,059. Monthly payments including interest at 2.4% are due beginning November 2017. The final payment is due October 2022.

\$ 103,059

Energy Performance Capital Lease Refinance beginning September 2016 in the amount of \$7,333,188. Semi-annual payments ranging from \$425,355 to \$543,230 are due beginning March 2017, including interest at 1.91%. Final payment is due September 2027.

6,215,710

Total Capital Leases

\$ 6,318,769

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

Equipment (Energy Performance Contracts and Copiers) \$ 13,303,235

Less: Accumulated Depreciation 2,405,234

Total

\$ 10,898,001

Accreted Interest

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

\$ 779,558

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, 2018:

General Obligation Bonds

June 30,	Principal	Interest	Total
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	21,495,000	8,024,463	29,519,463
2024-2028	102,550,000	15,374,344	117,924,344
2029-2033	11,745,000	698,875	12,443,875
Total	<u>\$ 272,435,000</u>	<u>\$ 60,677,269</u>	<u>\$ 333,112,269</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

June 30,	Principal	Interest	Total
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	2,060,000	1,077,480	3,137,480
2024-2028	11,345,000	4,329,825	15,674,825
2029-2033	11,545,000	2,025,555	13,570,555
2034-2038	4,805,000	377,825	5,182,825
Total	<u>\$ 42,510,000</u>	<u>\$ 12,866,530</u>	<u>\$ 55,376,530</u>

Capital Lease

June 30,	Principal	Interest	Total
2019	\$ 853,693	\$ 119,623	\$ 973,316
2020	907,963	101,405	1,009,368
2021	933,247	82,568	1,015,815
2022	975,434	64,580	1,040,014
2023	1,040,822	45,638	1,086,460
2024-2028	1,607,610	78,350	1,685,960
Total	<u>\$ 6,318,769</u>	<u>\$ 492,164</u>	<u>\$ 6,810,933</u>

Defeased Debt

In prior years, the District issued various general obligation refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded general obligation bonds. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the financial statements. At June 30, 2018, the outstanding balance of cash held for the defeased debt was \$10,858,276.

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 \$5.9 million was paid out in October of the past five years (2012-2017) leaving a liability of \$332,469. 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, 2018

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

Charter school long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
<u>Charter Schools:</u>					
Loans	\$ 218,935,610	\$ 35,071,800	\$ (16,186,223)	\$ 237,821,187	\$ 4,328,432
Capital Lease	464,036	189,731	(180,073)	473,694	176,589
Discount	(122,150)	-	3,816	(118,334)	-
Premium	1,985,325	-	(81,141)	1,904,184	-
Compensated Absences	162,264	62,347	(25,769)	198,842	34,584
	<u>\$ 221,425,085</u>	<u>\$ 35,323,878</u>	<u>\$ (16,469,390)</u>	<u>\$ 240,279,573</u>	<u>\$ 4,539,605</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, American Academy leases technology 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
2019	\$ 4,505,021	\$ 10,075,781	\$ 14,580,802
2020	4,688,882	9,883,456	14,572,338
2021	16,649,858	9,707,129	26,356,987
2022	16,669,590	8,866,404	25,535,994
2023	5,112,453	8,679,563	13,792,016
2024-2028	89,870,077	35,107,760	124,977,837
2029-2033	22,765,000	22,039,931	44,804,931
2034-2038	26,089,000	16,279,781	42,368,781
2039-2043	19,855,000	10,814,109	30,669,109
2044-2048	20,330,000	5,823,013	26,153,013
Thereafter	11,760,000	1,252,310	13,012,310
Total	<u>\$ 238,294,881</u>	<u>\$ 138,529,237</u>	<u>\$ 376,824,118</u>

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

Charter School operating lease expenses for the year ending June 30, 2018 are \$2,995,529.

Charter School Long Term Lease Commitments

Year Ended June 30,	Total
2019	\$ 4,036,035
2020	4,177,403
2021	3,964,621
2022	4,064,146
2023	3,727,057
2024-2028	23,752,225
2029-2033	10,530,887
2034-2038	7,364,082
	<u>\$ 61,616,456</u>

NOTE 7: SHORT-TERM DEBT

Due to the cyclical nature of property tax cash flow that school district significantly rely on for operation, the State Treasurer is authorized to issue short term debt in order to make interest-free loans to participating Colorado school district.

During the fiscal year ended June 30, 2018, the District borrowed \$41,200,000 from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year. None of the amount borrowed was outstanding at June 30, 2018.

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, 2018

NOTE 8: RISK MANAGEMENT (Continued)

The following represents the change in the claims liability for the District during the fiscal year ended June 30, 2018.

	Medical	Property/Workers Compensation	Total
Claims Liability June 30, 2016	3,211,120	5,036,166	8,247,286
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	4,055,275	8,414,288
Claims Incurred and Adjusted	23,844,351	835,049	24,679,400
Claims Payments	(24,709,124)	(1,421,652)	(26,130,776)
Claims Liability June 30, 2018	\$ 3,494,240	\$ 3,468,672	\$ 6,962,912

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 \$3,494,240 is reported within the Medical Fund as a current liability.

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

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and June 30, 2018.

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 plan 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 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: PENSION PLAN (Continued)**Defined Benefit Pension Plan (Continued)**

- 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.

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.

As of December 31, 2017, 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 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 (AIR) 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.

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, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
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	5.00%	5.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	19.13%

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

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: PENSION PLAN (Continued)**Defined Benefit Pension Plan (Continued)**

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 \$57.6 million for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the District reported a liability of \$2,124,245,847 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of PERA's net pension liability was based on the District contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was approximately 6.569 percent, which was an increase of approximately 0.04 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$391,699,350. At June 30, 2018, 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	\$39,055,931	-
Changes of assumptions or other inputs	\$542,398,883	\$3,441,932
Net difference between projected and actual earnings on pension plan investments	-	\$83,421,155
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$5,837,404	\$5,989,336
Contributions subsequent to the measurement date	\$29,108,555	N/A
Total	\$616,400,773	\$92,852,423

\$29,108,555 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Effect of Deferred Inflows/ Outflows on Pension Expense
2019	\$332,248,922
2020	190,837,951
2021	2,736,290
2022	(31,383,368)
Total	\$494,439,795

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

Actuarial Assumptions - The December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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 ¹	5.26%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	2.00%
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

¹ The discount rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 4.78 percent as described below.

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 rates.

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 68 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.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

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.

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. 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 most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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	30 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.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

Discount Rate: The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown on the previous page. In addition, the following methods and assumptions were used in the projection of cash flows:

- 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 member contribution rate as of the measurement date. 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 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 GASB Statement No. 67 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 average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of December published at the end of each week by The Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent.

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 4.78 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 one percentage-point lower (3.78 percent) or one percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$2,683,283,790	\$2,124,245,847	\$1,668,693,760

Pension Plan Fiduciary Net Position: Detailed information about the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

Changes between the measurement date of the net pension liability and June 30, 2018 - During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018, the District reported a liability of \$2,124,245,847 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78 percent. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provision of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. The pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liability reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

**Estimated Discount Rate Calculated
Using Plan Provisions Required by
SB 18-200 (pro forma)**

7.25%

**Proportionate Share of the
Estimated Net Pension Liability
Calculated Using Plan Provisions
Required by SB 18-200 (pro forma)**

\$959,715,860

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate the collective net pension liability, approximately \$991,611,231 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

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, 2018 program members contributed \$6,241,975.

NOTE 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**Other Post Employment Benefits (OPEB)**

Plan Description - Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State Division, School Division, Local Government Division and Judicial Division Trust Funds), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**Other Postemployment Benefit (Continued)**

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure -The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium free Medicare Part A for hospital related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$3,115,841 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability of \$48,505,220 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF. At December 31, 2017, the District's proportion was 3.732 percent, which was an increase of approximately 0.02 percent from its proportion measured as of December 31, 2016.

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the year ended June 30, 2018, the District recognized OPEB expense of \$746,800. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$229,388	-
Net difference between projected and actual earnings on pension plan investments	-	\$811,481
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$255,895	-
Contributions subsequent to the measurement date	\$1,552,220	-
Total	\$2,037,503	\$811,481

\$1,552,220 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Effect of Deferred Inflows/Outflows on Pension Expense
2019	(\$107,528)
2020	(107,528)
2021	(107,528)
2022	(107,528)
2023	95,434
2024	8,480
Total	(\$326,198)

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Actuarial Assumptions - The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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% in the aggregate
Long-term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.00%
Medicare Part A Premiums	3.00% for 2017, gradually rising to 4.25% in 2023

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on 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 rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Health, post-retirement mortality assumptions for the School and Judicial Divisions were based on 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 68 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.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In additions, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four of 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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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. 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.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

As of the most recent adoption of the current long-term expected rate of return by the PERA Board, the target asset 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	30 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.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Proportionate Share of the Net OPEB Liability	47,170,655	48,505,220	50,112,618

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 10: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown on the previous page. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- 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.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate - The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25 percent) or 1 percentage-point higher (8.25 percent) than the current discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$54,535,118	\$48,505,220	\$43,358,539

OPEB plan fiduciary net position

Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: 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, 2018, 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, 2018, the District had contractual commitments for the construction of various major capital projects and facilities of \$2,306,325. 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, 2018, the District and charter school reserves of \$15,038,500 and \$4,017,522 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 12: RESTATEMENT OF NET POSITION/FUND BALANCE

For the year ended June 30, 2018, the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75), which is effective for financial statements beginning after June 15, 2017. GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 12: RESTATEMENT OF NET POSITION/FUND BALANCE (Continued)

(OPEB). GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF's net OPEB liability.

For the District, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard resulted in a restatement of the prior period net position.

During fiscal year ended June 30, 2018, the District determined there was a prior year omission in reporting student lunch receivables and unearned income related to prepared student lunches in funds 21 and 28. As a result, both funds have restated the beginning fund balance.

As a result, the District restated beginning net position/fund balance as follows.

	Governmental Activities	Nutrition Services Fund 21	Nutrition Services Non-NSLP Fund 28	Non-major Governmental Funds	Discretely Presented Component Units
Beginning net position/fund balance, as originally reported	\$ (755,867,619)	\$ 2,030,386	\$ 106,704	\$ 9,397,856	\$ (157,797,934)
Cumulative effect of application of GASB No. 75, net OPEB liability	(46,556,880)	-	-	-	(7,605,655)
Student lunch receivables	123,594	123,594	-	123,594	-
Unearned income, prepaid lunch accounts	(653,930)	(473,691)	(180,239)	(653,930)	-
Beginning net position/fund balance, as restated	<u>\$ (802,954,835)</u>	<u>\$ 1,680,289</u>	<u>\$ (73,535)</u>	<u>\$ 8,867,520</u>	<u>\$ (165,403,589)</u>

NOTE 13: NEW GASB PRONOUNCEMENTS FOR FUTURE IMPLEMENTATION

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.

NOTE 14: SUBSEQUENT EVENTS

In November 2018, the voters of Douglas County approved both \$40 million Mill Levy Override and \$250 million Bond. The Mill Levy Override will be used to address teacher/staff pay and school level funding, as well as provide more counselors. The Bond will address capital needs, security, information technology and transportation.

***REQUIRED
SUPPLEMENTARY
INFORMATION***



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DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	2018			
	Adopted Budget	Amended Budget	Actual	Variance with Budget
REVENUES				
Taxes:				
Local Property Taxes	\$ 178,955,998	\$ 196,020,454	\$ 197,272,795	\$ 1,252,341
Specific Ownership Taxes	22,349,056	25,170,091	26,409,216	1,239,125
Total Taxes	201,305,054	221,190,545	223,682,011	2,491,466
Intergovernmental State Funding:				
State Equalization	317,516,081	295,994,909	295,788,353	(206,556)
Special Education	11,650,388	11,727,523	11,967,184	239,661
Vocational Education	639,835	652,546	660,442	7,896
Other	13,732,677	14,735,787	12,191,604	(2,544,183)
Total Intergovernmental State Funding	343,538,981	323,110,765	320,607,583	(2,503,182)
Other:				
Investment Income	129,554	681,923	781,416	99,493
Charges for Services	26,666,695	27,187,280	29,134,356	1,947,076
Fundraisers and Donations	3,000,000	3,000,000	2,835,173	(164,827)
Other	4,939,909	5,657,759	5,376,756	(281,003)
Total Other	34,736,158	36,526,962	38,127,701	1,600,739
Total Revenue	579,580,193	580,828,272	582,417,295	1,589,023
EXPENDITURES				
Current Operating:				
Instructional Services	289,580,133	288,806,070	285,203,836	3,602,234
Funding to Component Units	121,161,089	116,616,169	116,696,635	(80,466)
Supporting Services:				
Pupil Support Services	72,193,250	77,786,081	81,598,333	(3,812,252)
Operations and Maintenance	70,991,769	65,054,510	61,135,610	3,918,900
Central Supporting Services	35,146,600	36,251,419	32,092,639	4,158,780
Facility Acquisition and Construction	642,267	10,728,886	6,052,941	4,675,945
Total Expenditures	589,715,108	595,243,135	582,779,994	12,463,141
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,134,915)	(14,414,863)	(362,699)	14,052,164
OTHER FINANCING SOURCES (USES)				
Compensation for Loss of Asset	-	-	2,900	2,900
Proceeds from Issuance of Capital Lease	-	-	130,087	130,087
Transfers Out	(8,571,380)	(8,576,023)	(8,576,023)	-
Total Other Financing (Uses)	(8,571,380)	(8,576,023)	(8,443,036)	132,987
NET CHANGE IN FUND BALANCES	\$ (18,706,295)	\$ (22,990,886)	(8,805,735)	\$ 14,185,151
FUND BALANCE, Beginning			89,970,160	
FUND BALANCE, Ending			\$ 81,164,425	

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				
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 57,670,732	\$ 54,817,551	\$ 54,252,218	\$ 50,941,245	\$ 47,497,483
Contributions in relation to the contractually required contribution	57,670,732	54,817,551	54,252,218	50,941,245	47,497,483
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 305,474,654	\$ 298,405,538	\$ 305,938,048	\$ 301,705,262	\$ 297,408,577
Contributions as a percentage of covered payroll	18.88%	18.37%	17.73%	16.88%	15.97%

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

	2013		2012		2011		2010		2009
\$	42,826,213	\$	39,172,115	\$	37,624,529	\$	37,755,336	\$	36,526,884
	42,826,213		39,172,115		37,624,529		37,755,336		36,526,884
\$	-	\$	-	\$	-	\$	-	\$	-
\$	282,878,082	\$	276,125,761	\$	283,120,987	\$	304,983,533	\$	317,820,761
	15.14%		14.19%		13.29%		12.38%		11.49%



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

	2014	2015	2016	2017
District's proportion of the net pension liability	6.666%	6.601%	6.525%	6.569%
District's proportionate share of the net pension liability	\$ 903,520,866	\$ 1,009,505,041	\$ 1,942,879,251	\$ 2,124,245,847
District's covered payroll	\$ 249,141,046	\$ 256,750,149	\$ 260,761,083	\$ 270,166,056
District's proportionate share of the net pension liability as a percentage of its covered payroll	362.65%	393.19%	745.08%	786.27%
Plan fiduciary net position as a percentage of the total pension liability	62.84%	59.16%	43.13%	43.96%

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

(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

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 3,115,841	\$ 3,043,736	\$ 3,120,568	\$ 3,077,393	\$ 3,033,567
Contributions in relation to the contractually required contribution	3,115,841	3,043,736	3,120,568	3,077,393	3,033,567
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 305,474,654	\$ 298,405,538	\$ 305,938,048	\$ 301,705,262	\$ 297,408,577
Contributions as a percentage of payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

2013	2012	2011	2010	2009
\$ 2,885,356	\$ 2,816,483	\$ 2,887,834	\$ 3,110,832	\$ 3,241,771
2,885,356	2,816,483	2,887,834	3,110,832	3,241,771
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 282,878,082	\$ 276,125,761	\$ 283,120,987	\$ 304,983,533	\$ 317,820,761
1.02%	1.02%	1.02%	1.02%	1.02%

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

	2016	2017
District's proportion of the OPEB liability	3.708%	3.732%
District's proportionate share of the net OPEB liability	\$ 48,084,618	\$ 48,505,220
District's covered payroll	\$ 260,761,083	\$ 270,166,056
District's proportionate share of the OPEB liability as a percentage of its covered payroll	18.44%	17.95%
Plan fiduciary net position as a percentage of the total OPEB liability	16.72%	17.53%

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

(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

***SUPPLEMENTARY
INFORMATION***



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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, 2018 and 2017

	2018	2017
ASSETS		
Cash and Investments	\$ 96,640,645	\$ 106,964,978
Receivables:		
Property Taxes	9,989,600	10,113,094
Other	1,223,852	814,848
Inventories	1,062,901	957,310
Due from Other Funds	1,696,744	1,871,747
Prepaid Costs	1,009,079	165,877
Total Assets	<u>\$ 111,622,821</u>	<u>\$ 120,887,854</u>
LIABILITIES		
Accounts Payable	\$ 4,709,605	\$ 5,528,935
Accrued Compensation	22,298,504	22,128,489
Unearned Revenues	532,265	475,600
Total Liabilities	<u>27,540,374</u>	<u>28,133,024</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	<u>2,918,022</u>	<u>2,784,670</u>
FUND BALANCES		
Nonspendable:		
Inventories & Prepaid Costs	2,071,980	1,123,187
Restricted:		
TABOR Emergency Reserve	15,038,500	15,995,000
Medicaid Grant	2,168,188	1,957,655
Committed:		
3% Board Reserves	15,038,500	15,995,000
Assigned:		
School Carryover	20,065,678	16,536,714
Extended Service Severance	332,469	428,537
Facility Use Revenue Share and Insurance Settlement	882,904	895,707
1% Retention Stipend	-	3,200,000
Cash In Lieu	2,490,830	3,365,326
Master Capital Plan Projects in Process	3,988,524	3,600,000
Transfer to Other Funds	-	500,000
Full Day Kindergarten Scholarships	144,950	300,000
Sub-fund Carryover	4,237,024	8,184,875
Unassigned	<u>14,704,878</u>	<u>17,888,159</u>
Total Fund Balances	<u>81,164,425</u>	<u>89,970,160</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 111,622,821</u>	<u>\$ 120,887,854</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
Combining Balance Sheet
June 30, 2018

	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	\$ 81,382,586	\$ 88,093	\$ 11,712,540	\$ 2,138,855	\$ -	\$ 1,318,571	\$ 96,640,645
Receivables:							
Property Taxes	9,989,600	-	-	-	-	-	9,989,600
Other	1,112,639	-	19,320	-	-	91,893	1,223,852
Due from Other Funds	1,696,744	-	-	-	-	-	1,696,744
Inventories	351,596	-	-	-	-	711,305	1,062,901
Prepaid Costs	1,009,079	-	-	-	-	-	1,009,079
Total Assets	<u>\$ 95,542,244</u>	<u>\$ 88,093</u>	<u>\$ 11,731,860</u>	<u>\$ 2,138,855</u>	<u>\$ -</u>	<u>\$ 2,121,769</u>	<u>\$111,622,821</u>
LIABILITIES							
Accounts Payable	\$ 3,513,056	\$ 19,258	\$ 1,080,160	\$ 1,181	\$ -	\$ 95,950	\$ 4,709,605
Accrued Compensation	21,266,110	11,063	-	347,080	-	674,251	22,298,504
Unearned Revenues	205,420	-	-	326,845	-	-	532,265
Total Liabilities	<u>24,984,586</u>	<u>30,321</u>	<u>1,080,160</u>	<u>675,106</u>	<u>-</u>	<u>770,201</u>	<u>27,540,374</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes	<u>2,918,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,918,022</u>
FUND BALANCES							
Nonspendable:							
Inventories & Prepaid Costs	1,360,675	-	-	-	-	711,305	2,071,980
Restricted:							
TABOR Emergency Reserve	15,038,500	-	-	-	-	-	15,038,500
Medicaid Grant	2,168,188	-	-	-	-	-	2,168,188
Committed:							
3% Board Reserves	15,038,500	-	-	-	-	-	15,038,500
Assigned:							
Extended Service Severance	332,469	-	-	-	-	-	332,469
Facility Use Revenue Share	882,904	-	-	-	-	-	882,904
School Carryover	18,113,522	-	633,357	1,318,799	-	-	20,065,678
Cash In Lieu	-	-	2,490,830	-	-	-	2,490,830
Master Capital Plan Projects in Process	-	-	3,988,524	-	-	-	3,988,524
Full Day Kindergarten Scholarships	-	-	-	144,950	-	-	144,950
Subfund Carryover	-	57,772	3,538,989	-	-	640,263	4,237,024
Unassigned	<u>14,704,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,704,878</u>
Total Fund Balances	<u>67,639,636</u>	<u>57,772</u>	<u>10,651,700</u>	<u>1,463,749</u>	<u>-</u>	<u>1,351,568</u>	<u>81,164,425</u>
Total Liabilities and Fund Balances	<u>\$ 95,542,244</u>	<u>\$ 88,093</u>	<u>\$ 11,731,860</u>	<u>\$ 2,138,855</u>	<u>\$ -</u>	<u>\$ 2,121,769</u>	<u>\$111,622,821</u>

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, 2018

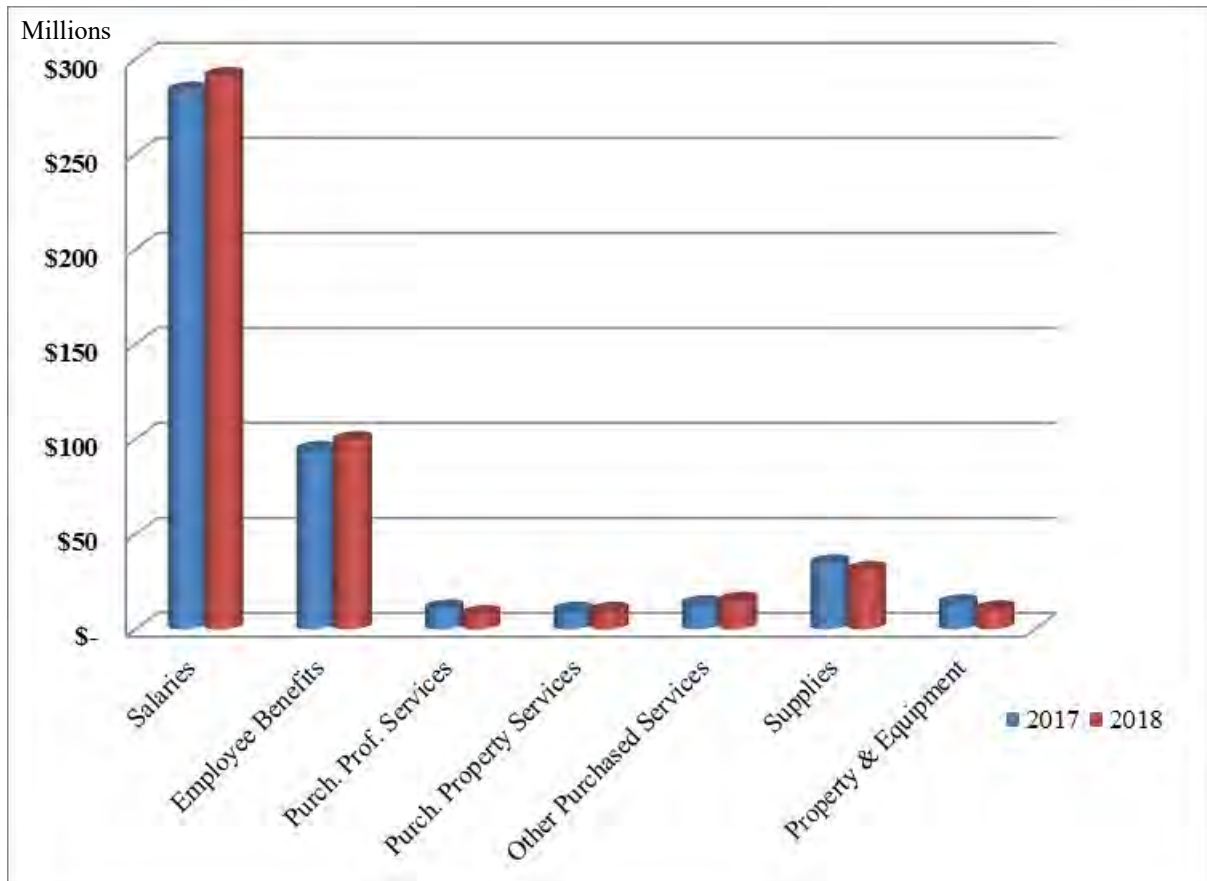
	General Fund 10	Outdoor Education Fund 13	Capital Projects Fund 14	Full Day Kindergarten Fund 15	Risk Insurance Fund 18	Transportation Fund 25	Combined General Fund
REVENUES							
Property Taxes	\$197,272,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$197,272,795
Specific Ownership Tax	26,409,216	-	-	-	-	-	26,409,216
Intergovernmental State Sources:							
Equalization	295,788,353	-	-	-	-	-	295,788,353
Special Education	11,967,184	-	-	-	-	-	11,967,184
Vocational Education	660,442	-	-	-	-	-	660,442
Other State	7,419,804	-	-	-	-	4,771,800	12,191,604
Charges for Services	21,627,113	962,645	-	4,421,306	-	2,123,292	29,134,356
Contributions and Donations	2,835,173	-	-	-	-	-	2,835,173
Investment Earnings	781,416	-	-	-	-	-	781,416
Other	3,505,426	-	1,836,197	927	-	34,206	5,376,756
Total Revenues	568,266,922	962,645	1,836,197	4,422,233	-	6,929,298	582,417,295
EXPENDITURES							
Current Operating:							
Instructional Services	276,445,044	1,033,628	3,268,935	4,456,229	-	-	285,203,836
Funding to Charter Schools	116,696,635	-	-	-	-	-	116,696,635
Supporting Services:							
Pupil Support Services	80,801,513	-	409,949	386,871	-	-	81,598,333
Operations and Maintenance	37,516,101	35,741	721,296	-	-	22,862,472	61,135,610
Central Supporting Services	30,800,871	-	1,291,768	-	-	-	32,092,639
Facility Acquisition and Construction	257,957	41,801	5,723,764	-	-	29,419	6,052,941
Total Expenditures	542,518,121	1,111,170	11,415,712	4,843,100	-	22,891,891	582,779,994
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	25,748,801	(148,525)	(9,579,515)	(420,867)	-	(15,962,593)	(362,699)
OTHER FINANCING SOURCES (USES)							
Proceeds from Issuance of Capital Lease	-	-	130,087	-	-	-	130,087
Compensation for Loss of Asset	2,900	-	-	-	-	-	2,900
Transfers In/Out	(34,444,955)	55,200	10,208,113	484,725	(1,558,338)	16,679,232	(8,576,023)
Total Other Financing Sources (Uses)	(34,442,055)	55,200	10,338,200	484,725	(1,558,338)	16,679,232	(8,443,036)
NET CHANGE IN FUND BALANCES	(8,693,254)	(93,325)	758,685	63,858	(1,558,338)	716,639	(8,805,735)
FUND BALANCES, Beginning	76,332,890	151,097	9,893,015	1,399,891	1,558,338	634,929	89,970,160
FUND BALANCES, Ending	\$ 67,639,636	\$ 57,772	\$ 10,651,700	\$ 1,463,749	\$ -	\$ 1,351,568	\$ 81,164,425

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
 Schedule of Expenditures by Object - Budget to Actual
 For the Fiscal Year Ended June 30, 2018
 (With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
EXPENDITURES					
Salaries	\$ 290,363,160	\$ 291,562,319	\$ 291,222,596	\$ 339,723	\$ 283,477,066
Employee Benefits	102,741,710	100,086,783	99,455,440	631,343	94,291,385
Purchased Professional Services	6,115,647	8,058,918	7,867,490	191,428	10,887,976
Purchased Property Services	10,616,299	10,496,126	9,623,745	872,381	9,723,484
Other Purchased Services	11,408,476	13,016,816	14,965,276	(1,948,460)	13,114,646
Supplies	37,338,208	36,216,324	31,106,369	5,109,955	34,624,545
Property & Equipment	8,574,937	15,335,373	10,394,962	4,940,411	13,631,207
Other, Chargebacks/Credits	1,395,582	3,854,307	1,447,481	2,406,826	283,757
Total Expenditures	468,554,019	478,626,966	466,083,359	12,543,607	460,034,066
Charter School Allocations	121,161,089	116,616,169	116,696,635	(80,466)	105,366,488
Interfund Transfers, net	8,571,380	8,576,023	8,576,023	-	9,442,074
Total Expenditures	<u>\$ 598,286,488</u>	<u>\$ 603,819,158</u>	<u>\$ 591,356,017</u>	<u>\$ 12,463,141</u>	<u>\$ 574,842,628</u>

**Fiscal Year 2018 and 2017
 Combined General Fund Expenditures by Object**



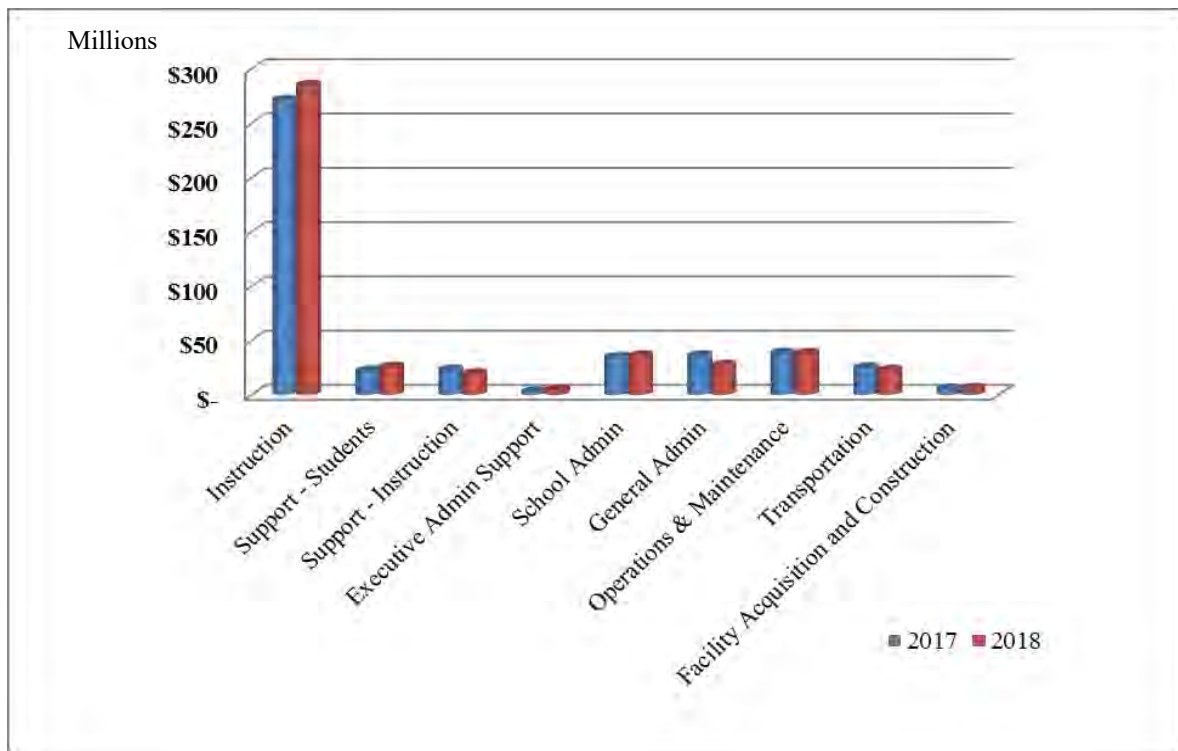
DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Combined General Fund
Schedule of Expenditures by Program - Budget to Actual
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				
	Adopted Budget	Amended Budget	Actual	Variance with Budget	2017 Actuals
EXPENDITURES					
Instructional:					
Instruction	\$ 289,580,133	\$ 287,687,898	\$ 285,203,836	\$ 2,484,062	\$ 271,368,952
Support - Students	18,751,678	19,803,346	25,757,514	(5,954,168)	22,277,285
Support - Instruction	20,638,285	20,795,441	19,773,020	1,022,421	22,979,660
Support Services:					
Executive Admin Support	3,208,754	4,625,478	4,676,267	(50,789)	2,922,124
School Admin	32,803,287	37,187,294	36,067,799	1,119,495	34,888,654
General Admin	31,937,846	32,744,113	27,416,372	5,327,741	36,152,153
Operations & Maintenance	46,372,782	41,191,534	38,375,912	2,815,622	38,732,499
Transportation	24,618,987	23,862,976	22,759,698	1,103,278	25,114,459
Facility Acquisition and Construction*	642,267	10,728,886	6,052,941	4,675,945	5,598,280
Total Expenditures	468,554,019	478,626,966	466,083,359	12,543,607	460,034,066
Charter Schools	121,161,089	116,616,169	116,696,635	(80,466)	105,366,488
Interfund Transfers, net (for Instructional Programs)	4,542,600	4,547,640	4,547,640	-	4,807,436
Interfund Transfers, net (for Support Programs)	4,028,780	4,028,383	4,028,383	-	4,634,638
Total Expenditures	\$ 598,286,488	\$ 603,819,158	\$ 591,356,017	\$ 12,463,141	\$ 574,842,628

* Construction funds were allocated for the entire project yet those projects were still in progress at year-end causing a variance to budget.

**Fiscal Year 2018 and 2017
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, 2018 and 2017

	2018	2017
REVENUES		
Taxes	\$ 223,682,011	\$ 203,797,141
Intergovernmental:		
State Equalization	295,788,353	296,915,245
Special Education	11,967,184	11,592,397
Vocational Education	660,442	639,835
Other State	12,191,604	13,478,851
Charges for Services	29,134,356	22,948,804
Contributions and Donations	2,835,173	3,273,924
Investment Earnings	781,416	431,923
Other	5,376,756	8,352,408
Total Revenue	582,417,295	561,430,528
EXPENDITURES		
Current Operating:		
Instructional Services	285,203,836	271,368,952
Charter School Allocations	116,696,635	105,366,488
Supporting Services:		
Pupil Support Services	81,598,333	80,145,599
Operations and Maintenance	61,135,610	63,846,958
Central Supporting Services	32,092,639	39,074,277
Facility Acquisition and Construction	6,052,941	5,598,280
Total Expenditures	582,779,994	565,400,554
DEFICIENCY OF REVENUES OVER EXPENDITURES	(362,699)	(3,970,026)
OTHER FINANCING SOURCES (USES)		
Compensation for Loss of Asset	2,900	10,545
Proceeds from Issuance of Capital Lease	130,087	-
Transfers Out	(8,576,023)	(9,442,074)
Total Other Financing Sources (Uses)	(8,443,036)	(9,431,529)
NET CHANGE IN FUND BALANCE	(8,805,735)	(13,401,555)
FUND BALANCE, Beginning	89,970,160	103,371,715
FUND BALANCE, Ending	\$ 81,164,425	\$ 89,970,160



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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, 2018

	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	\$ 1,204,385	\$ -	\$ 1,869,250	\$ 310,475	\$ 6,166,437	\$ 11,904	\$ 9,562,451
Accounts Receivable	440,356	2,861,014	267	2,331	-	-	3,303,968
Inventories	559,786	-	-	-	-	-	559,786
Total Assets	<u>\$2,204,527</u>	<u>\$ 2,861,014</u>	<u>\$ 1,869,517</u>	<u>\$ 312,806</u>	<u>\$ 6,166,437</u>	<u>\$ 11,904</u>	<u>\$ 13,426,205</u>
LIABILITIES							
Accounts Payable	\$ 1,976	\$ 143,292	\$ 323,984	\$ 7,147	\$ 18,005	\$ -	\$ 494,404
Due to Other Funds	-	1,696,744	-	-	-	-	1,696,744
Accrued Compensation	156,072	602,082	67,317	56,869	572,162	-	1,454,502
Unearned Revenues	452,557	233,776	-	219,122	-	-	905,455
Total Liabilities	<u>610,605</u>	<u>2,675,894</u>	<u>391,301</u>	<u>283,138</u>	<u>590,167</u>	<u>-</u>	<u>4,551,105</u>
FUND BALANCES							
Nonspendable	559,786	-	-	-	-	-	559,786
Restricted	1,034,136	185,120	-	-	-	-	1,219,256
Assigned	-	-	1,478,216	29,668	5,576,270	11,904	7,096,058
Total Fund Balances	<u>1,593,922</u>	<u>185,120</u>	<u>1,478,216</u>	<u>29,668</u>	<u>5,576,270</u>	<u>11,904</u>	<u>8,875,100</u>
Total Liabilities and Fund Balances	<u>\$2,204,527</u>	<u>\$ 2,861,014</u>	<u>\$ 1,869,517</u>	<u>\$ 312,806</u>	<u>\$ 6,166,437</u>	<u>\$ 11,904</u>	<u>\$ 13,426,205</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, 2018

	Nutrition Services 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	\$ 3,347,864	\$ 13,152,899	\$ -	\$ -	\$ -	\$ -	\$ 16,500,763
Charges for Services	9,325,411	-	8,820,436	5,928,223	11,696,818	-	35,770,888
Aspen View COP Lease Payment	-	-	-	-	-	963,756	963,756
Fundraising and Donations	-	-	2,164,247	-	-	-	2,164,247
Other	105,862	78,752	325,108	-	13,269	1,499	524,490
Total Revenues	12,779,137	13,231,651	11,309,791	5,928,223	11,710,087	965,255	55,924,144
EXPENDITURES							
Current Operating:							
Instruction	-	9,306,967	14,177,505	-	10,875,176	-	34,359,648
Supporting Services	12,865,504	3,924,684	2,032,813	5,825,020	1,021,613	-	25,669,634
Lease Payments:							
Principal Retirement	-	-	-	-	-	3,005,000	3,005,000
Interest and Fiscal Charges	-	-	-	-	-	1,458,305	1,458,305
Total Expenditures	12,865,504	13,231,651	16,210,318	5,825,020	11,896,789	4,463,305	64,492,587
DEFICIENCY OF REVENUES OVER EXPENDITURES	(86,367)	-	(4,900,527)	103,203	(186,702)	(3,498,050)	(8,568,443)
OTHER FINANCING SOURCES							
Transfers In	-	-	5,226,023	-	-	3,350,000	8,576,023
Total Other Financing Sources	-	-	5,226,023	-	-	3,350,000	8,576,023
NET CHANGE IN FUND BALANCES	(86,367)	-	325,496	103,203	(186,702)	(148,050)	7,580
FUND BALANCE, Beginning, as restated	1,680,289	185,120	1,152,720	(73,535)	5,762,972	159,954	8,867,520
FUND BALANCE, Ending	\$ 1,593,922	\$ 185,120	\$ 1,478,216	\$ 29,668	\$ 5,576,270	\$ 11,904	\$ 8,875,100

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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017
	Adopted Budget	Amended Budget	Actual	Variance with Budget	Actual
REVENUES					
Intergovernmental:					
Federal Government Lunch Program	\$ 2,360,000	\$ 2,360,000	\$ 2,494,580	\$ 134,580	\$ 2,349,287
Commodity Contribution	763,000	763,000	732,440	(30,560)	789,601
State Match	140,000	145,000	120,844	(24,156)	135,537
Food Sales	9,132,400	9,347,400	9,325,411	(21,989)	9,135,051
Other	60,000	85,000	105,862	20,862	80,905
Total Revenue	<u>12,455,400</u>	<u>12,700,400</u>	<u>12,779,137</u>	<u>78,737</u>	<u>12,490,381</u>
EXPENDITURES					
Supporting Services:					
Food Purchases	5,193,000	5,193,000	5,057,568	135,432	5,064,477
Salaries and Benefits	5,378,007	5,435,505	5,694,845	(259,340)	5,402,897
Purchased Services	427,110	428,310	451,727	(23,417)	444,816
Supplies and Equipment	773,920	1,330,127	689,732	640,395	759,818
Capital Outlay	-	-	302,910	(302,910)	76,209
Other	348,879	745,679	668,722	76,957	624,099
Total Expenditures	<u>12,120,916</u>	<u>13,132,621</u>	<u>12,865,504</u>	<u>267,117</u>	<u>12,372,316</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>334,484</u>	<u>(432,221)</u>	<u>(86,367)</u>	<u>345,854</u>	<u>118,065</u>
OTHER FINANCING SOURCES					
Proceeds from Sale of Capital Assets	-	-	-	-	292,483
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,483</u>
NET CHANGE IN FUND BALANCE	<u>\$ 334,484</u>	<u>\$ (432,221)</u>	<u>(86,367)</u>	<u>\$ 345,854</u>	<u>410,548</u>
FUND BALANCE, Beginning, as restated			<u>1,680,289</u>		<u>1,269,741</u>
FUND BALANCE, Ending			<u>\$ 1,593,922</u>		<u>\$ 1,680,289</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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017
	Adopted Budget	Amended Budget	Actual	Variance with Budget	Actual
REVENUES					
Intergovernmental:					
Federal	\$ 12,153,777	\$ 12,621,010	\$ 12,156,741	\$ (464,269)	\$ 12,393,891
State and Local	1,142,751	1,130,592	996,158	(134,434)	565,199
Other	195,905	156,471	78,752	(77,719)	247,744
Total Revenues	13,492,433	13,908,073	13,231,651	(676,422)	13,206,834
EXPENDITURES					
Instruction:					
Salaries and Benefits	8,598,433	7,356,272	7,679,748	(323,476)	7,645,207
Purchased Services	2,128,765	1,559,733	1,459,407	100,326	1,940,177
Supplies and Materials	268,076	65,706	47,831	17,875	134,630
Capital Outlay	184,000	113,985	116,983	(2,998)	68,570
Other	-	5,200	2,998	2,202	3,856
Support Services:					
Salaries and Benefits	1,791,484	3,122,231	2,588,881	533,350	1,921,224
Purchased Services	186,329	667,670	573,924	93,746	516,704
Supplies and Materials	234,346	335,690	199,242	136,448	110,595
Other	101,000	681,586	562,637	118,949	865,871
Total Expenditures	13,492,433	13,908,073	13,231,651	676,422	13,206,834
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
FUND BALANCE, Beginning			185,120		185,120
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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017
	Adopted Budget	Amended Budget	Actual	Variance with Budget	Actual
REVENUES					
Charges for Services:					
Student Fees	\$ 2,872,922	\$ 3,041,491	\$ 3,404,433	\$ 362,942	\$ 3,039,858
Gate Fees	610,690	675,000	846,180	171,180	806,191
Merchandise Sales	3,093,766	4,945,557	4,569,823	(375,734)	4,426,547
Fundraising and Donations	1,796,969	2,100,000	2,164,247	64,247	2,681,928
Other	2,038,190	716,065	325,108	(390,957)	312,970
Total Revenues	<u>10,412,537</u>	<u>11,478,113</u>	<u>11,309,791</u>	<u>(168,322)</u>	<u>11,267,494</u>
EXPENDITURES					
Instructional:					
Salaries and Benefits	5,668,246	5,710,288	6,371,543	(661,255)	6,037,932
Purchased Services	1,711,380	2,349,492	3,834,788	(1,485,296)	2,574,143
Supplies	3,639,142	3,015,690	3,471,059	(455,369)	4,867,308
Capital Outlay	10,100	58,100	126,534	(68,434)	97,706
Other	382,288	538,485	373,581	164,904	382,275
Supporting Services:					
Salaries and Benefits	820,538	882,623	414,818	467,805	729,533
Purchased Services	1,146,334	1,875,221	891,407	983,814	401,413
Supplies	1,362,692	1,495,401	556,164	939,237	678,301
Capital Outlay	211,600	211,600	67,778	143,822	138,208
Other	681,597	527,860	102,646	425,214	108,212
Total Expenditures	<u>15,633,917</u>	<u>16,664,760</u>	<u>16,210,318</u>	<u>454,442</u>	<u>16,015,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,221,380)</u>	<u>(5,186,647)</u>	<u>(4,900,527)</u>	<u>286,120</u>	<u>(4,747,537)</u>
OTHER FINANCING SOURCES					
Transfers In	<u>5,221,380</u>	<u>5,226,023</u>	<u>5,226,023</u>	<u>-</u>	<u>5,525,788</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 39,376</u>	<u>325,496</u>	<u>\$ 286,120</u>	<u>778,251</u>
FUND BALANCE, Beginning			<u>1,152,720</u>		<u>374,469</u>
FUND BALANCE, Ending			<u>\$ 1,478,216</u>		<u>\$ 1,152,720</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Fund 28

Nutrition Services Non-NSLP (NSLP) Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017
	Adopted Budget	Amended Budget	Actual	Variance with Budget	Actual
REVENUES					
Food Sales	\$ 5,612,300	\$ 6,327,300	\$ 5,928,223	\$ (399,077)	\$ 5,155,888
Other	22,000	22,000	-	(22,000)	27,294
Total Revenue	5,634,300	6,349,300	5,928,223	(421,077)	5,183,182
EXPENDITURES					
Supporting Services:					
Food Purchases	2,300,000	2,600,000	2,297,067	302,933	2,055,437
Salaries and Benefits	2,503,389	2,790,117	2,713,051	77,066	2,433,675
Purchased Services	382,490	395,040	430,391	(35,351)	363,412
Supplies and Equipment	198,080	366,693	220,275	146,418	131,599
Other	164,155	304,155	164,236	139,919	280,111
Total Expenditures	5,548,114	6,456,005	5,825,020	630,985	5,264,234
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	86,186	(106,705)	103,203	209,908	(81,052)
OTHER FINANCING SOURCES					
Transfers In	-	-	-	-	7,517
Total Other Financing Sources	-	-	-	-	7,517
NET CHANGE IN FUND BALANCE	\$ 86,186	\$ (106,705)	103,203	\$ 209,908	(73,535)
FUND BALANCE, Beginning, as restated			(73,535)		-
FUND BALANCE, Ending			\$ 29,668		\$ (73,535)

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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017
	Adopted Budget	Amended Budget	Actual	Variance with Budget	Actual
REVENUES					
Charges for Services	\$ 12,082,358	\$ 12,082,358	\$ 11,696,818	\$ (385,540)	\$ 11,535,640
Other	-	18,000	13,269	(4,731)	26,051
Total Revenue	12,082,358	12,100,358	11,710,087	(390,271)	11,561,691
EXPENDITURES					
Instructional:					
Salaries and Benefits	9,151,026	8,618,264	8,546,206	72,058	8,220,769
Purchased Services	1,049,851	1,049,851	1,212,840	(162,989)	928,209
Supplies	622,036	595,481	740,302	(144,821)	959,843
Other	848,299	848,299	375,828	472,471	483,236
Supporting Services:					
Salaries and Benefits	-	532,762	528,706	4,056	513,727
Purchased Services	-	-	20,303	(20,303)	6,686
Supplies	-	44,555	9,386	35,169	15,030
Other	411,146	411,146	463,218	(52,072)	439,200
Total Expenditures	12,082,358	12,100,358	11,896,789	203,569	11,566,700
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(186,702)	<u>\$ (186,702)</u>	(5,009)
FUND BALANCE, Beginning			5,762,972		5,767,981
FUND BALANCE, Ending			<u>\$ 5,576,270</u>		<u>\$ 5,762,972</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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017
	Adopted Budget	Amended Budget	Actual	Variance with Budget	Actual
REVENUES					
Aspen View COP Lease Payment	\$ 1,030,956	\$ 963,756	\$ 963,756	\$ -	\$ 963,940
Investment Earnings	2,872	2,516	1,499	(1,017)	2,215
Total Revenues	1,033,828	966,272	965,255	(1,017)	966,155
EXPENDITURES					
Lease Payments:					
Principal Retirement	3,005,000	3,005,000	3,005,000	-	2,980,000
Interest	1,451,555	1,451,555	1,451,555	-	1,458,655
Fiscal Charges	2,872	8,307	6,750	1,557	6,750
Total Expenditures	4,459,427	4,464,862	4,463,305	1,557	4,445,405
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,425,599)	(3,498,590)	(3,498,050)	540	(3,479,250)
OTHER FINANCING SOURCES					
Transfers In	3,350,000	3,350,000	3,350,000	-	3,616,286
Total Other Financing Sources	3,350,000	3,350,000	3,350,000	-	3,616,286
NET CHANGE IN FUND BALANCE	\$ (75,599)	\$ (148,590)	(148,050)	\$ 540	137,036
FUND BALANCE, Beginning			159,954		22,918
FUND BALANCE, Ending			\$ 11,904		\$ 159,954



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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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Receivables:		
Property Taxes, Net of Allowance for Uncollectible Taxes	\$ 1,330,972	\$ 1,494,654
Accrued Interest on Investments	229,106	-
Restricted Cash and Investment	<u>59,224,594</u>	<u>58,601,024</u>
Total Assets	<u>\$ 60,784,672</u>	<u>\$ 60,095,678</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable - Property Taxes	<u>\$ 641,020</u>	<u>\$ 678,964</u>
FUND BALANCES		
Restricted:		
Debt Service	<u>60,143,652</u>	<u>59,416,714</u>
Total Fund Balances	<u>60,143,652</u>	<u>59,416,714</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 60,784,672</u>	<u>\$ 60,095,678</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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017
	Adopted Budget	Amended Budget	Actual	Variance with Budget	Actual
REVENUES					
Property Taxes	\$ 51,152,188	\$ 51,384,600	\$ 51,429,750	\$ 45,150	\$ 54,677,033
Investment Earnings	275,445	553,382	682,510	129,128	312,910
Total Revenues	51,427,633	51,937,982	52,112,260	174,278	54,989,943
EXPENDITURES					
Debt Service:					
Principal Retirement	32,624,571	32,624,570	32,624,570	-	37,190,143
Interest and Fiscal Charges	18,758,742	18,758,743	18,758,743	-	-
Other	4,166	4,583	2,009	2,574	17,467,675
Total Expenditures	51,387,479	51,387,896	51,385,322	2,574	54,657,818
EXCESS OF REVENUES OVER EXPENDITURES	40,154	550,086	726,938	176,852	332,125
NET CHANGE IN FUND BALANCE	\$ 40,154	\$ 550,086	726,938	\$ 176,852	332,125
FUND BALANCE, Beginning			59,416,714		59,084,589
FUND BALANCE, Ending			\$ 60,143,652		\$ 59,416,714



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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, 2018 and 2017

	2018 *	2017
ASSETS		
Restricted Cash and Investments	\$ -	\$ 2,423,238
Total Assets	<u>\$ -</u>	<u>\$ 2,423,238</u>
LIABILITIES		
Accounts Payable	\$ -	\$ 881,318
Total Liabilities	<u>-</u>	<u>881,318</u>
FUND BALANCES		
Restricted:		
Building Expenditures	<u>-</u>	<u>1,541,920</u>
Total Fund Balances	<u>-</u>	<u>1,541,920</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 2,423,238</u>

* All proceeds from the sale of certificates of participation were spent as of June 30, 2018.

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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017
	Adopted Budget	Amended Budget	Actual	Variance with Budget	Actual
REVENUES					
Investment Earnings	\$ -	\$ 23,453	\$ 20,637	\$ (2,816)	\$ 37,968
Total Revenues	-	23,453	20,637	(2,816)	37,968
EXPENDITURES					
Capital Outlay:					
Building and Building Improvements	3,457,705	1,565,373	1,562,557	2,816	4,223,743
Total Expenditures	3,457,705	1,565,373	1,562,557	2,816	4,223,743
DEFICIENCY OF REVENUES OVER EXPENDITURES	(3,457,705)	(1,541,920)	(1,541,920)	-	(4,185,775)
NET CHANGE IN FUND BALANCE	\$ (3,457,705)	\$ (1,541,920)	(1,541,920)	\$ -	(4,185,775)
FUND BALANCE, Beginning			1,541,920		5,727,695
FUND BALANCE, Ending			\$ -		\$ 1,541,920



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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, 2018

	Medical Fund 65	Short Term Disability Fund 66	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Investments	\$ 9,874,181	\$ 764,354	\$ 10,638,535
Prepaid Costs	<u>2,686,401</u>	<u>26,391</u>	<u>2,712,792</u>
Total Assets	<u><u>\$ 12,560,582</u></u>	<u><u>\$ 790,745</u></u>	<u><u>\$ 13,351,327</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 7,185	\$ -	\$ 7,185
Accrued Insurance Claims	<u>3,494,240</u>	<u>-</u>	<u>3,494,240</u>
Total Current Liabilities	<u>3,501,425</u>	<u>-</u>	<u>3,501,425</u>
NET POSITION			
Unrestricted	<u>9,059,157</u>	<u>790,745</u>	<u>9,849,902</u>
Total Net Position	<u>9,059,157</u>	<u>790,745</u>	<u>9,849,902</u>
Total Liabilities and Net Position	<u><u>\$ 12,560,582</u></u>	<u><u>\$ 790,745</u></u>	<u><u>\$ 13,351,327</u></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, 2018

	Medical Fund 65	Short Term Disability Fund 66	Total Internal Service Funds
REVENUES			
Premium Revenue	\$ 48,045,838	\$ 843,030	\$ 48,888,868
Other	6,235	-	6,235
Total Revenue	48,052,073	843,030	48,895,103
EXPENSES			
Insurance and Claims	43,351,594	419,872	43,771,466
Stop Loss Premiums	554,178	-	554,178
Salaries and Benefits	30,601	-	30,601
Purchased Services	934,859	-	934,859
Other	12,228	164,046	176,274
Total Expenses	44,883,460	583,918	45,467,378
OPERATING INCOME	3,168,613	259,112	3,427,725
NON-OPERATING REVENUES			
Investment Earnings	124,655	-	124,655
Total Non-Operating Revenues	124,655	-	124,655
CHANGE IN NET POSITION	3,293,268	259,112	3,552,380
NET POSITION, Beginning	5,765,889	531,633	6,297,522
NET POSITION, Ending	\$ 9,059,157	\$ 790,745	\$ 9,849,902

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Medical Fund 65	Short Term Disability Fund 66	Total Internal Services Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 48,836,613	\$ 843,030	\$ 49,679,643
Payments to Suppliers	(45,711,481)	(587,156)	(46,298,637)
Payments to Employees	(30,601)	-	(30,601)
Net Cash Provided to Operating Activities	<u>3,094,531</u>	<u>255,874</u>	<u>3,350,405</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Earnings on Investments	<u>124,655</u>	<u>-</u>	<u>124,655</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,219,186	255,874	3,475,060
CASH AND CASH EQUIVALENTS, Beginning	<u>6,654,995</u>	<u>508,480</u>	<u>7,163,475</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 9,874,181</u></u>	<u><u>\$ 764,354</u></u>	<u><u>\$ 10,638,535</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED BY) PROVIDED TO OPERATING ACTIVITIES:			
Operating Income	\$ 3,168,613	\$ 259,112	\$ 3,427,725
Changes in Assets and Liabilities:			
Change in Prepaid Costs	784,540	(3,238)	781,302
Change in Accounts Payable	6,151	-	6,151
Change in Accrued Insurance Claims	(864,773)	-	(864,773)
Total Adjustments	<u>(74,082)</u>	<u>(3,238)</u>	<u>(77,320)</u>
NET CASH PROVIDED TO OPERATING ACTIVITIES	<u><u>\$ 3,094,531</u></u>	<u><u>\$ 255,874</u></u>	<u><u>\$ 3,350,405</u></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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
REVENUE					
Health Revenue	\$ 42,492,012	\$ 44,530,430	\$ 44,961,024	\$ 430,594	\$ 42,794,638
Dental Revenue	3,084,256	3,160,092	3,084,814	(75,278)	2,233,872
Other	7,059	7,059	6,235	(824)	5,829
Total Revenue	45,583,327	47,697,581	48,052,073	354,492	45,034,339
EXPENSES					
Health Plan	40,571,408	43,834,526	40,230,570	3,603,956	39,407,497
Dental Plan	3,040,514	3,160,092	3,121,024	39,068	3,038,550
Stop Loss Premiums	554,102	554,102	554,178	(76)	599,295
Salaries and Benefits	21,850	38,238	30,601	7,637	21,798
Purchased Services	958,076	965,594	934,859	30,735	977,816
Other	35,000	18,612	12,228	6,384	15,885
Total Expenses	45,180,950	48,571,164	44,883,460	3,687,704	44,060,841
OPERATING INCOME (LOSS)	402,377	(873,583)	3,168,613	4,042,196	973,498
NON-OPERATING REVENUES					
Investment Earnings	40,312	107,694	124,655	16,961	49,711
Total Non-Operating Revenues	40,312	107,694	124,655	16,961	49,711
CHANGE IN NET POSITION	<u>\$ 442,689</u>	<u>\$ (765,889)</u>	3,293,268	<u>\$ 4,059,157</u>	1,023,209
NET POSITION, Beginning			<u>5,765,889</u>		<u>4,742,680</u>
NET POSITION, Ending			<u>\$ 9,059,157</u>		<u>\$ 5,765,889</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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
REVENUE					
Short Term Disability Revenue	\$ 817,200	\$ 850,511	\$ 843,030	\$ (7,481)	\$ 812,402
Total Revenue	817,200	850,511	843,030	(7,481)	812,402
EXPENSES					
Claims	480,000	480,000	419,872	60,128	464,672
Other	168,480	180,776	164,046	16,730	158,789
Total Expenses	648,480	660,776	583,918	76,858	623,461
OPERATING INCOME	168,720	189,735	259,112	69,377	188,941
CHANGE IN NET POSITION	<u>\$ 168,720</u>	<u>\$ 189,735</u>	259,112	<u>\$ 69,377</u>	188,941
NET POSITION, Beginning			<u>531,633</u>		<u>342,692</u>
NET POSITION, Ending			<u>\$ 790,745</u>		<u>\$ 531,633</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, 2018

	Balance 6/30/2017	Additions	Deductions	Balance 6/30/2018
<u>Student Activity Funds</u>				
ASSETS				
Cash and Investments	\$ 1,151,084	\$ 1,632,629	\$ 1,573,391	\$ 1,210,322
LIABILITIES				
Accrued Liabilities:				
Accounts Payable	89,164	10,895	89,164	10,895
Due to Student Groups	1,061,920	1,621,734	1,484,227	1,199,427
Total Liabilities	\$ 1,151,084	\$ 1,632,629	\$ 1,573,391	\$ 1,210,322
<u>School Discretionary Funds</u>				
ASSETS				
Cash and Investments	\$ 18,369	\$ -	\$ 18,369	\$ -
LIABILITIES				
Accrued Liabilities:				
Accounts Payable	1,647	-	1,647	-
Due to Schools	16,722	-	16,722	-
Total Liabilities	\$ 18,369	\$ -	\$ 18,369	\$ -
Grand Total Agency Fund Assets	\$ 1,169,453	\$ 1,632,629	\$ 1,591,760	\$ 1,210,322
Grand Total Agency Fund Liabilities	\$ 1,169,453	\$ 1,632,629	\$ 1,591,760	\$ 1,210,322

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, 2018

(With Comparative Actual Information for the Year Ended June 30, 2017)

	2018				2017 Actual
	Adopted Budget	Amended Budget	Actual	Variance with Budget	
ADDITIONS					
Contributions	\$ 59,000	\$ 60,600	\$ 60,600	\$ -	\$ 60,000
Total Additions	59,000	60,600	60,600	-	60,000
DEDUCTIONS					
Grants and Scholarships	60,000	60,000	60,000	-	62,000
Total Deductions	60,000	60,000	60,000	-	62,000
CHANGE IN NET POSITION	<u>\$ (1,000)</u>	<u>\$ 600</u>	600	<u>\$ -</u>	(2,000)
NET POSITION, Beginning			<u>35,312</u>		<u>37,312</u>
NET POSITION, Ending			<u>\$ 35,912</u>		<u>\$ 35,312</u>



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Component Units (Charter Schools)

Component units (Charter Schools) have separate governing boards but are dependent upon the District for the majority of their funding. Charter Schools are responsible for their own audits.

*Discretely Presented Component Units
(Charter Schools)*

*Combining Statement of Net Position
Combining Statement of Activities*

DOUGLAS COUNTY SCHOOL DISTRICT RE1

Discretely Presented Component Units

Combining Statement of Net Position

June 30, 2018

	Academy Charter School	American Academy	Apex Community School	Ascent Classical Academy
ASSETS				
Cash and Investments	\$ 4,090,439	\$ 5,121,494	\$ 4,331,464	\$ 100,958
Accounts Receivable	50	36,137	-	17,380
Inventories	-	-	-	-
Prepaid Costs & Other Assets	-	309,452	-	-
Deposits	-	36,000	-	-
Restricted Cash and Investments	595,341	3,266,876	-	-
Capital Assets, Not Being Depreciated	1,354,756	3,657,167	-	-
Capital Assets, Net of Accumulated Depreciation	4,950,543	48,725,871	6,085,998	-
Total Assets	10,991,129	61,152,997	10,417,462	118,338
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	7,254,139	24,889,098	-	-
Related to OPEB	28,729	260,699	-	-
Loss on Debt Refunding	453,892	3,106,820	-	-
Total Deferred Outflows of Resources	7,736,760	28,256,617	-	-
LIABILITIES				
Accounts Payable	30,068	167,088	37,572	124,201
Accrued Liabilities	-	-	-	-
Accrued Compensation	408,314	769,881	-	-
Accrued Interest Payable	-	223,791	-	-
Unearned Revenues	-	383,546	-	-
Non-Current Liabilities:				
Due Within One Year	215,000	901,589	-	-
Due in More Than One Year	6,136,311	64,497,105	11,671,800	-
Pension Liability	19,955,901	60,631,098	-	-
OPEB Liability	455,709	1,384,547	-	-
Total Liabilities	27,201,303	128,958,645	11,709,372	124,201
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	816,022	3,148,527	-	-
Related to OPEB	7,624	23,164	-	-
Total Deferred Inflows of Resources	823,646	3,171,691	-	-
NET POSITION				
Net Investment in Capital Assets	549,329	(9,222,865)	(37,572)	-
Restricted for:				
Emergencies	169,000	675,000	-	-
Debt Service, Repairs	-	2,760,629	-	-
Capital Projects	-	-	-	-
Unrestricted	(10,015,389)	(36,933,486)	(1,254,338)	(5,863)
Total Net Position	\$ (9,297,060)	\$ (42,720,722)	\$ (1,291,910)	\$ (5,863)

DOUGLAS COUNTY SCHOOL DISTRICT RE1

Discretely Presented Component Units (Continued)

Combining Statement of Net Position

June 30, 2018

	Aspen View Academy	Ben Franklin Academy Charter School	Challenge to Excellence Charter School	DCS Montessori Charter School
ASSETS				
Cash and Investments	\$ 2,181,802	\$ 4,676,442	\$ 2,448,447	\$ 1,438,109
Accounts Receivable	52,160	23,007	-	3,740
Inventories	-	-	-	13,667
Prepaid Costs & Other Assets	-	28,213	-	21,758
Deposits	-	-	-	-
Restricted Cash and Investments	-	1,955,405	45,095	1,127,695
Capital Assets, Not Being Depreciated	2,000,000	-	1,010,419	508,415
Capital Assets, Net of Accumulated Depreciation	13,523,989	17,857,113	3,329,782	6,138,786
Total Assets	17,757,951	24,540,180	6,833,743	9,252,170
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	9,855,061	7,702,253	4,624,199	5,275,183
Related to OPEB	58,390	38,525	22,055	24,365
Loss on Debt Refunding	-	-	213,687	389,961
Total Deferred Outflows of Resources	9,913,451	7,740,778	4,859,941	5,689,509
LIABILITIES				
Accounts Payable	16,586	19,953	30,663	15,651
Accrued Liabilities	336,432	77,660	1,981	-
Accrued Compensation	-	562,561	176,820	165,796
Accrued Interest Payable	-	410,850	16,358	167,504
Unearned Revenues	-	14,719	-	123,350
Non-Current Liabilities:				
Due Within One Year	583,993	330,000	152,253	285,000
Due in More Than One Year	12,449,357	19,473,120	5,488,401	7,843,587
Pension Liability	25,095,025	23,959,956	14,766,391	16,729,065
OPEB Liability	573,069	547,144	337,202	382,021
Total Liabilities	39,054,462	45,395,963	20,970,069	25,711,974
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	1,026,167	979,754	603,817	684,073
Related to OPEB	9,587	9,154	5,641	6,391
Total Deferred Inflows of Resources	1,035,754	988,908	609,458	690,464
NET POSITION				
Net Investment in Capital Assets	2,490,639	(1,904,173)	(1,086,766)	(1,091,425)
Restricted for:				
Emergencies	216,000	233,000	132,000	157,000
Debt Service, Repairs	-	1,502,721	28,737	962,648
Capital Projects	-	-	-	-
Unrestricted	(15,125,453)	(13,935,461)	(8,959,814)	(11,488,982)
Total Net Position	\$ (12,418,814)	\$ (14,103,913)	\$ (9,885,843)	\$ (11,460,759)

DOUGLAS COUNTY SCHOOL DISTRICT RE1

Discretely Presented Component Units (Continued)

Combining Statement of Net Position

June 30, 2018

	Global Village Academy	Hope Online Learning Academy Co-op	Leman Classical Academy	North Star Academy
ASSETS				
Cash and Investments	\$ 239,683	\$ 618,537	\$ 8,690	\$ 2,036,744
Accounts Receivable	20,788	325,780	-	-
Inventories	-	-	-	-
Prepaid Costs & Other Assets	-	204,497	-	27,393
Deposits	11,200	91,946	-	-
Restricted Cash and Investments	-	-	-	1,349,834
Capital Assets, Not Being Depreciated	-	-	-	475,900
Capital Assets, Net of Accumulated Depreciation	62,222	706,439	-	7,783,572
Total Assets	333,893	1,947,199	8,690	11,673,443
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	2,942,879	12,421,950	-	6,163,462
Related to OPEB	13,867	137,474	-	29,481
Loss on Debt Refunding	-	-	-	2,142,363
Total Deferred Outflows of Resources	2,956,746	12,559,424	-	8,335,306
LIABILITIES				
Accounts Payable	9,414	712,160	-	5,391
Accrued Liabilities	-	564,258	-	-
Accrued Compensation	113,730	-	-	267,331
Accrued Interest Payable	-	-	-	85,443
Unearned Revenues	21,305	16,107	-	16,186
Non-Current Liabilities:				
Due Within One Year	-	-	-	380,000
Due in More Than One Year	-	-	-	12,637,613
Pension Liability	6,666,570	35,054,309	-	19,068,947
OPEB Liability	152,185	800,496	-	435,454
Total Liabilities	6,963,204	37,147,330	-	32,896,365
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	272,604	1,844,591	-	793,641
Related to OPEB	2,546	13,392	-	7,285
Total Deferred Inflows of Resources	275,150	1,857,983	-	800,926
NET POSITION				
Net Investment in Capital Assets	62,222	706,439	-	(2,615,778)
Restricted for:				
Emergencies	70,500	583,486	-	178,536
Debt Service, Repairs	-	-	-	1,264,391
Capital Projects	-	-	-	-
Unrestricted	(4,080,437)	(25,788,615)	8,690	(12,515,691)
Total Net Position	\$ (3,947,715)	\$ (24,498,690)	\$ 8,690	\$ (13,688,542)

DOUGLAS COUNTY SCHOOL DISTRICT RE1

Discretely Presented Component Units (Continued)

Combining Statement of Net Position

June 30, 2018

	Parker Core Knowledge	Parker Performing Arts	Platte River Academy	Renaissance Secondary School
ASSETS				
Cash and Investments	\$ 2,709,450	\$ 501,734	\$ 1,825,970	\$ 679,716
Accounts Receivable	2,493	93,032	14,569	54,828
Inventories	-	-	-	-
Prepaid Costs & Other Assets	-	-	-	4,837
Deposits	45,833	-	-	-
Restricted Cash and Investments	309,286	-	1,032,152	1,131,842
Capital Assets, Not Being Depreciated	235,020	-	553,332	-
Capital Assets, Net of Accumulated Depreciation	8,189,354	301,016	3,613,669	10,695,014
Total Assets	11,491,436	895,782	7,039,692	12,566,237
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	7,810,981	11,891,917	5,459,753	5,966,526
Related to OPEB	39,822	122,434	21,299	127,827
Loss on Debt Refunding	769,902	-	980,505	-
Total Deferred Outflows of Resources	8,620,705	12,014,351	6,461,557	6,094,353
LIABILITIES				
Accounts Payable	33,193	100,068	2,312	28,869
Accrued Liabilities	255,857	-	-	-
Accrued Compensation	-	280,168	359,334	148,115
Accrued Interest Payable	26,938	-	84,033	56,856
Unearned Revenues	2,500	-	11,775	30,927
Non-Current Liabilities:				
Due Within One Year	213,094	440,000	128,800	195,000
Due in More Than One Year	9,158,477	-	6,022,907	12,210,000
Pension Liability	23,339,874	22,015,323	17,849,991	6,313,355
OPEB Liability	532,988	502,737	407,618	144,166
Total Liabilities	33,562,921	23,338,296	24,866,770	19,127,288
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	954,398	1,280,722	729,909	258,161
Related to OPEB	8,917	8,411	6,819	2,412
Total Deferred Inflows of Resources	963,315	1,289,133	736,728	260,573
NET POSITION				
Net Investment in Capital Assets	(28,732)	301,016	(467,623)	(578,144)
Restricted for:				
Emergencies	200,000	199,000	142,000	95,000
Debt Service, Repairs	282,348	-	439,695	-
Capital Projects	-	-	164,126	-
Unrestricted	(14,867,711)	(12,217,312)	(12,380,447)	(244,127)
Total Net Position	\$ (14,414,095)	\$ (11,717,296)	\$ (12,102,249)	\$ (727,271)

DOUGLAS COUNTY SCHOOL DISTRICT REI

Discretely Presented Component Units (Continued)
Combining Statement of Net Position
June 30, 2018

	SkyView Academy Charter School	STEM School	World Compass Academy	Totals
ASSETS				
Cash and Investments	\$ 2,297,888	\$ 4,671,862	\$ 1,079,222	\$ 41,058,651
Accounts Receivable	-	-	-	643,964
Inventories	-	-	-	13,667
Prepaid Costs & Other Assets	15,546	-	27,349	639,045
Deposits	-	-	4,500	189,479
Restricted Cash and Investments	3,304,760	1,336,938	5,654,119	21,109,343
Capital Assets, Not Being Depreciated	3,534,756	2,400,804	8,031,379	23,761,948
Capital Assets, Net of Accumulated Depreciation	19,269,186	11,358,163	9,026,855	171,617,572
Total Assets	28,422,136	19,767,767	23,823,424	259,033,669
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	12,227,079	21,462,981	7,231,559	153,179,020
Related to OPEB	46,559	203,738	-	1,175,264
Loss on Debt Refunding	-	-	77,497	8,134,627
Total Deferred Outflows of Resources	12,273,638	21,666,719	7,309,056	162,488,911
LIABILITIES				
Accounts Payable	108,718	134,868	863,743	2,440,518
Accrued Liabilities	-	245,935	54,122	1,536,245
Accrued Compensation	505,836	489,076	-	4,246,962
Accrued Interest Payable	749,809	134,915	314,296	2,270,793
Unearned Revenues	-	-	132,854	753,269
Non-Current Liabilities:				
Due Within One Year	409,876	305,000	-	4,539,605
Due in More Than One Year	28,394,624	16,546,666	23,210,000	235,739,968
Pension Liability	39,639,687	46,760,676	15,389,621	393,235,789
OPEB Liability	905,203	1,067,816	351,434	8,979,789
Total Liabilities	70,713,753	65,684,952	40,316,070	653,742,938
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	1,620,918	1,912,105	666,386	17,591,795
Related to OPEB	15,144	17,865	5,880	150,232
Total Deferred Inflows of Resources	1,636,062	1,929,970	672,266	17,742,027
NET POSITION				
Net Investment in Capital Assets	(5,941,058)	(3,092,699)	(3,839,378)	(25,796,568)
Restricted for:				
Emergencies	350,000	460,000	157,000	4,017,522
Debt Service, Repairs	2,554,951	1,202,023	2,206,180	13,204,323
Capital Projects	-	-	-	164,126
Unrestricted	(28,617,934)	(24,749,760)	(8,379,658)	(241,551,788)
Total Net Position	\$ (31,654,041)	\$ (26,180,436)	\$ (9,855,856)	\$ (249,962,385)

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Discretely Presented Component Units
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Academy Charter School	American Academy	Apex Community School	Ascent Classical Academy
EXPENSES				
Instruction	\$ 6,853,517	\$ 19,874,068	\$ -	\$ -
Supporting Services	1,700,548	11,457,125	1,414,732	163,460
Interest on Long-Term Debt	234,455	-	-	-
Business Type Activities	-	5,643,872	-	-
Total Expenses	8,788,520	36,975,065	1,414,732	163,460
PROGRAM REVENUES				
Charges for Services	397,227	4,583,281	-	-
Capital Grants and Contributions	173,044	589,109	-	-
Operating Grants and Contributions	85,330	60,462	-	-
Total Program Revenues	655,601	5,232,852	-	-
Net Program Expenses	(8,132,919)	(31,742,213)	(1,414,732)	(163,460)
GENERAL REVENUES				
Per Pupil Operating Revenue	4,824,471	16,388,490	-	-
Mill Levy	355,687	1,210,926	-	-
Investment Earnings	11,830	99,067	122,822	-
Contributions and Grants	-	313,402	-	157,597
Other	3,337	448	-	-
Total General Revenues and Transfers	5,195,325	18,012,333	122,822	157,597
CHANGE IN NET POSITION	(2,937,594)	(13,729,880)	(1,291,910)	(5,863)
NET POSITION, Beginning, as restated	(6,359,466)	(28,990,842)	-	-
NET POSITION, Ending	\$ (9,297,060)	\$ (42,720,722)	\$ (1,291,910)	\$ (5,863)

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Discretely Presented Component Units (Continued)
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Aspen View Academy	Ben Franklin Academy	Challenge to Excellence Charter School	DCS Montessori Charter School
EXPENSES				
Instruction	\$ 7,980,700	\$ 7,023,852	\$ 4,581,275	\$ 5,458,296
Supporting Services	3,917,106	3,880,746	1,999,342	2,092,042
Interest on Long-Term Debt	461,855	-	-	-
Business Type Activities	129,232	1,416,274	518,377	895,989
Total Expenses	12,488,893	12,320,872	7,098,994	8,446,327
PROGRAM REVENUES				
Charges for Services	788,618	981,031	399,178	1,642,778
Capital Grants and Contributions	212,572	226,663	126,303	109,454
Operating Grants and Contributions	91,812	15,820	26,088	11,391
Total Program Revenues	1,093,002	1,223,514	551,569	1,763,623
Net Program Expenses	(11,395,891)	(11,097,358)	(6,547,425)	(6,682,704)
GENERAL REVENUES				
Per Pupil Operating Revenue	5,888,616	6,292,396	3,516,295	3,042,821
Mill Levy	437,073	466,394	260,326	224,702
Investment Earnings	-	29,471	24,658	23,753
Contributions and Grants	108,918	3,883	-	261,501
Other	39,380	152	25,857	44,268
Total General Revenues and Transfers	6,473,987	6,792,296	3,827,136	3,597,045
CHANGE IN NET POSITION	(4,921,904)	(4,305,062)	(2,720,289)	(3,085,659)
NET POSITION, Beginning, as restated	(7,496,910)	(9,798,851)	(7,165,554)	(8,375,100)
NET POSITION, Ending	\$ (12,418,814)	\$ (14,103,913)	\$ (9,885,843)	\$ (11,460,759)

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Discretely Presented Component Units (Continued)
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Global Village Academy	Hope Online Learning Academy Co-op	Leman Academy of Excellence	North Star Academy
EXPENSES				
Instruction	\$ 2,596,806	\$ 21,693,529	\$ -	\$ 6,117,009
Supporting Services	1,777,016	4,738,915	550	2,193,894
Interest on Long-Term Debt	-	-	-	-
Business Type Activities	-	-	-	1,164,529
Total Expenses	<u>4,373,822</u>	<u>26,432,444</u>	<u>550</u>	<u>9,475,432</u>
PROGRAM REVENUES				
Charges for Services	89,546	-	9,240	309,773
Capital Grants and Contributions	74,541	-	-	182,150
Operating Grants and Contributions	<u>99,911</u>	<u>2,815,930</u>	<u>-</u>	<u>38,957</u>
Total Program Revenues	<u>263,998</u>	<u>2,815,930</u>	<u>9,240</u>	<u>530,880</u>
Net Program Expenses	<u>(4,109,824)</u>	<u>(23,616,514)</u>	<u>8,690</u>	<u>(8,944,552)</u>
GENERAL REVENUES				
Per Pupil Operating Revenue	2,089,046	15,913,747	-	4,773,199
Mill Levy	151,811	-	-	352,399
Investment Earnings	-	-	-	25,255
Contributions and Grants	-	-	-	297,902
Other	<u>16,631</u>	<u>5,684</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers	<u>2,257,488</u>	<u>15,919,431</u>	<u>-</u>	<u>5,448,755</u>
CHANGE IN NET POSITION	(1,852,336)	(7,697,083)	8,690	(3,495,797)
NET POSITION, Beginning, as restated	<u>(2,095,379)</u>	<u>(16,801,607)</u>	<u>-</u>	<u>(10,192,745)</u>
NET POSITION, Ending	<u>\$ (3,947,715)</u>	<u>\$ (24,498,690)</u>	<u>\$ 8,690</u>	<u>\$ (13,688,542)</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Discretely Presented Component Units (Continued)
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Parker Core Knowledge	Parker Performing Arts	Platte River Academy	Renaissance Secondary School
EXPENSES				
Instruction	\$ 7,526,159	\$ 9,007,362	\$ 6,104,788	\$ 1,965,566
Supporting Services	2,824,516	5,046,689	1,656,535	1,809,516
Interest on Long-Term Debt	-	16,151	-	684,956
Business Type Activities	680,947	-	436,944	-
Total Expenses	11,031,622	14,070,202	8,198,267	4,460,038
PROGRAM REVENUES				
Charges for Services	1,095,783	431,844	306,125	890,702
Capital Grants and Contributions	176,568	197,843	139,065	90,473
Operating Grants and Contributions	14,278	71,330	5,957	178,701
Total Program Revenues	1,286,629	701,017	451,147	1,159,876
Net Program Expenses	(9,744,993)	(13,369,185)	(7,747,120)	(3,300,162)
GENERAL REVENUES				
Per Pupil Operating Revenue	4,905,600	5,540,500	3,847,206	2,521,757
Mill Levy	363,360	407,478	286,358	189,079
Investment Earnings	36,090	-	26,443	17,242
Contributions and Grants	61,221	320,162	73,067	-
Other	37	31,826	33,280	15,841
Total General Revenues and Transfers	5,366,308	6,299,966	4,266,354	2,743,919
CHANGE IN NET POSITION	(4,378,685)	(7,069,219)	(3,480,766)	(556,243)
NET POSITION, Beginning, as restated	(10,035,410)	(4,648,077)	(8,621,483)	(171,028)
NET POSITION, Ending	<u>\$ (14,414,095)</u>	<u>\$ (11,717,296)</u>	<u>\$ (12,102,249)</u>	<u>\$ (727,271)</u>

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Discretely Presented Component Units (Continued)
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Sky View Academy Charter School	STEM School	World Compass Academy	Totals
EXPENSES				
Instruction	\$ 12,254,426	\$ 14,490,486	\$ 6,697,838	\$ 140,225,677
Supporting Services	5,744,280	8,165,999	2,767,196	63,350,207
Interest on Long-Term Debt	-	-	-	1,397,417
Business Type Activities	2,394,057	1,729,143	1,688,125	16,697,489
Total Expenses	20,392,763	24,385,628	11,153,159	221,670,790
PROGRAM REVENUES				
Charges for Services	1,396,904	850,945	631,825	14,804,800
Capital Grants and Contributions	329,791	470,302	146,065	3,243,943
Operating Grants and Contributions	69,798	50,042	25,397	3,661,204
Total Program Revenues	1,796,493	1,371,289	803,287	21,709,947
Net Program Expenses	(18,596,270)	(23,014,339)	(10,349,872)	(199,960,843)
GENERAL REVENUES				
Per Pupil Operating Revenue	9,202,938	13,079,291	4,056,702	105,883,075
Mill Levy	681,505	973,892	299,238	6,660,228
Investment Earnings	17,270	61,278	97,076	592,255
Contributions and Grants	292,225	60,077	19,822	1,969,777
Other	41,753	-	38,218	296,712
Total General Revenues and Transfers	10,235,691	14,174,538	4,511,056	115,402,047
CHANGE IN NET POSITION	(8,360,579)	(8,839,801)	(5,838,816)	(84,558,796)
NET POSITION, Beginning, as restated	(23,293,462)	(17,340,635)	(4,017,040)	(165,403,589)
NET POSITION, Ending	\$ (31,654,041)	\$ (26,180,436)	\$ (9,855,856)	\$ (249,962,385)



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STATISTICAL SECTION



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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 164-173

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

	2018	2017 ⁽¹⁾	2016
General activities:			
Net Investment in Capital Assets	\$ 320,514,061	\$ 300,050,580	\$ 266,307,934
Restricted	78,274,093	85,827,425	87,678,033
Unrestricted	(1,573,314,701)	(1,188,832,840)	(829,825,456)
Total governmental activities net position	<u>\$ (1,174,526,547)</u>	<u>\$ (802,954,835)</u>	<u>\$ (475,839,489)</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	\$ 320,514,061	\$ 300,050,580	\$ 266,307,934
Restricted	78,274,093	85,827,425	87,678,033
Unrestricted	(1,573,314,701)	(1,188,832,840)	(829,825,456)
Total primary government net position	<u>\$ (1,174,526,547)</u>	<u>\$ (802,954,835)</u>	<u>\$ (475,839,489)</u>

(1) For fiscal year 2017, the District restated beginning balance net position/fund balance due to adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pension*. In addition, the District restated Nutrition Services Funds 21 and 28 due to the omission of accounts receivable and unearned revenues.

(2) 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.

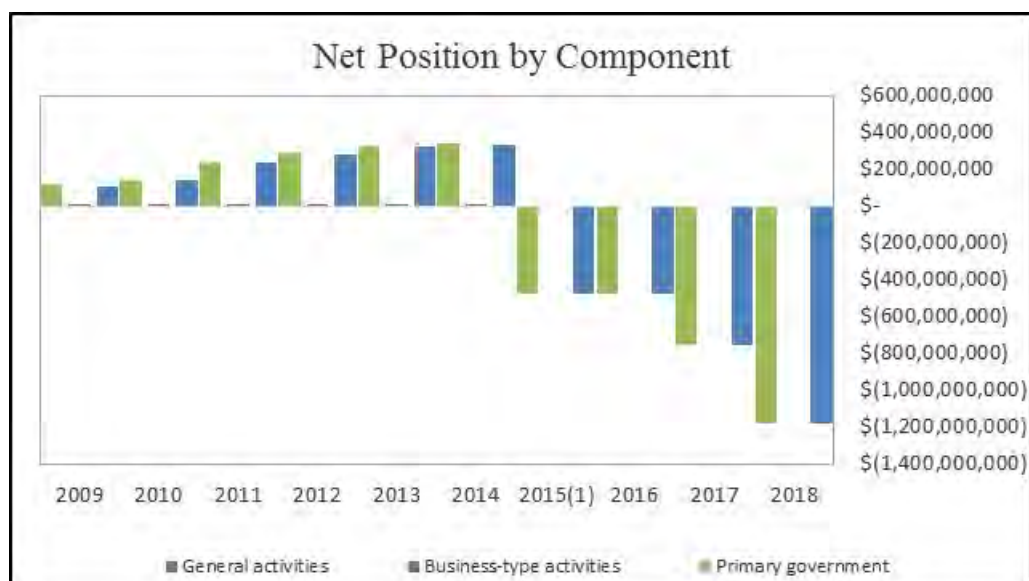
In addition, during fiscal year 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires the District to record its proportionate share of PERA's net pension liability and related deferred inflows and outflows of resources in the government-wide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

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

(3) In fiscal year 2011, the District restated beginning net position/fund balance inaccurate information used to determine year-end balances in the Nutrition Services fund. In addition, two funds previously classified as special revenue funds were reclassified to Agency Funds in accordance with GASB Statement No. 54.

Table 1

2015 ⁽²⁾	2014	2013	2012	Restated ⁽³⁾		2010	2009
				2011	2010		
\$ 223,953,589	\$ 195,973,287	\$ 174,072,099	\$ 125,537,753	\$ 95,943,480	\$ 37,510,363	\$ 42,172,382	
102,440,756	95,722,952	74,749,578	92,237,379	100,536,282	97,561,208	141,671,418	
(800,342,280)	45,382,747	72,738,537	67,437,692	40,060,467	6,722,286	(72,687,504)	
\$(473,947,935)	\$ 337,078,986	\$ 321,560,214	\$ 285,212,824	\$ 236,540,229	\$ 141,793,857	\$ 111,156,296	
\$ -	\$ 3,528,490	\$ 3,290,033	\$ 3,721,875	\$ 4,090,512	\$ 4,332,085	\$ 2,730,010	
-	-	-	-	-	-	-	
-	4,526,262	839,446	181,336	(1,568,281)	(1,371,707)	659,110	
\$ -	\$ 8,054,752	\$ 4,129,479	\$ 3,903,211	\$ 2,522,231	\$ 2,960,378	\$ 3,389,120	
\$ 223,953,589	\$ 199,501,777	\$ 177,362,132	\$ 129,259,628	\$ 100,033,992	\$ 41,842,448	\$ 44,902,392	
102,440,756	95,722,952	74,749,578	92,237,379	100,536,282	97,561,208	141,671,418	
(800,342,280)	49,909,009	73,577,983	67,619,028	38,492,186	5,350,579	(72,028,394)	
\$(473,947,935)	\$ 345,133,738	\$ 325,689,693	\$ 289,116,035	\$ 239,062,460	\$ 144,754,235	\$ 114,545,416	



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

	2018	2017	2016
EXPENSES			
Governmental activities:			
Instruction ⁽³⁾	\$ 575,136,210	\$ 484,977,831	\$ 329,000,833
Supporting services ⁽³⁾	358,768,350	345,400,596	220,462,709
Funding to Component Units ⁽²⁾	116,696,635	105,366,488	91,493,127
Interest on long-term debt	15,244,244	17,549,955	20,438,609
Total primary government program expenses	1,065,845,439	953,294,870	661,395,278
Business-type activities:			
Nutrition Services	-	-	-
Non-Major Enterprise Funds	-	-	-
Total business-type activities expenses	-	-	-
Total primary government program expenses	1,065,845,439	953,294,870	661,395,278
PROGRAM REVENUES			
Governmental activities:			
Charges for services	64,905,244	58,998,077	56,412,403
Operating grants and contributions	41,319,993	41,944,598	40,351,338
Capital grants and contributions	-	-	-
Total governmental activities	106,225,237	100,942,675	96,763,741
Business type activities:			
Charges for services - Nutrition Services	-	-	-
Operating grants and contributions	-	-	-
Charges for services - non-major enterprise funds	-	-	-
Total business-type activities	-	-	-
Total primary government program revenues	106,225,237	100,942,675	96,763,741
Net (Expense)/Revenue			
Governmental activities	(959,620,202)	(852,352,195)	(564,631,537)
Business-type activities	-	-	-
Total primary government net expense	(959,620,202)	(852,352,195)	(564,631,537)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Property taxes	248,797,953	234,440,643	237,419,629
Specific ownership taxes	26,409,216	23,870,092	22,236,877
State equalization	295,788,353	296,915,245	288,952,398
COP Charter school repayment	-	-	-
Investment earnings	2,195,821	832,512	378,573
Grants and contributions not specific to programs	4,999,420	8,792,764	8,651,744
Other	9,857,727	7,472,809	5,100,762
Transfers	-	-	-
Total governmental activities	588,048,490	572,324,065	562,739,983
Business-type activities:			
Other	-	-	-
Transfers	-	-	-
Total business-type activities	-	-	-
Total primary government general revenues	588,048,490	572,324,065	562,739,983
CHANGE IN NET POSITION			
Governmental activities	(371,571,712)	(280,028,130)	(1,891,554)
Business-type activities	-	-	-
TOTAL CHANGE IN NET POSITION	\$ (371,571,712)	\$ (280,028,130)	\$ (1,891,554)

(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.

Table 2

2015 ⁽¹⁾	2014	2013	2012	2011	2010	2009
\$ 301,623,918	\$ 274,095,304	\$ 270,892,918	\$ 266,574,362	\$ 255,901,180	\$ 305,026,427	\$ 280,588,259
224,759,449	192,408,770	171,113,103	149,913,182	142,363,827	182,308,594	197,239,443
80,957,702	73,281,995	59,994,588	54,244,208	46,384,715	-	-
24,041,678	28,911,330	30,187,963	28,148,114	35,322,746	31,755,542	31,732,601
631,382,747	568,697,399	532,188,572	498,879,866	479,972,468	519,090,563	509,560,303
-	14,628,994	14,470,523	14,163,053	14,396,183	15,301,521	16,488,675
-	9,938,248	9,457,490	8,945,976	8,560,831	8,857,027	9,464,830
-	24,567,242	23,928,013	23,109,029	22,957,014	24,158,548	25,953,505
631,382,747	593,264,641	556,116,585	521,988,895	502,929,482	543,249,111	535,513,808
53,492,483	28,530,827	27,874,860	26,326,938	24,594,662	17,634,758	18,493,995
36,769,664	30,342,355	28,777,165	23,774,694	28,805,131	26,849,162	24,380,125
-	-	-	-	-	63,492	-
90,262,147	58,873,182	56,652,025	50,101,632	53,399,793	44,547,412	42,874,120
-	12,179,758	10,941,844	10,624,082	10,850,000	11,621,798	9,851,990
-	3,091,358	3,602,925	3,576,019	3,726,239	2,917,705	2,803,292
-	10,490,492	9,664,554	9,139,908	8,905,075	9,122,383	9,158,931
-	25,761,608	24,209,323	23,340,009	23,481,314	23,661,886	21,814,213
90,262,147	84,634,790	80,861,348	73,441,641	76,881,107	68,209,298	64,688,333
(541,120,600)	(509,824,217)	(475,536,547)	(448,778,234)	(426,572,675)	(474,543,151)	(466,686,183)
-	1,194,366	281,310	230,980	524,300	(496,662)	(4,139,292)
(541,120,600)	(508,629,851)	(475,255,237)	(448,547,254)	(426,048,375)	(475,039,813)	(470,825,475)
230,044,555	224,180,235	225,526,250	213,087,082	232,462,054	227,029,556	224,686,214
21,630,690	19,916,387	17,961,028	16,186,615	15,522,850	15,949,421	17,932,981
293,357,217	270,410,414	255,686,365	246,289,764	244,359,000	249,467,855	234,872,441
-	-	-	12,364,050	-	-	-
147,171	144,848	247,485	174,758	442,416	1,331,324	5,157,300
-	-	-	159,476	1,572,533	-	-
9,923,025	13,296,105	12,407,767	10,339,083	9,160,063	11,402,556	13,786,604
-	(2,605,000)	55,042	(1,150,000)	-	-	117,377
555,102,658	525,342,989	511,883,937	497,450,828	503,518,916	505,180,712	496,552,917
-	125,907	-	-	9,308	67,920	17,863
-	2,605,000	(55,042)	1,150,000	-	-	(117,377)
-	2,730,907	(55,042)	1,150,000	9,308	67,920	(99,514)
555,102,658	528,073,896	511,828,895	498,600,828	503,528,224	505,248,632	496,453,403
13,982,058	15,518,772	36,347,390	48,672,594	76,946,241	30,637,561	29,866,734
-	3,925,273	226,268	1,380,980	533,608	(428,742)	(4,238,806)
\$ 13,982,058	\$ 19,444,045	\$ 36,573,658	\$ 50,053,574	\$ 77,479,849	\$ 30,208,819	\$ 25,627,928

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

(3) Increased due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, beginning in 2015.

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

	2018	2017	2016	2015 ⁽²⁾
Combined General Fund				
Nonspendable	\$ 2,071,980	\$ 1,123,187	\$ 734,119	\$ 734,907
Reserved	-	-	-	-
Restricted - TABOR Emergency Reserve & Medicaid	17,206,688	15,995,000	15,995,000	15,290,000
Committed	15,038,500	15,995,000	15,995,000	20,390,000
Assigned	32,142,379	56,267,152	70,091,929	58,787,558
Unassigned	14,704,878	589,821	555,667	463,134
Total General Fund	\$ 81,164,425	\$ 89,970,160	\$ 103,371,715	\$ 95,665,599
All other governmental funds				
Nonspendable	\$ 559,786	\$ 524,065	\$ 647,527	\$ 671,255
Reserved	-	-	-	-
Restricted:				
Building/Aspen View Academy	60,143,652	1,541,920	5,727,695	9,071,898
Debt Service	1,219,256	59,416,714	59,084,589	68,501,246
Other	-	8,873,791	6,870,749	7,368,073
Assigned	7,096,058	-	101,953	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 69,018,752	\$ 70,356,490	\$ 72,432,513	\$ 85,612,472
Governmental Funds				
Nonspendable	\$ 2,631,766	\$ 1,647,252	\$ 1,381,646	\$ 1,406,162
Restricted	78,569,596	85,827,425	87,678,033	100,231,217
Committed	15,038,500	15,995,000	15,995,000	20,390,000
Reserved/Assigned	39,238,437	56,267,152	70,193,882	58,787,558
Unreserved	14,704,878	589,821	555,667	463,134
Total governmental funds	\$ 150,183,177	\$ 160,326,650	\$ 175,804,228	\$ 181,278,071

(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.

* In a change in practice from prior years, the District is no longer assigning specific line items to the budget for the subsequent school year, but rather electing to hold unassigned fund balance.

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

Table 3

				Restated ⁽¹⁾			
2014		2013		2012		2011	
\$	1,027,061	\$	820,300	\$	806,542	\$	762,782
	-		-		-		750,463
	15,132,000		14,043,000		12,790,000		11,291,510
	20,200,000		18,724,000		-		2,065,105
	51,379,987		70,303,824		68,735,779		12,313,022
	786,854		537,143		18,052,019		-
\$	88,525,902	\$	104,428,267	\$	100,384,340	\$	80,549,837
							21,738,732
							6,141,834
							20,620,947
\$	-	\$	30,000	\$	-	\$	-
	-		-		-		-
	14,986,393		14,342,407		18,002,255		15,338,607
	62,838,660		59,535,070		60,333,964		59,340,736
	2,765,899		1,171,508		1,111,160		185,120
	-		-		-		1,076,248
	-		-		-		10,422,477
\$	80,590,952	\$	75,078,985	\$	79,447,379	\$	75,940,711
							95,670,663
							132,842,029
\$	1,027,061	\$	70,333,824	\$	806,542	\$	762,782
	95,722,952		89,091,985		92,237,379		86,609,764
	20,200,000		18,724,000		-		-
	51,379,987		820,300		68,735,779		42,302,275
	786,854		537,143		18,052,019		26,815,727
\$	169,116,854	\$	179,507,252	\$	179,831,719	\$	156,490,548
							141,764,390
							153,462,976

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

	2018	2017	2016	2015
REVENUES				
Taxes	\$ 275,111,761	\$ 258,474,174	\$ 260,227,313	\$ 252,092,362
Payment in Lieu of Taxes	-	-	-	-
Intergovernmental	337,108,346	338,859,843	329,303,736	330,125,900
Charges for services	64,905,244	53,151,768	51,086,322	53,492,483
Investment Earnings	1,484,563	782,801	363,496	140,674
Other	11,864,422	20,395,926	20,046,480	12,803,286
Total Revenues	690,474,336	671,664,512	661,027,347	648,654,705
EXPENDITURES				
Current operating:				
Instruction	319,563,484	306,149,147	299,786,084	283,860,606
Supporting Services	200,496,216	212,310,034	199,043,430	198,026,671
Funding to Component Unit	116,696,635	105,366,488	91,493,127	80,957,702
Capital Outlay	7,615,498	4,223,743	3,371,577	5,904,688
Debt Service:				
Debt issuance costs	-	-	190,545	431,679
Principal	35,629,571	40,170,143	50,863,535	42,298,688
Interest and fiscal charges	20,219,056	18,933,080	23,014,446	29,681,349
Total Expenditures	700,220,460	687,152,635	667,762,744	641,161,383
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	-	-	-	-
COP Charter School Repayment	-	-	-	-
Compensation for Loss of Asset	2,900	10,545	1,064,074	-
Issuance of Capital Lease	130,087	-	-	-
Other Sources (Uses)	-	-	-	-
Transfers In	8,576,023	9,442,074	7,228,188	7,436,481
Transfers Out	(8,576,023)	(9,442,074)	(7,228,188)	(7,436,481)
Total other financing sources (uses)	132,987	10,545	1,261,554	441,633
Net change in fund balances	\$ (9,613,137)	\$ (15,477,578)	\$ (5,473,843)	\$ 7,934,955
Debt service as a percentage of non-capital expenditures	8.2%	8.9%	11.3%	11.5%

(1) In fiscal year 2011, the District restated beginning net position/fund balance inaccurate information used to determine year-end balances in the Nutrition Services fund. In addition, two funds previously classified as special revenue funds were reclassified to Agency Funds in accordance with GASB Statement No. 54.

Table 4

			Restated ⁽¹⁾			
	2014	2013	2012	2011	2010	2009
\$	247,142,354	\$ 237,365,348	\$ 236,258,181	\$ 244,884,158	\$ 244,581,528	\$ 235,594,106
	-	-	-	92,000	123,192	71,114
	300,751,769	284,463,530	270,223,934	274,736,664	276,380,509	259,252,566
	28,530,827	27,874,860	26,326,938	24,594,662	17,634,758	18,493,995
	132,902	276,635	160,793	423,889	1,084,491	4,937,959
	13,932,610	12,211,910	10,188,833	8,908,432	11,279,364	13,715,490
	590,490,462	562,192,283	543,158,679	553,639,805	551,083,842	532,065,230
	276,669,387	274,167,817	247,204,042	246,797,488	285,889,484	287,206,411
	180,116,275	160,186,452	143,195,462	138,836,902	154,940,755	161,978,101
	73,821,995	59,994,588	54,244,208	46,384,715	867,667	-
	12,945,707	18,620,893	19,743,061	30,882,869	72,549,474	85,360,848
	172,052	483,024	489,201	542,871	832,407	-
	41,841,380	43,289,338	40,960,449	38,179,739	30,823,505	28,945,000
	32,193,583	29,603,277	29,153,263	30,532,096	31,755,542	31,732,601
	617,760,379	586,345,389	534,989,686	532,156,680	577,658,834	595,222,961
	-	31,020,000	71,095,000	86,405,000	101,770,000	-
	-	3,925,547	14,185,059	17,247,133	13,504,761	-
	-	(34,353,871)	(84,800,060)	(103,113,364)	(100,398,355)	-
	15,000,000	15,500,000	-	-	-	-
	-	-	12,364,049	-	-	-
	-	-	-	-	-	-
	3,530,800	7,636,963	3,478,130	-	-	-
	122,719	100,000	-	-	-	-
	10,063,087	6,715,311	5,377,499	19,227,111	21,136,366	24,358,656
	(12,668,087)	(6,715,311)	(6,527,499)	(23,043,821)	(21,136,366)	(26,817,087)
	16,048,519	23,828,639	15,172,178	(3,277,941)	14,876,406	(2,458,431)
\$	(11,221,397)	\$ (324,466)	\$ 23,341,172	\$ 18,205,185	\$ (11,698,586)	\$ (65,616,162)
	12.5%	13.2%	13.5%	13.4%	12.2%	11.8%

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

<u>Residential Property</u>			<u>Other Property Classes</u>				
Tax Year	Collection Year	Assessed Value	Actual Value	Vacant Land	Commercial	Industrial	Agricultural
2017	2018	\$ 3,732,587,220	\$ 46,891,799,246	\$ 299,988,170	\$ 1,893,860,500	\$ 163,071,690	\$ 18,256,950
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

(1) Source: Douglas County Assessor

<http://www.douglas.co.us/documents/2017-abstract.pdf>

(2) Source Douglas County Assessors -2017 TaxDistricts 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
\$ 388,200	\$ 253,480,700	\$ 2,629,046,210	\$ 9,065,676,586	\$ 6,361,633,430	\$ 55,957,475,832	38.996
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	1,952,743,380	6,733,597,862	4,557,803,520	39,460,484,043	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	2,156,370,550	7,435,760,517	4,960,985,300	42,669,614,160	48.277
435,290	209,659,400	1,924,637,390	6,636,680,655	4,636,814,400	40,709,256,158	48.727
425,920	184,707,000	2,107,375,460	7,266,811,931	4,738,048,890	40,315,473,112	48.788
343,730	158,980,100	2,079,945,980	7,172,227,517	4,436,422,820	36,776,207,919	46.890
219,050	154,083,000	1,976,028,250	6,813,890,517	4,182,417,510	34,532,348,557	46.983
318,030	143,966,400	1,889,567,070	6,515,748,517	3,863,266,740	31,310,970,502	47.103

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

Assessment Year	Collection Year	General Fund	Debt Service Fund	Total	Douglas County ⁽²⁾	Total
2017	2018	30.942	8.054	38.996	25.274	64.270
2016	2017	31.508	9.556	41.064	24.774	65.838
2015	2016	31.763	10.676	42.439	24.274	66.713
2014	2015	32.849	15.428	48.277	24.274	72.551
2013	2014	32.935	15.342	48.277	24.274	72.551
2012	2013	33.599	15.128	48.727	24.274	73.001
2011	2012	33.341	15.447	48.788	24.274	73.062
2010	2011	32.644	14.246	46.890	24.274	71.164
2009	2010	32.485	14.196	46.681	24.274	70.955
2008	2009	33.197	13.906	47.103	24.274	71.377

(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>

Table 7

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	\$ 81,488,000	1	1.28%	\$ 60,430,240	1	1.29%
HCA HealthOne LLC	79,861,680	2	1.26%	44,535,170	2	0.95%
Intermountain Rural Elec Assn.	69,123,220	3	1.09%	30,653,100	4	0.66%
Public Service Co. of Colo (Xcel)	59,021,500	4	0.93%	26,493,500	5	0.57%
Century Link (was Qwest Corporation)	37,819,800	5	0.59%	39,409,200	3	0.84%
Kaiser Foundation Hospitals	32,793,090	6	0.52%	-	-	-
Charles Schwab Lone Tree	29,943,890	7	0.47%	-	-	-
Plaza Drive Properties	24,366,650	8	0.38%	18,930,200	7	0.40%
Teachers Insurance and Annuity	20,986,000	9	0.33%			
Century Link Communications	20,126,800	10	0.32%			
Craig Realty Group Castle Rock LLC	-	-	-	18,974,700	6	0.41%
Portercare Adventist Hospital	-	-	-	18,152,480	8	0.39%
Wells Reit II South Jamaica Street LLC	-	-	-	13,841,400	9	0.30%
Liberty Property Holdings, INC.	-	-	-	12,389,600	10	0.26%
Total Principal Taxpayers	\$ 455,530,630		7.17%	\$ 283,809,590		6.07%

Source: Douglas County CAFR

<http://www.douglas.co.us/documents/2017-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⁾		Collection in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections to Levy
			Current Tax Collections	Percent of Levy Collected			
2017	2018	\$ 248,074,817	\$ 242,414,296	97.72%	\$ 26,010	\$ 242,440,306	97.73%
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%

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.

The above schedule lists property tax information for the assessment year. Property taxes are recognized by the District when due and payable in the year following the assessment year. Current tax allocation listed above represent actual cash collections by the County during the period. For financial purposes, the District includes in property tax revenue amounts received during the 60 days following the end of the fiscal year, resulting in final tax collections which may be higher than amounts reported above.

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

Governmental Activities

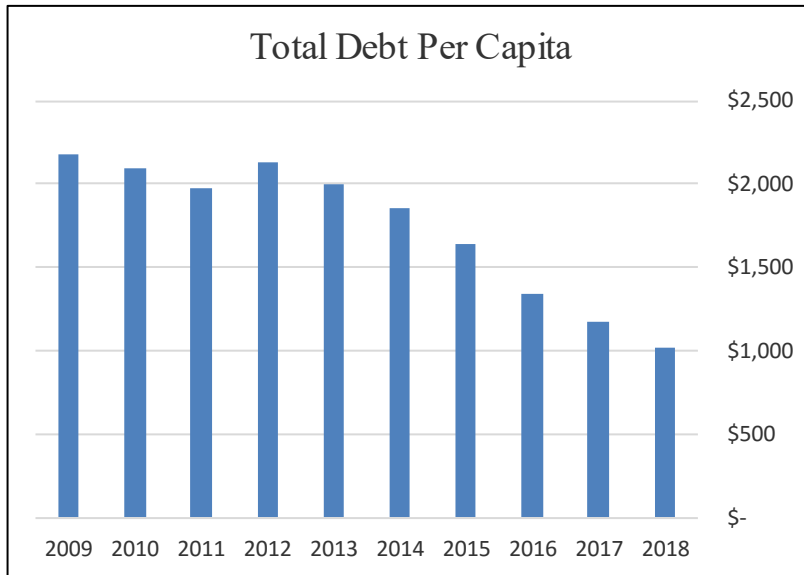
Year Ended June 30	General Obligation Bonds	Certificates of Participation	Accreted Interest	Bond Premiums	Capital Leases	Total
2018	\$ 272,435,000	\$ 42,510,000	\$ 779,558	\$ 28,275,838	\$ 6,318,769	\$ 350,319,165
2017	305,059,570	45,515,000	5,780,971	31,144,205	7,096,285	394,596,031
2016	342,249,713	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

- (1) Douglas County Government
<http://www.douglas.co.us/documents/2017-abstract.pdf>
 (2) 2017 Douglas County CAFR - Demographic and Economic Statistics
<http://www.douglas.co.us/documents/2017-cafr.pdf>

Figures included in this schedule represent the most recent data available.
 2017 and prior numbers have not been revised to match the County's updated data.

Table 9

Assessed Value ⁽¹⁾	Personal Income ⁽²⁾ (In thousands)	Population ⁽²⁾	Percentage of Personal Income	Total Debt Per Capita
\$ 6,361,633,430	\$ 22,765,492	346,000	1.54%	\$ 1,012
5,695,999,230	22,641,353	336,000	1.75%	1,174
5,592,997,090	21,713,011	328,990	2.03%	1,342
4,780,313,060	19,900,804	308,000	2.54%	1,640
4,689,459,530	18,561,913	302,464	3.01%	1,850
4,551,405,080	21,737,873	295,689	2.72%	2,001
4,504,735,760	20,801,664	291,083	2.98%	2,128
4,916,844,570	17,514,402	288,430	3.26%	1,979
4,879,538,950	17,108,472	290,059	3.56%	2,099
4,678,187,640	16,969,723	286,780	3.69%	2,182



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

Year Ended June 30	General Obligation Bonds ⁽³⁾	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⁾
2018	\$ 301,490,396	39,698,856	261,791,540	0.47%	\$ 757	\$ 55,957,475,832	\$ 6,361,633,430	\$ 22,765,492	346,000
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

(1) Douglas County Government
<http://www.douglas.co.us/documents/2017-abstract.pdf>

(2) Douglas County CAFR
<http://www.douglas.co.us/documents/2017-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.

2017 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, 2018. Additional taxing entities may overlap with the District in the future.

Estimated Overlapping General Obligation Debt

	2017 Assessed Valuation ⁽²⁾	Entity's Debt Outstanding	Outstanding Debt Attributable to the District ⁽³⁾	
			Percent	Amount
Direct Debt				
Douglas County School District RE-1	\$ 6,361,633,430	\$ 272,435,000	100%	<u>\$ 272,435,000</u>

Overlapping G.O. Debt ⁽¹⁾

Name of Overlapping Entity ⁽¹⁾	Valuation ⁽²⁾	G.O. Debt	Percent	Amount
Antelope Heights Metropolitan District	\$ 15,575,610	\$ 10,355,000	100.00%	\$ 10,355,000
Anthology West Metropolitan District No. 2 ⁽⁴⁾	4,866,100	1,850,000	100.00	1,850,000
Anthology West Metropolitan District No. 4 ⁽⁴⁾	2,424,790	6,440,000	100.00	6,440,000
Arapahoe County Water and Wastewater P.I.D.	523,617,590	135,385,000	5.95	8,055,408
Canterberry Crossing Metropolitan District	31,916,720	9,260,000	100.00	9,260,000
Canterberry Crossing Metropolitan District II	24,118,780	11,070,000	100.00	11,070,000
Canyons Metropolitan District No. 5 ⁽⁴⁾	13,200	59,425,000	100.00	59,425,000
Canyons Metropolitan District No. 6 ⁽⁴⁾	13,190	14,797,000	100.00	14,797,000
Castle Oaks Metropolitan District	26,719,500	18,210,000	100.00	18,210,000
Castle Oaks Metropolitan District No. 3 ⁽⁴⁾	8,293,230	34,105,000	100.00	34,105,000
Castle Pines Commercial Metro. District No. 1 ⁽⁵⁾	1,090,790	5,700,000	100.00	5,700,000
Castlewood Ranch Metropolitan District	36,359,050	17,575,000	100.00	17,575,000
Cherokee Ridge Estates Metropolitan District	3,515,210	920,000	100.00	920,000
Cherry Creek South Metropolitan District No. 1	47,498,560	2,175,000	100.00	2,175,000
Cherry Creek South Metropolitan District No. 11	17,030	500,000	100.00	500,000
Compark Business Campus Metropolitan District ⁽⁷⁾	54,553,850	48,472,000	100.00	48,472,000
Concord Metropolitan District	44,760,380	4,990,000	100.00	4,990,000
Consolidated Bell Mountain Ranch Metro. District ⁽⁴⁾	17,133,410	12,280,000	100.00	12,280,000
Cottonwood Water and Sanitation District	105,677,431	12,227,527	100.00	12,227,527
Crystal Crossing Metropolitan District ⁽⁴⁾	9,851,430	8,440,000	100.00	8,440,000
Crystal Valley Metropolitan District No. 2	33,787,540	61,040,000	100.00	61,040,000
Elkhorn Ranch Metropolitan District No. 1	10,671,120	7,790,000	100.00	7,790,000
Highfield Metropolitan District	13,944,130	4,110,000	100.00	4,110,000
Highlands Ranch Metropolitan District	1,552,357,700	29,800,000	100.00	29,800,000
Horse Creek Metropolitan District	13,890,980	4,325,000	100.00	4,325,000
Horseshoe Ridge Metro. Districts Nos. 1 to 3 ⁽⁸⁾	10,669,550	3,850,000	100.00	3,850,000
Hunting Hill Metropolitan District ⁽⁴⁾	6,275,140	4,000,000	100.00	4,000,000
Inspiration Metropolitan District ⁽⁴⁾	26,447,560	67,054,000	100.00	67,054,000
Inverness Metropolitan Improvement District	374,678,383	3,015,000	32.67	985,001
Inverness Water and Sanitation District	391,450,004	7,755,000	31.27	2,424,989
Jordan Crossing Metropolitan District	2,986,740	1,395,000	100.00	1,395,000
Larkspur Fire Protection District	139,253,530	1,980,000	100.00	1,980,000
Lincoln Creek Metropolitan District ⁽⁴⁾	2,931,080	4,130,000	100.00	4,130,000
Lincoln Meadows Metropolitan District	9,802,480	8,675,817	100.00	8,675,817

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 Park Metropolitan District ⁽⁴⁾	36,052,140	32,000,000	100	32,000,000
Lincoln Station Metropolitan District ⁽⁴⁾	50,585,710	15,500,000	100	15,500,000
Louviers Water and Sanitation District ⁽⁶⁾	2,266,040	727,523	100.00%	727,523
Maher Ranch Metropolitan District No. 4 ⁽⁴⁾	32,323,160	17,904,000	100.00	17,904,000
Meadow Station Public Improvement District	2,939,750	200,000	100.00	200,000
Meadows Metropolitan Districts Nos. 1 to 7 ⁽⁹⁾	211,809,420	70,000,000	100.00	70,000,000
Meridian Metropolitan District	212,505,240	72,890,000	100.00	72,890,000
Meridian Village Metropolitan Dists. Nos. 1 and 2 ⁽¹⁰⁾	62,741,290	35,185,000	100.00	35,185,000
Neu Towne Metropolitan District ⁽⁴⁾	5,921,410	11,000,000	100.00	11,000,000
North Meridian Metropolitan District	302,350	7,237,000	100.00	7,237,000
North Pine Vistas Metropolitan District No. 2 ⁽⁴⁾	11,100	10,545,000	100.00	10,545,000
North Pine Vistas Metropolitan District No. 3 ⁽⁴⁾	3,216,820	15,766,000	100.00	15,766,000
North Pines Metropolitan District	4,865,210	2,170,000	100.00	2,170,000
Olde Town Metropolitan District	3,484,290	875,000	100.00	875,000
Omnipark Metropolitan District	59,502,120	950,000	100.00	950,000
Overlook Metropolitan District ⁽⁴⁾	3,594,380	5,170,000	100.00	5,170,000
Parker Automotive Metropolitan District	8,952,410	15,546,000	100.00	15,546,000
Parker Homestead Metropolitan District ⁽⁴⁾	12,073,800	8,300,000	100.00	8,300,000
Parker Water and Sanitation District	652,021,428	82,810,000	100.00	82,810,000
Pine Bluffs Metropolitan District	12,402,869	4,435,000	100.00	4,435,000
Pinery West Metropolitan District No. 2 ⁽⁴⁾	41,533,540	13,860,000	100.00	13,860,000
Pinery West Metropolitan District No. 3 ⁽⁴⁾	12,900,040	380,000	100.00	380,000
Promenade at Castle Rock Metro. District No. 1 ⁽⁴⁾⁽¹¹⁾	713,330	34,615,000	100.00	34,615,000
Rampart Range Metropolitan District No. 1 ⁽¹²⁾	2,640	184,382,868	100.00	184,382,868
Ravenna Metropolitan District	17,197,190	41,580,697	100.00	41,580,697
Reata North Metropolitan District ⁽⁴⁾	28,030,600	11,060,000	100.00	11,060,000
Reata South Metropolitan District ⁽⁴⁾	13,063,460	19,330,000	100.00	19,330,000
Regency Metropolitan District	6,447,520	3,365,000	100.00	3,365,000
Robinson Ranch Metropolitan District	3,139,630	670,000	100.00	670,000
Roxborough Village Metropolitan District	69,216,490	6,899,560	100.00	6,899,560
Roxborough Water and Sanitation District ⁽⁶⁾	193,420,439	28,966,079	77.59	22,474,781
Salisbury Heights Metropolitan District ⁽⁴⁾	2,437,150	2,854,000	100.00	2,854,000
Sedalia Water and Sanitation District ⁽⁶⁾	6,349,950	49,618	100.00	49,618
Sierra Ridge Metropolitan District No. 2 ⁽⁴⁾	21,708,080	30,000,000	100.00	30,000,000
Solitude Metropolitan District	7,090	4,770,000	100.00	4,770,000
South Meridian Metropolitan District	48,176,600	4,685,000	100.00	4,685,000
South Suburban Park and Recreation District	3,639,049,720	6,715,000	20.42	1,371,203
Southeast Public Improvement Metro. District ⁽⁴⁾	2,620,999,187	2,835,000	32.69	926,762
Sterling Ranch Colorado Metro. District No. 3 ⁽¹³⁾	-	89,120,000	100.00	89,120,000
Stone Canon Ranch Metropolitan District	1,642,380	299,281	100.00	299,281
Stone Creek Metropolitan District ⁽⁴⁾	70,780	9,470,000	100.00	9,470,000
Stonegate Village Metropolitan District	86,081,850	21,450,000	100.00	21,450,000
Tallman Gulch Metropolitan District ⁽⁴⁾	1,883,220	9,465,000	100.00	9,465,000
Thunderbird Water and Sanitation District ⁽⁶⁾	6,935,000	411,863	100.00	411,863
Village on the Green Metro. District No. 1	2,593,730	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⁾	\$ 1,478,200	\$ 25,911,000	100.00	\$ 25,911,000
Villages at Castle Rock Metropolitan District No. 6	25,734,990	44,217,667	100.00	44,217,667
Villages at Castle Rock Metropolitan District No. 7	24,051,760	1,405,000	100.00	1,405,000
West Metro Fire Protection District	8,004,114,977	26,045,000	1.68	437,556
Total Overlapping				<u>\$ 1,484,479,121</u>
Total Direct Debt and Overlapping Debt				<u>\$ 1,756,914,121</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, 5 and 6; City of Aurora; Belford North Metropolitan District; Belford South Metropolitan District; Bella Mesa Metropolitan District; BMR 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; Chatfield South Water District; Cherry Creek Basin Water Quality Authority; Cherry Creek South Metropolitan Districts Nos. 4 to 10; Cielo Metropolitan District; Citadel Station-Castle Meadows Urban Renewal Plan; 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; Crystal Valley Metropolitan District No. 1; 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; Hillside at Castle Rock Metropolitan District; Hilltop 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 Fire Protection 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, 2 and 4 to 7; Timbers Metropolitan District; Two Bridges Metropolitan District; 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 2017 assessed valuation figures certified by the County Assessors are for the collection of ad valorem property taxes in 2018.
- (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.

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

Estimated Overlapping General Obligation Debt
(Continued)

- (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 2017 assessed valuations of No. 3 and No. 4 are \$6,308,340 and \$7,598,470, respectively, and each levied 40.000 mills for debt service in 2017.
- (6) 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.
- (7) 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 2017 assessed valuation of E-470 Potomac Metropolitan District is \$6,583,990 and it levied 44.027 mills for debt service in 2017.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) 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 2017 assessed valuation of Promenade Castle Rock Metropolitan District No. 3 is \$30,954,210 and it levied 40.000 mills for debt service in 2017.
- (12) 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 2017 assessed valuations of Nos. 2 and 7 are \$23,802,210 and \$189,325,170, respectively, and each levied 39.000 mills for debt service in 2017.
- (13) Sterling Ranch Colorado Metropolitan Districts Nos. 1 to 7 formed the Sterling Ranch Community Authority Board (the "SRCA Board") to provide public services and facilities. The SRCA Board issued limited tax and special revenue bonds secured by No. 3's required mill levy, specific ownership taxes, and other available moneys.
- (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 (\$94,296,029 as of December 31, 2017), and principal amounts due as of such date will be discharged. The 2017 assessed valuation of Founders Village Metropolitan District is \$50,449,550 and it levied 87.314 mills for debt service in 2017.

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

	2018	2017	2016	2015	2014
Debt limit ⁽¹⁾	\$ 1,272,326,686	\$ 1,139,199,846	\$ 1,118,599,418	\$ 956,062,612	\$ 937,891,906
Total debt applicable to limit	350,319,165	394,596,031	441,381,527	505,233,996	559,590,935
Legal debt margin ⁽²⁾	922,007,521	744,603,815	677,217,891	450,828,616	378,300,971
Total debt applicable to the limit as a percentage of debt limit	27.53%	34.64%	39.46%	52.85%	59.66%

(1) Debt limits calculated by determining the total assessed value as reported in Table 9 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

	2013		2012		2011		2010		2009
\$	910,281,016	\$	900,947,152	\$	983,368,914	\$	975,907,790	\$	935,637,528
	591,790,835		619,332,078		570,761,501		608,941,240		625,844,744
	318,490,181		281,615,074		412,607,413		366,966,550		309,792,784
	65.01%		68.74%		58.04%		62.40%		66.89%

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	Unemployment Rate
2017	346,000	\$ 65,796	\$ 22,765,492	2.75	38.9	67,470	2.6%
2016	336,000	67,139	22,558,704	2.76	37.6	66,896	2.8%
2015	328,990	65,999	21,713,011	2.84	37.2	66,702	2.6%
2014	308,000	64,613	19,900,804	2.82	36.9	66,230	4.5%
2013	302,464	61,369	18,561,913	2.80	37.5	64,657	5.6%
2012	295,689	73,516	21,737,873	2.95	37.4	63,114	5.9%
2011	291,083	71,463	20,801,664	2.79	36.6	61,465	6.1%
2010	288,430	60,723	17,514,402	2.86	36.6	59,932	6.7%
2009	290,059	59,358	17,108,472	2.90	34.3	58,723	6.6%
2008	286,780	60,361	16,969,723	2.88	35.7	52,983	5.1%

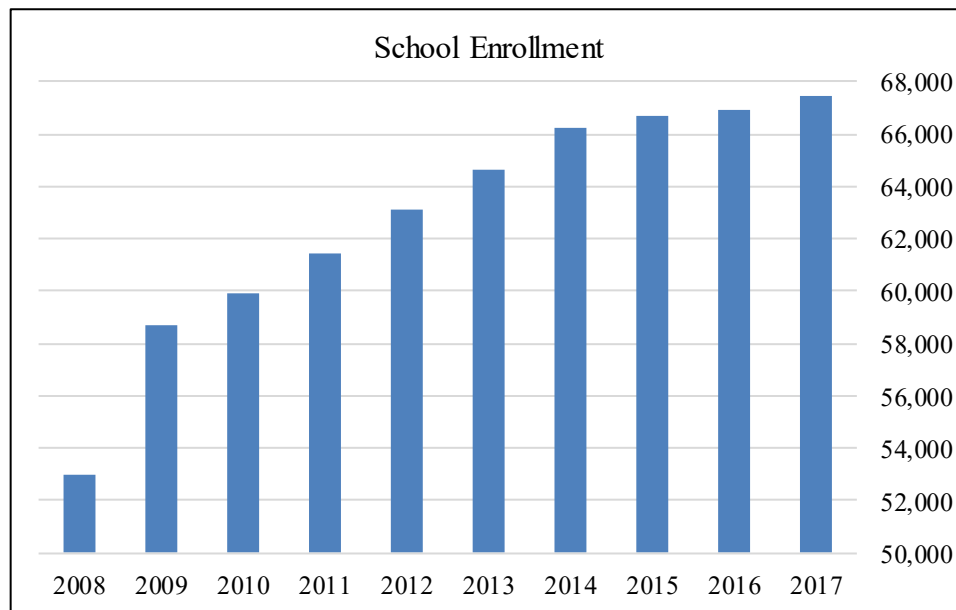
(1) 2017 Douglas County CAFR

<http://www.douglas.co.us/documents/2017-cafr.pdf>

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		
	<u>Employees</u>		<u>% of Total County Employment</u>	<u>Employees</u>		<u>% of Total County Employment</u>
Douglas County School District ⁽¹⁾	6,242	1	3.47%	6,740	1	4.34%
Charles Schwab	3,700	2	2.06%			
EchoStar Communications	2,620	3	1.46%	1,900	2	1.22%
Centura Health	1,560	4	0.87%			
CH2M Hill	1,400	5	0.78%	1,720	3	1.11%
Western Union	1,300	6	0.72%	1,080	8	0.70%
Healthone:Sky Ridge Medical	1,290	7	0.72%	960	9	0.62%
Douglas County Government	1,197	8	0.66%	1,113	6	0.72%
Specialized Loan Servicing LLC	950	9	0.53%			
VISA Debit Processing Services	930	10	0.52%			
Aurora Loan Services				1,500	4	0.97%
Avaya				1,500	5	0.97%
TW Telecom				1,100	7	0.71%
Sprint Nextel Corporation				930	10	0.60%
Total for Principal Employers	<u>21,189</u>		<u>11.79%</u>	<u>18,543</u>		<u>11.96%</u>
Total Employment in Douglas County	180,044			155,171		

2017 Douglas County CAFR

<http://www.douglas.co.us/documents/2017-cafr.pdf>

(1) Based on full time equivalent.

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

	2018	2017	2016
Instructional Services:			
Administrators Direct Educational Support	10	12	12
Principals and Assistant Principals	167	153	153
Admin. Intern, PLS, BRT, RTI Staff	40	84	85
Instructional Support Professionals ⁽³⁾	36	41	32
Classroom Teachers, Regular and Special Services	2,945	2,870	2,909
Educational Assistants- Regular and Special Services ⁽³⁾	857	859	778
Preschool and Child Care ⁽³⁾	233	240	230
Food Services ⁽³⁾	254	238	227
Guidance Counselors	87	78	75
Student Support Professionals :	331	325	300
Speech Pathologist, Orthopedic and Physical Therapists			
Psychologists, Social Workers, Occupational Therapists			
Certified Librarians	21	21	22
Media Specialists ⁽³⁾	54	46	55
Nurses	36	29	29
Health Assistants ⁽³⁾	34	28	32
Athletic Trainers ⁽²⁾	0	7	9
Computer Resource Tech Support ⁽³⁾	29	25	29
Operational Support Services:			
Administrators	36	35	36
Technical Professionals	33	26	25
Business Services, Human Resources and Operational Professionals	64	65	59
Security Services; including Crossing Guards ⁽³⁾	79	75	65
Operations & Maintenance	239	244	252
Pupil Transportation and Bus Drivers ⁽³⁾	289	327	318
School Clerical, Business Office, Payroll and Benefits ⁽³⁾	409	413	432
	6,283	6,241	6,165

Note: This listing represents filled positions as of May 1 of each fiscal year.

- (1) For fiscal year 2015 and prior, FTE for classified staff members (hourly workers) was defined as number of yearly hours worked divided by 2,080 hours.
- (2) Athletic training function was outsourced in fiscal year 2018.
- (3) These staff members are the classified staff members identified in (1) above. For fiscal years after 2015, the FTE was calculated as weekly hours worked divided by 40 hours. For example, a classified employee working 20 hours per week is a 0.5 FTE.

Table 15

2015 ⁽¹⁾	2014	2013	2012	2011	2010	2009
11	15	10	10	15	16	16
148	143	134	127	131	158	160
91	79	64	59	91	72	79
32	19	6	3	6	7	12
2,860	2,869	2,725	2,668	2,752	2,900	2,973
799	557	546	503	509	579	539
207	220	257	250	224	241	262
225	158	128	128	134	168	162
75	66	62	62	65	66	66
299	223	191	187	144	176	192
23	14	14	25	13	13	15
58	35	36	34	22	39	43
29	25	28	21	19	21	22
33	19	20	25	28	1	22
9	8	9	9	9	9	8
30	34	30	36	51	24	46
36	32	33	34	32	34	43
29	34	30	16	24	26	29
61	43	43	49	34	30	26
71	47	35	35	31	27	32
250	252	255	260	277	298	305
321	220	224	201	209	239	258
416	358	345	352	371	428	438
6,113	5,470	5,226	5,094	5,194	5,571	5,747

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

	2018	2017	2016	2015
School Enrollment ⁽¹⁾	67,597	67,470	66,896	66,702
Funded Pupil Count ⁽¹⁾	64,504	64,202	63,572	63,354
Average Student Teacher Ratio ⁽²⁾	20.1	20.3	20.8	22.4
Expenses - Total Governmental Funds ⁽³⁾	\$ 1,065,845,439	\$ 953,294,870	\$ 661,395,278	\$ 631,382,747
Cost per FPC	\$ 16,524	\$ 14,843	\$ 10,404	\$ 9,966
Bus Miles Traveled ⁽⁴⁾	3,327,803	3,868,148	3,987,257	3,727,278
Building Square Footage	6,714,527	6,714,527	6,680,458	6,678,758
Free & Reduced Student Count ⁽⁵⁾	8,135	7,788	7,954	7,326
% of Free & Reduced to Total School Enrollment	12.0%	11.5%	11.9%	11.0%
Average Teacher Salary ⁽⁶⁾	\$ 53,080	\$ 52,044	\$ 51,274	\$ 50,165

(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, includes PERA & OPEB liabilities beginning in fiscal year 2015.

(4) Per CDE 40 Transportation reimbursement form.

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

(6) Colorado Department of Education average teacher salary reported here is for teachers working within the District's neighborhood and charter schools.

Table 16

2014	2013	2012	2011	2010	2009
66,230	64,657	63,114	61,465	59,932	58,723
62,610	61,199	59,606	57,906	56,529	55,285
21.5	20.8	21.2	20.8	19.4	18.7
\$ 568,697,399	\$ 532,188,572	\$ 498,879,866	\$ 479,972,468	\$ 519,090,563	\$ 509,560,303
\$ 9,083	\$ 8,696	\$ 8,370	\$ 8,289	\$ 9,183	\$ 9,217
4,025,069	3,807,811	3,600,911	3,381,542	3,295,241	4,212,904
661,633	6,661,633	6,660,845	6,617,016	6,282,231	6,137,617
8,023	7,321	6,867	6,493	4,886	4,416
12.1%	11.3%	10.9%	10.6%	8.2%	7.5%
\$ 50,652	\$ 50,656	\$ 51,838	\$ 52,805	\$ 52,572	\$ 53,287

Douglas County School District Re. 1
Capital Asset Statistics by Type
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Schools										
Elementary Schools	47	47	47	47	47	47	47	47	46	46
Middle Schools	9	9	9	9	9	9	9	9	9	9
High Schools	9	9	9	9	9	9	9	9	9	9
Charter Schools	18	16	15	15	13	13	11	9	8	8
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
Plum Creek	1	1	1	1	1	1	1	1	1	1
Other Facilities										
Administration	3	3	3	3	3	3	3	3	3	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	2	1
Stadiums	3	3	3	3	3	3	3	3	3	2

COMPLIANCE SECTION

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

Board of Education
Douglas County School District No. Re.1
Douglas County, Colorado

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 No. Re.1 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2018. Our report includes a reference to other auditors who audited the financial statements of the District's Charter Schools, discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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, and therefore; material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

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*.

The District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 11, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Douglas County School District No. Re.1
Douglas County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Douglas County School District No. 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 the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' 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 the major federal programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 11, 2018

Douglas County School District RE.1

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Pass-Through			
Colorado Department of Education			
Title I, Part A	84.010	4010	\$ 1,124,430
Title I, Part A - Homeless Set Aside	84.010	9202	150,683
Title I, Part A - District Managed	84.010	9206	324,903
Title I, Part A - Parent Activities	84.010	9211	21,653
Title I, Part A (Prevention Integration)	84.010	5010	115,998
Total CFDA No. 84.010			<u>1,737,667</u>
Title V, Part B: Charter School Program	84.282	5282	550,488
Title III, Part A: English Language Acquisition Grants	84.365	4365	216,659
Title II, Part A: Improving Teacher Quality	84.367	4367	538,070
Title IV-A: Student Support and Academic Enrichment	84.424A	4424	26,847
Special Education Cluster:			
IDEA Part B: Special Education (IDEA, Part B)	84.027	4027	8,539,643
Indicator 14	84.027	5027	4,700
Total CFDA No. 84.027			<u>8,544,343</u>
IDEA Part B: Special Education - Preschool	84.173	4173	104,448
Total Special Education Cluster			<u>8,648,791</u>
School Readiness RTTT	84.412	5412	28,077
Colorado Multi-Tiered System of Supports MTSS	84.323a	5323	21,971
Total Colorado Department of Education Pass-Through			<u>11,768,570</u>
Direct			
State Board for Community College and Occupational Education			
Career & Technical Education Grant	84.048	4048	188,462
Total Department of Education			<u>11,957,032</u>
U.S. Department of Health and Human Services			
Direct			
Childcare Development & Block Grant	93.575	7575	74,460
Pass-Through			
Colorado State Department of Education			
Childcare Development & Block Grant (EQIT)	93.575	7575-1000	125,247
Total Department of Health and Human Services			<u>199,707</u>
U.S. Department of Agriculture			
Child Nutrition Cluster:			
Pass-Through			
Colorado Department of Education			
School Breakfast Program	10.553	4553	190,859
Special Milk Program for Children	10.556	4556	82,079
Summer Food Program for Children	10.559	4559	80,852
National School Lunch Program	10.555	4556	2,143,024
State Department of Human Services			
National School Lunch Program (Non-Cash)	10.555	4555	710,162
Total Child Nutrition Cluster			<u>3,206,976</u>
Total Expenditures of Federal Awards			<u>\$ 15,363,716</u>

Douglas County School District RE. 1

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2018

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, 2018. 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 Account Policies

The accompanying schedule of expenditures of federal awards is presented on the modified 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 \$710,162 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, 2018, 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 NO. RE.1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)

84.027
84.173

Name of Federal Program or Cluster

Special Education Grants to States – Part B
Special Education – Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

DOUGLAS COUNTY SCHOOL DISTRICT NO. RE.1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

2018 – 001

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: During fiscal year 2018, it was noted the District improperly recognized revenue in fiscal year 2017 for student deposits in the Nutrition Services Fund 21 and Nutrition Services Non-NSLP Fund 28. Revenue was being recorded on a cash basis and not in accordance with U.S. GAAP.

Criteria or specific requirement: Under U.S. GAAP, the District should recognize revenue when earned. In this case, when the service was provided to the students.

Context: The District was made aware of the error prior to the start of the fiscal year 2018 audit and was corrected for the current year. However, fiscal year 2017 was misstated by an amount large enough to merit a restatement of the funds described in the condition.

Effect: In fiscal year 2017 revenue was overstated, unearned revenue and accounts receivable were understated and net position/fund balance was overstated by \$528,219.

Cause: The error was a result of the District recording student fees received on a cash basis as opposed to the accrual basis of accounting required under U.S. GAAP.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the District continue to evaluate how revenue is being reported for all sources and apply U.S. GAAP.

Views of responsible officials and planned corrective actions: In fiscal year 2018, the District implemented a process to review the student meal account balances by location as of June 30. If accounts had balances to carry over into the next school year, the District posted the year end adjustment to reduce revenue and record unearned revenue for the balance that will be carried to the next fiscal year.

Section III – Findings and Questioned Costs – Major Federal Programs

None

Section IV – Prior Year Findings

None



Colorado Department of Education

Auditors Integrity Report

District: 0900 - DOUGLAS COUNTY RE 1

Fiscal Year 2017-18

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	87,776,887	438,853,205	446,817,241	79,812,852
18	Risk Mgmt Sub-Fund of General Fund	1,558,338	-1,558,338	0	0
19	Colorado Preschool Program Fund	0	0	0	0
Sub- Total		89,335,225	437,294,867	446,817,241	79,812,852
11	Charter School Fund	26,856,598	134,538,713	131,752,114	29,643,197
20,26-29	Special Revenue Fund	6,842,166	34,174,125	33,932,127	7,084,164
06	Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21	Food Service Spec Revenue Fund	1,827,997	14,024,094	14,079,894	1,772,197
22	Govt Designated-Purpose Grants Fund	185,117	13,231,651	13,231,651	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	634,949	23,608,531	22,891,911	1,351,569
31	Bond Redemption Fund	59,416,713	52,112,260	51,385,320	60,143,653
39	Certificate of Participation (COP) Debt Service Fund	159,952	4,315,256	4,463,305	11,903
41	Building Fund	1,541,921	20,637	1,562,558	0
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		186,800,639	713,320,134	720,116,121	180,004,651
Proprietary					
50	Other Enterprise Funds	-12,563,032	3,621,388	9,962,913	-18,904,556
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	6,297,522	11,352,462	7,800,081	9,849,904
Totals		-6,265,510	14,973,851	17,762,993	-9,054,652
Fiduciary					
70	Other Trust and Agency Funds	35,312	60,600	60,000	35,912
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	1,078,644	1,621,733	1,500,950	1,199,427
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
Totals		1,113,955	1,682,333	1,560,950	1,235,339

FINAL

12/7/18

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