


ST. VRAIN VALLEY SCHOOLS
academic excellence by design

Student Achievement • Well-Being • Partnerships

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017



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St. Vrain Valley School District RE-1J
Longmont, Colorado

City and County of Broomfield,
Boulder, Larimer, and Weld Counties

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2017

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Superintendent of Schools

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Chief Financial Officer

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St. Vrain Valley School District RE-1J

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INTRODUCTORY SECTION

St. Vrain Valley School District RE-1J

OUR VISION

**To be an exemplary school district
which inspires and promotes
high standards of learning
and student well being
in partnership with parents, guardians
and the community**

OUR MISSION

**To educate each student
in a safe learning environment
so that they may develop
to their highest potential
and become contributing citizens**

St. Vrain Valley School District RE-1J

**BOARD OF EDUCATION
2016-2017**



Pictured from left to right:

(Row 1) President Bob Smith, Vice President Joie Siegrist,
Secretary Debbie Lammers, Treasurer Paula Peairs,

(Row 2) Assistant Secretary Amory Siscoe, and
Members Mr. John Ahrens and Dr. Richard Martyr

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November 1, 2017

Board of Education Members
and Citizens of the
St. Vrain Valley School District RE-1J
395 South Pratt Parkway
Longmont, CO 80501

We are pleased to submit to the Board of Education, parents, taxpayers, and community members the Comprehensive Annual Financial Report (CAFR) of the St. Vrain Valley School District RE-1J (the District) for the year ended June 30, 2017. State law requires that the District publish within six months of the close of each fiscal year a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (US GAAS), by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the accuracy, completeness and fairness of presentation, including all disclosures, presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the District's financial statements in conformity with US GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the District as measured by the financial activity of its various funds, and contains all disclosures necessary to enable the reader to gain an understanding of the District's financial activities for the year ended June 30, 2017.

The District's financial statements have been audited by RubinBrown LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, 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 District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This is in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Uniform Guidance. Information

related to this single audit, including a schedule of expenditures of federal awards, the Independent Auditors' Reports related thereto, and a schedule of findings and questioned costs are included in this document.

The Comprehensive Annual Financial Report is presented in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities and business-type activities into a single total column for government-wide activities. GASB Statement No. 34 also requires that management 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 District's MD&A can be found in the Financial Section immediately following the Independent Auditors' Report.

PROFILE OF THE GOVERNMENT – The District and Its Services

The St. Vrain Valley School District RE-1J is a body corporate and a political subdivision of the State, governed by an elected seven-member board, and was organized in 1961 for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District was formed as a result of the consolidation of a number of smaller school districts within its boundaries. The District's boundaries have been substantially stable since the consolidation.

The District provides a full range of educational programs and services authorized by Colorado Statutes. These include pre-K through 12 education in elementary, middle, and high schools, special education for students with disabilities, vocational education, multicultural education, and numerous other programs.

St. Vrain Valley School District is the educational home of more than 32,000 of Colorado's students. St. Vrain Valley is the seventh largest school district in the state according to the Colorado Department of Education's 2016-17 District Ranking by Pupil Membership. St. Vrain Valley operates 55 schools and programs that are spread over 411 square miles. The makeup includes: 1 standalone early childhood learning center, 23 elementary, 1 PK-8, 1 K-8, 8 middle, 1 middle/senior, 7 high, 1 alternative, 1 online, 1 homeschool enrichment school, 1 P-TECH school, 1 Innovation Center program, 1 Main Street Special Education program, 1 Career Development Center program, and 6 charter schools. Located approximately 30 miles north of Denver, the District is geographically diverse. Its physical boundaries extend from the Continental Divide into the plains of Colorado. Adding to its scenic setting are historic downtown Longmont and the backdrop of Rocky Mountain National Park and Longs Peak. The District includes approximately 169,500 residents. There are 13 different communities that make up St. Vrain Valley School District: eastern Boulder, Broomfield, Dacono, Erie, Firestone, Frederick, Hygiene, Longmont, Lyons, Mead, Niwot, Peaceful Valley, and Raymond. Parts of Boulder, Broomfield, Larimer, and Weld Counties fall within its boundaries.

The District's Board of Education is empowered to levy a property tax on both real and personal properties located within its boundaries.

Fiscal year 2017 is Dr. Don Haddad's ninth year as the Superintendent of Schools. He has been recognized multiple times on the national level, including the 2013 National Superintendent of the Year award from the National Association of School Superintendents. He continues to develop strong relationships with business, industry, and community leaders throughout the District. He is united with his administration, staff, and the Board of Education in the mission and strategic priorities for the District.

The Financial Services department is led by Chief Financial Officer Greg Fieth who has seven years of experience with St. Vrain Valley Schools. Other key staff members include Executive Director of Budget Tony Whiteley who has seven years of experience with the District and Senior Accountant Jane Frederick who has been with the District almost 14 years.

The District is the reporting entity for financial reporting purposes and is not included in any other governmental reporting entity. The financial statements of the District include all funds that are controlled by the publicly elected Board of Education. The Board of Education adopts the budget, authorizes expenditures, selects management, significantly influences operations, and is primarily accountable for fiscal matters.

The annual budget serves as the foundation of the District's financial planning and control. The District maintains extensive budgetary controls to ensure compliance with legal requirements, Board of Education policies, and District administration guidelines. The legal level of budgetary control is the fund level. The District's budget must be adopted by June 30 prior to the budget year, but may be revised for any reason prior to January 31st of the budget year. Budgets are developed and monitored for compensation costs, utilities and other fixed costs at the District level, and for discretionary (site based) spending at the department or school level.

Staffing levels are authorized for each site and are tracked monthly to ensure usage within budgeted limits. On-line budget inquiry access is provided to each site's administrative staff, to allow monitoring of their discretionary budgets.

Budgetary control is also maintained through the use of an encumbrance accounting system. Encumbrances outstanding at year-end are not reported as expenditures in the financial statements for US GAAP purposes, but are reported as assignments of fund balance for subsequent years' expenditures based on the encumbered appropriation authority carried over. This system fosters responsible spending and allows site management to develop longer range spending plans. Schools' discretionary budgets also include a share of revenues generated from building rentals, and budgets contingent upon site management's compliance with District accountability policies. Under state law, each school is required to involve each employee group, the Board of Education, and the District Accountability Committee in the budget development process.

As required by accounting principles generally accepted in the United States of America, these financial statements present St. Vrain Valley School District RE-1J (the primary government) and its component units. As of June 30, 2017 there were six component units (Charter Schools). The inclusion or exclusion of component units is based on a determination of the elected official's accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government and discretely presented component units. The criteria used for determining whether an entity should be included – either blended or discretely presented – includes, but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

As of June 30, 2017, the District's Board of Education has approved six charter schools. The six charter schools – Aspen Ridge Preparatory School; Carbon Valley Academy; Flagstaff Academy; Imagine Charter School at Firestone; St. Vrain Community Montessori School; and Twin Peaks Charter Academy – were operational during the year ended June 30, 2017. The respective members of the Charter Schools' Governing Boards are appointed separately from the District's Board of Education. The Charter Schools are deemed to be fiscally dependent upon the District since the District provides the majority of support to the Charter Schools in the form of per pupil revenue (PPR); therefore, the Charter Schools' financial information has been presented as discretely presented component units. No new charter applications were received during the fiscal year 2017.

The information included in the financial statements is perhaps best understood when it is considered from a broader perspective of the national, state and local environment within which the District operates.

ECONOMIC CONDITION AND OUTLOOK

National Economy

This summary of the national economic conditions is derived from information posted on the Congressional Budget Office (CBO) website at www.cbo.gov. Specific documents cited are the *An Update to the Budget and Economic Outlook: 2017-2027* and the *June 2017 Potential GDP and Natural Rate of Unemployment*.

The CBO projects that over the next decade federal debt will rise. Economic growth is projected to remain modest and budget deficits would eventually follow an upward trajectory in relationship to the nation's economic output. Due to a rapid growth in spending for federal retirement and health care programs targeted to older people, accumulating deficits would drive up debt held by the public from its already high level to its highest percentage of gross domestic product (GDP) since shortly after World War II.

The federal government's annual budget deficit is on a path to rise during the next decade, reaching 5.2 percent of GDP in 2027 compared to 3.6 percent in 2017. The growing shortfalls would occur mainly because, under current law, growth in revenues would be outpaced by growth in spending for large federal benefit programs and for interest payments on the federal debt. CBO's estimate of the 2017 deficit is \$693 billion. After 2018, under current law, continued growth in spending, particularly for Social Security, Medicare and interest, would outstrip growth in revenues, resulting in larger deficits and higher debt.

Individual income tax receipts increase by 1.5 percentage points of GDP from 2017 to 2027. Most of the rise stems from long-term factors including "real bracket creep" (the process by which, as income rises faster than prices, an even larger proportion of income becomes subject to higher tax rates), rising distributions from tax-deferred retirement accounts, and an expected increase in the share of earnings received by higher-earning taxpayers.

Corporate income tax receipts, under current law, which equal 1.6 percent of GDP in 2017, fluctuate modestly over the projection period, eventually returning to the same percentage of GDP as in 2017.

The unemployment rate (civilian, 16 years or older) dropped to 4.9% in 2016 down from 5.4% in 2015. Unemployment is forecasted to remain near 5.0% through 2027. Gross Domestic Product (GDP) is estimated to rise to 27,999 USD Billion by 2027, up from 18,408 USD Billion in 2016.

The destructive impacts of hurricanes Harvey, Irma and Maria will cause a temporary slowdown in economic growth over the coming months in the areas affected by the storms.

As reported by the Learning Policy Institute in the September 20, 2017 article *Where Have All the Teachers Gone?*, the nation is experiencing a teacher shortage. This is a serious problem for the children they serve and for the country as a whole. The U.S. Department of Education reports that a majority of states identify shortages of teachers in mathematics (47 states and the District of Columbia), special education (46 states and D.C.), science (43 states), world languages (40 states and D.C.), career and technical education (32 states), teachers of English learners (32 states), Art/Music, and Dance (28 states), and English (27 states).

State Economy

The Colorado Outlook – September 20, 2017 report by the Office of State Planning and Budgeting (OSPB), presents the OSPB forecasts for Colorado economic and demographic indicators, including employment and unemployment, inflation, wages and income, population and migration. A summary of this information is presented here. The full report can be found at www.colorado.gov.

Led by the state's technology sector, new business formation, and growth in its skilled workforce, Colorado's economic growth exhibited increased momentum thus far in 2017. However, tight labor and housing market conditions are raising costs for individuals and businesses. Rural areas continue to experience lower job and income growth than urban areas along the Front Range. Economic growth is

expected to continue at a moderate pace through the forecast period. The state's solid expansion continues to result in some of the lowest unemployment rates in the nation.

Recent strength in sales tax collections and income tax wage withholdings indicate that the overall economy in Colorado has increased momentum. Higher sales tax collections indicate that Coloradoans are spending more money on goods, a key driver of economic activity. Income tax wage withholdings are a proxy for total wages paid. Both data trends indicate that the state's economic expansion has strengthened.

Expectations for the Colorado economy remain positive. The end of the oil and gas industry's contraction and the acceleration of global economic growth have helped boost expectations. When expectations for the economy are positive, businesses are more likely to hire and invest, which brings about the expected economic growth. Another economic indicator for assessing underlying momentum in the economy are trends in business formations. Data from the Colorado Secretary of State shows that filings of new entities formed to do business in Colorado, which mostly consisted of limited liability companies and corporations, increased by 7.8 percent, in the first half of 2017 over the prior year.

The modest growth in the regional energy activity is credited to increased global demand, along with the reduced supply caused by OPEC's (Organization of the Petroleum Exporting Countries) production cuts. Given continued expectations for modest price growth, energy sector activity is unlikely to expand much above current levels. As for the agricultural industry, conditions remain weak due to declining farm income and continued low commodity prices.

Colorado's Front Range labor market is among the tightest in the nation. On average, there are roughly two online job postings for each unemployed person in Colorado. While this creates a positive environment for job seekers, the state's low unemployment is likely acting as a constraint on economic growth by making it difficult for employers to find qualified candidates to fill open positions.

General Fund revenue is forecast to grow at a higher rate in FY2017-18 due mostly to the state's recent increase in economic growth. The three major General Fund revenue sources that together make up 95 percent of the total fund are individual income taxes, corporate incomes taxes and sales and use taxes.

Individual income tax collections from wage withholdings are growing at an accelerating rate as Colorado's tight labor market pushes wages higher and attracts job-seekers from out-of-state. Corporate incomes taxes are projected to rebound with 4.2 percent growth in FY2017-18, the first increase since FY2013-14. Sales tax revenue increased 6.5 percent in FY2016-17 and is expected to increase an additional 10.7 percent in FY2017-18. This growth is being driven by increased consumer activity, especially in automobile sales, a pick-up in business spending, and an increase in the special sales tax rate on retail marijuana.

Tax revenue to the State Education Fund will increase 7.1 percent in FY2017-18. 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 General Fund provides funding for the State's core programs and services, such as preschool through 12th grade education, higher education, services for low-income populations, the disabled and elderly, courts, and public safety. It also helps fund capital construction and maintenance needs for State facilities and, in some years, transportation projects. Under the state constitution, the State Education Fund helps fund preschool through 12th grade education.

Other state-wide news include the recently announced Colorado PERA proposed comprehensive package of reforms designed to reduce the overall risk profile of the plan and improve PERA's funded status. In September, the Colorado PERA Board of Trustees approved the recommended changes designed to shorten the length of time it will take the plan to reach full funding. Changes include, benefit reductions for current and future members and retirees, as well as contribution increases for members and employers. The Colorado Legislature must pass the proposed changes. By State law, the Colorado General Assembly

sets contribution rates and benefit levels and the PERA Board of Trustees has oversight of investments and benefit administration. For more information visit. www.copera.org.

Local Economy

Colorado property is reassessed for valuation every two years. In 2015, an assessment year, the District's assessment came in at \$2.91 billion. In 2016, the certification of assessed valuations increased 3% to \$2.99 billion. According to a preliminary certification of valuation for Boulder County in August 2017, Boulder County projects an increase of 15% up from 2016.

The largest community within the District is Longmont (the City). Per the City's FY16 Comprehensive Annual Financial Report (CAFR), the city's economic environment continues to improve after the recession in 2008/2009. With a population of 93,933, the city has reached approximately 81% of residential buildout and 45% of its job capacity buildout in commercial and industrial development.

Other economic indicators, including the performance of sales and use tax, point to growth in Longmont. Sales and use tax in 2016 was 6.74% higher than in 2015. The local economy has been showing steady annual growth. For 2017 budgeted sales and use tax collections, or taxable sales, are 5.46% greater than the actual collections for 2016. As for building permit activity, another indicator that has a significant effect on city revenues in the General Fund, 2016 results for single-family dwelling permits were in excess of the amount that was projected in the 2016 budget of 208 single-family dwelling units.

The Weld County portion of the district includes the growing town of Erie with a population of 25,000 as of 2017. Firestone, Mead, Frederick and Dacono have stable or moderate population growth. Other District with minimal growth include Niwot and Lyons, located in Boulder County.

Continued Enrollment Growth

The District continues to grow in enrollment. Since 2007, the enrollment growth has averaged just over 816 student per year with an annual average growth rate of 2.97%. This totals an increase of 8,162 students in the district since 2007. The Planning Department projects that enrollment will continue to increase by an average of approximately 746 students per year over the next three years, to nearly 33,932 by the fall of 2020.

School Financial Issues

The primary revenue sources for the District are based on the current provisions of the Colorado Public School Finance Act of 1994, as amended yearly. Funding provided under this Act, which is from local property taxes, specific ownership taxes from vehicle registration, and state equalization, was approximately 85% of the District's Government wide general revenues for fiscal year 2016-2017.

The District received \$7,261 per pupil FTE as per pupil revenue (PPR) for FY17. This compares to \$7,143 for FY16, an increase of \$118. In FY10, the year prior to large rescissions in per pupil funding, the District received \$7,109.

Although Colorado's economic growth is one of the top in the nation, portions of the state statutes are in conflict. These conflicts have the potential to cause issues with the state's budget, including funding to school districts. Because of the "Great Recession", the State of Colorado's ability to increase revenues and provide additional funding to school districts is limited due to Colorado Revised Statute X (the TABOR amendment). In contrast to that, Amendment 23 guarantees per pupil funding for school districts will increase by at least the cost of inflation. Combining those two statutes with the requirement of increased Medicaid coverage and necessary increases to higher education, transportation, and public safety cause significant issues with the State of Colorado's budget. It is unknown at this time how these conflicts will be resolved and the impact to school district funding.

In addition, the assessed property value revisions required by the 1982 Gallagher Amendment have continued to limit increases in the residential assessed values used to levy taxes for the District, even though actual property values for most residential properties are higher. This amendment requires that the residential property share of the total assessed value in the state be stabilized at approximately 45% of the total. However, by fixing the residential percentage share of property tax collections, an increasing portion of the taxes levied continues to be shifted to the commercial and nonresidential property owners. Colorado Legislative staff project the residential assessed valuation rate to decrease from 7.96% to 7.20% in future years. The resulting effect on the District and State may potentially impact per-pupil revenue.

In November 2008, District voters approved a \$189 million bond for district-wide capital building repairs, infrastructure upgrades, the construction of a new high school in the Carbon Valley area, and the ability to respond to pockets of overcrowding in the District. Savings in the bond projects because of lower than anticipated construction costs helped the District expand the project scope to help mitigate state cuts.

The District voters also approved a \$16.5 million mill levy override in 2008. The override was for a fixed mill rate that will grow and fall with the District's assessed valuation. This override has been a significant factor in both mitigating state cuts and improving the District's educational performance. The District passed a second mill levy override in November 2012 to mitigate state cuts. The \$14.8 million 2012 mill levy request is also set as a fixed mill override. The 2012 override is being used to recruit and retain highly-qualified staff, maintain class sizes, standardize and refresh technology, expand early childhood education and provide additional support to existing charter schools. The District now has short-term budget stability and good indications for continued growth in a slowly recovering state and national economy.

In November 2016, the Board of Education placed a \$260.4 million capital construction question on the ballot. Approximately 68 percent of the bond funds would go toward providing additional classroom space with the remaining 32 percent of the funds would address school safety and security upgrades, repairs and renovations to existing school facilities. The November 2016 bond election passed with over 59% of the voters supporting the initiative.

MAJOR INITIATIVES

In its continued efforts to increase student achievement and success, the District's Board and administrative leadership have developed a comprehensive District-wide plan including a hierarchy designed to ensure the success of every student. The strategic priorities of the hierarchy include strong district finances; a high functioning school board; strong/visionary leadership; excellent teachers and staff; student well-being; school safety; excellence in technology/innovation; outstanding communication and community collaboration; excellent standards, curriculum, instruction and assessment; and a portfolio of 21st century instructional focus schools. These areas of focus (strategic priorities) will support specific, measurable District goals in the areas of 1st grade school readiness, 3rd grade reading proficiency, 5th grade reading proficiency, 8th grade algebra participation and successful completion, ACT and SAT achievement, enrollment in advanced coursework at the secondary level, and graduation rates.

Further, in order to enhance student achievement and ensure school and District accreditation, there will continue to be an emphasis on attracting and retaining superior teachers, administrators, and staff by offering a competitive compensation package and maintaining a safe, positive, and collaborative working environment. The District and the St. Vrain Valley Education Association agreed to implement a new salary schedule starting in the 2015-16 school year. The new salary schedule increased the base for new teachers, but stabilized the cost of recognizing a year of experience (step) in future years. This enables the District to increase the base salary of a new teacher more quickly in subsequent years. For the 2016-17 school year, the base salary was increased from \$36,000 to \$37,000.

To achieve these goals, the District has made a concerted effort to seek grants, gifts and donations. The District was successful in the 2010 Investing in Innovation (i3) ARRA Grant competition and received \$3.6 million over five years, ending in December 2015. This grant expanded the implementation of, and

investment in, innovative practices that are demonstrated to have an impact on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, and increasing high school graduation rates.

Successful preliminary data results helped the District win the Race to the Top District (RTT-D) Grant award. St. Vrain Valley Schools were selected for a Race to the Top District award for \$16.6 million in December 2012. The purpose of this grant is improving student achievement, closing achievement gaps, decreasing dropout rates, and increasing high school graduation rates in the Skyline High School feeder group by focusing on STEM education, summer intervention, and individual academic plans. This is a four year grant that ended in July 2017.

In the 2013-14 school year, the District implemented its Learning Technology Plan (LTP). Through the LTP, students and teachers have the tools they need to **investigate, communicate, collaborate, create, model, and explore** concepts and content in authentic contexts. An essential part of the LTP is providing all secondary students with a take-home device. The use of this device has enabled learning to be extended to the home and potentially include the entire family. The devices were implemented in two middle schools in 2013-14, with the remaining middle school students receiving devices in 2014-15. Half of the high school students received devices in 2015-16, with the remaining secondary students receiving the devices in 2016-17. Elementary classrooms will each receive a set of six iPad minis in the 2017-18 school year. To date, the implementation has been extremely successful, and indicators are positive that the remaining implementation will enable the LTP to be a success.

In January 2013, in an attempt to slow rising health care costs, the District moved to a self-funded model. Districts of a similar size have implemented this model and reduced health care costs by retaining the premiums and paying out claims. In this situation, the District assumes some of the risk (although the District maintains both an individual stop loss policy and an overall aggregate stop loss policy), but also retains more of the premium. Most insurance companies are looking to achieve a claims loss ratio of 85%. The goal of the District is to retain those premiums to reduce overall costs. In addition, the District is in the process of establishing contacts with local physicians in an effort to improve the quality of care provided. The goal would be to increase the amount of money a physician receives for providing better choices and care up front in an effort to reduce follow up care and the costs associated with that follow up care. Because of plan performance, there was not a premium increase for the 2017 plan year.

Since 1997, all Colorado school districts have been required by State law to participate in the Colorado Student Assessment Program (CSAP and TCAP) which has now transitioned to Colorado Measures of Academic Success (CMAS). All public school students are given standardized tests in grades 3-11. The tests have been designed to measure student achievement in relationship to the Colorado Academic Standards. The standards are expectations specifying what students should know at particular points in their education. CMAS provides a series of snapshots of student achievement in English Language Arts and mathematics as they move through grades 3-8. A separate grade 5, 8 and 11 science test is given at all schools and grade 4 and 7 social studies test is also administered to one third of schools each year. A college entrance exam (SAT) is administered to all grade 11 students across Colorado, and a college readiness exam (PSAT) is administered to grades 9 and 10 students. CMAS and college entrance and readiness test results are an important part of statewide school accountability and accreditation. These coupled with 1st grade readiness, 3rd grade reading levels, 5th grade reading levels, successful participation and completion in 8th grade algebra, secondary enrollment in advanced level courses, and the overall graduation rate are indicators of the District's student achievement goals.

In 2001, the State began assigning individual schools a rating based upon CSAP scores. The rating system was revised in 2009 for the 2010-11 fiscal year and was revised again for the 2016-17 fiscal year. Under the current plan, the State Board of Education adopts targets related to three key state performance indicators: (1) student achievement, (2) student academic growth, and (3) postsecondary and workforce readiness. Using the three key performance indicators, the Colorado Department of Education assigns accreditation levels to districts and recommends school plan (accreditation) levels to districts, and produces a detailed data document for each school and district (School Performance Framework and District Performance Framework).

School Facilities

The continuing growth in student enrollment in the District requires ongoing construction to provide adequate District school facilities. The Planning Department projects that enrollment will continue to increase by an average of approximately 746 students per year over the next three years, to nearly 33,932 by the fall of 2020.

The \$189 million bond passed in 2008 provided funds for two new schools that included Frederick High School and Red Hawk Elementary School, as well as additions and renovations to existing schools to increase capacity. In addition, \$48 million of bond proceeds was earmarked to address building preservation and code issues in existing schools. Reduced costs due to favorable construction market conditions allowed the District to outperform on the 2008 bond initiative by \$22 million, and that money is being used to fund other projects needed within the District.

With significant growth continuing to occur within the District, facility capacity will once again be a priority. The Board of Education, based on recommendations by the Superintendent and a community task force, approved putting a \$260.4 million capital construction bond question on the November 2016 election ballot. Approximately 68 percent of the bond funds would go toward providing additional classroom space with the remaining 32 percent of the funds would address school safety and security upgrades, repairs and renovations to existing school facilities. The November 2016 bond election passed with over 59% of the voters supporting the initiative.

After selling the bonds in December 2016, the District began the construction process on several buildings. The major initiatives derived from the Bond passage were two new elementary schools, a Preschool through 8th grade school, a District-wide Innovation Center, and additions and renovations on other schools. 69% of the total Bond program is directed to relieve growth in the St Vrain area. 17% of the funds are dedicated to preserving our existing assets. 9% will be spent to improve educational opportunities and 5% is dedicated to new entryways and security camera systems.

District Awards and Recognitions

The District has received numerous awards and recognitions. The awards include John Irwin Schools of Excellence Awards for the state's top 8% performing schools, numerous Governor's Distinguished Improvement awards, Colorado Trailblazer 'Schools to Watch' awards, and Apple Distinguished School awards. District schools have also received awards for co-curricular activities including fine arts, choir, band, orchestra, and athletics. In addition, the District has been named by the federal Office of Educational Technology as a Future Ready district. St. Vrain has received recent accolades for its robust one-to-one Learning Technology Plan and its commitment to digital curriculum. Students from our District high schools have received scholarships from prestigious universities, foundations, and corporations, such as Boettcher and National Merit.

FINANCIAL INFORMATION

As of June 30, 2017, the District had a fund balance of \$110.6 million in the General Fund (including its sub-funds). The increase of \$14.9 million is primarily the result of increased funding, improved operations, timing of projects, and not expending as planned in the budget given the anticipated economic difficulties at the state level in subsequent years. As a result of the various classifications of fund balance, the ending unassigned General Fund balance is \$30.7 million.

Accounting Policies: Detailed descriptions of the District's accounting policies are contained in the Notes to Financial Statements on pages 33-67, and they are an integral part of this report. These policies describe

the basis of accounting, funds and accounts used, valuation policies for inventories and investments, and other significant accounting information.

Per state statute, the District may amend the adopted budget for any reason prior to January 31. After January 31, the Board may amend the budget only as authorized by state law.

FINANCIAL AWARDS and ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. The District has achieved these prestigious awards consecutively since fiscal year ending June 30, 2004. In order to be awarded a Certificate of Achievement and a Certificate of Excellence, the District published an easily readable and efficiently organized comprehensive annual financial report. This report also satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificate of Achievement and Certificate of Excellence are valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement and Certificate of Excellence programs' requirements and we are submitting it to GFOA and ASBO, respectively, to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not be accomplished without the efficient and dedicated services of the team of professionals in the Financial Services Department, as well as the independent auditors, and other administrative staff called upon to provide information and assistance. We would like to express our appreciation to all staff members who assisted and contributed to its preparation, with special thanks to Senior Accountant Jane Frederick, CPA; Executive Budget Director Tony Whiteley, CPA; and District Accountants Kirk Youngman, Shelly Murphy, and Justin Neuman, without whom we could not have met our very aggressive timeline.

We would also like to thank the members of the Finance & Audit Committee and the Board of Education of the St. Vrain Valley School District RE-1J for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

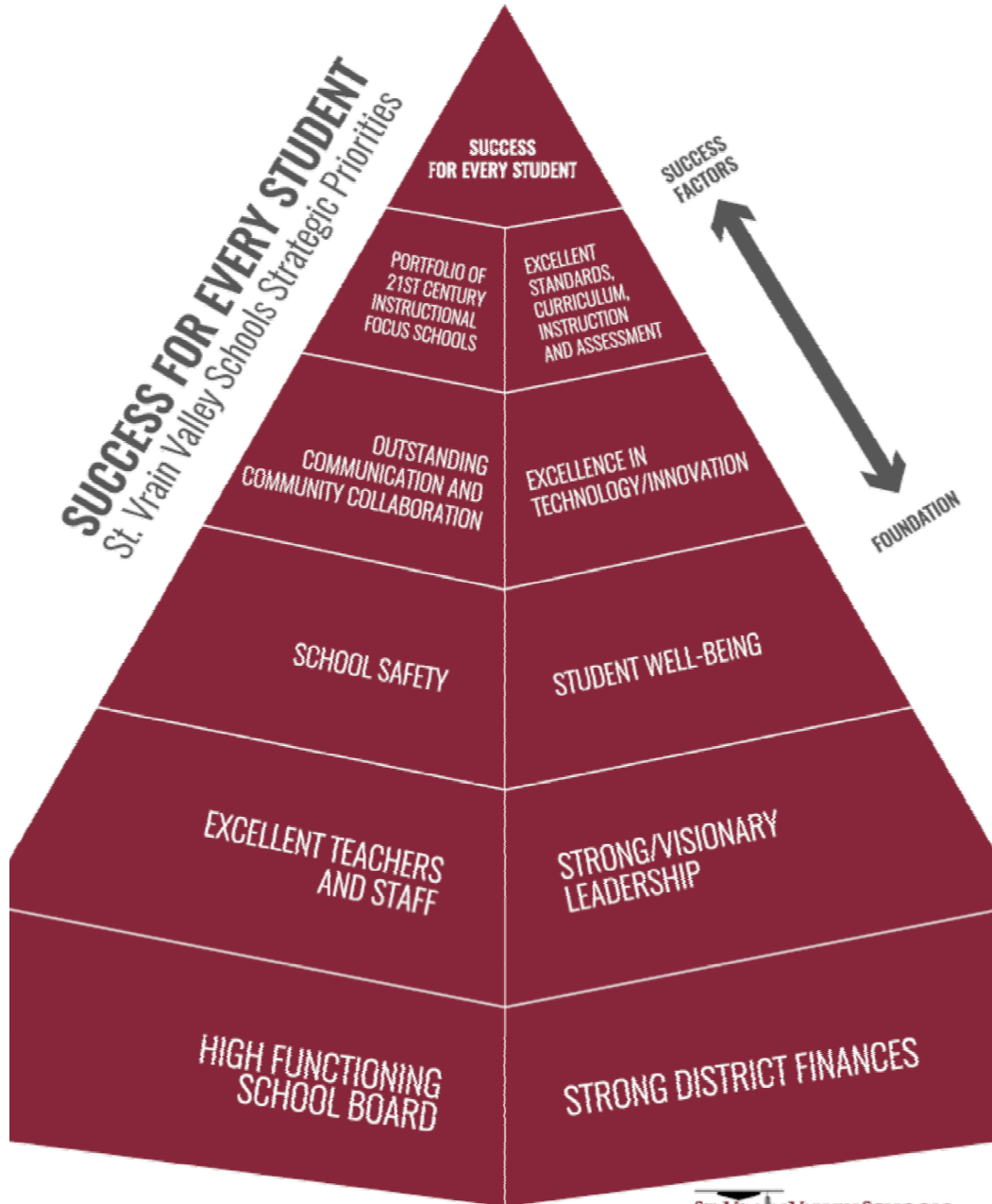
(signatures omitted in this publicly available document)

Don Haddad, Ed.D.
Superintendent of Schools

Gregory A. Fieth
Chief Financial Officer

ST. VRAIN VALLEY SCHOOLS
academic excellence by design

STRATEGIC PRIORITIES HIERARCHY



ST. VRAIN VALLEY SCHOOLS
academic excellence by design



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

St. Vrain Valley School District RE-1J

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

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



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

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

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

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**St. Vrain Valley School
District RE-1J, Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

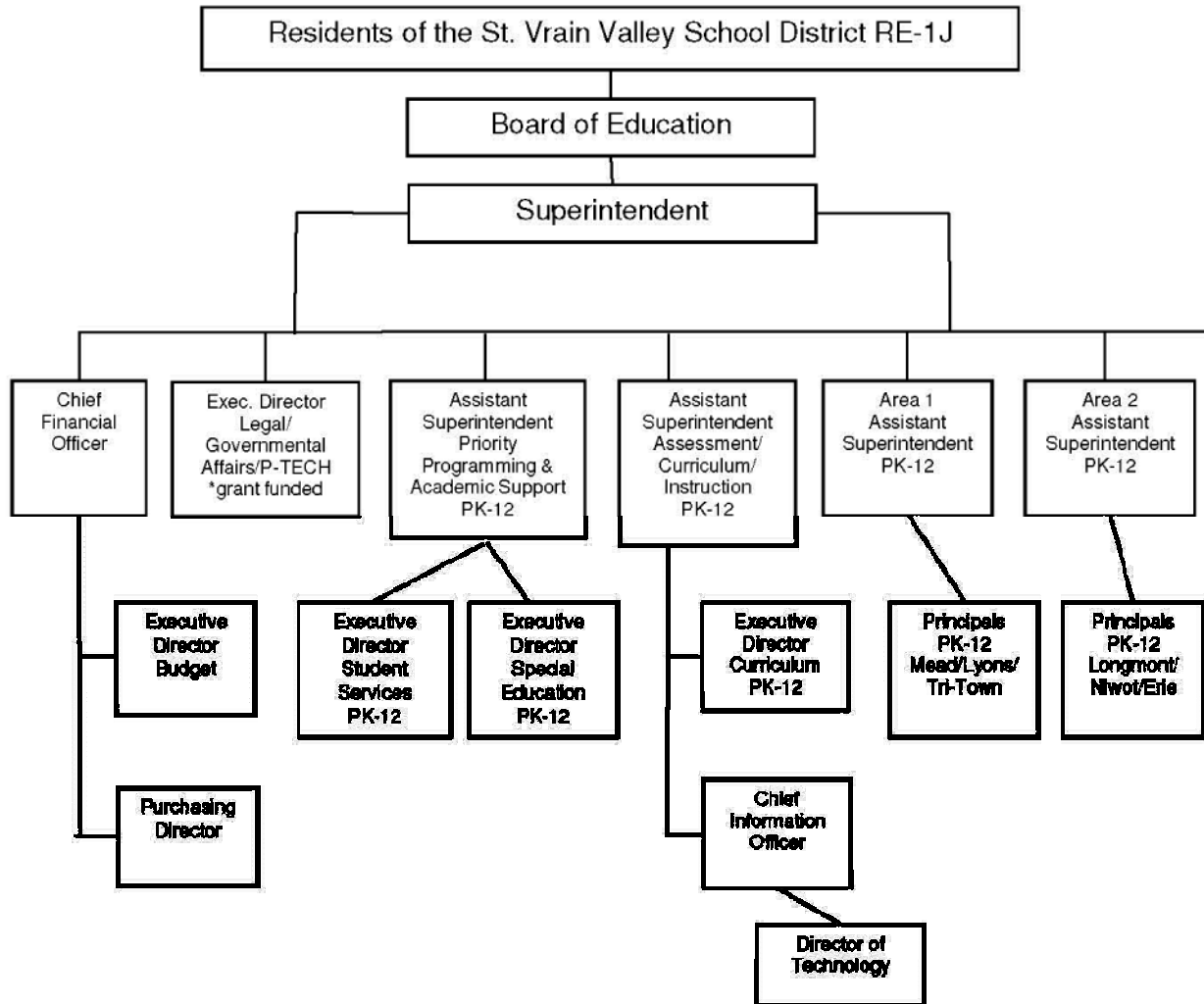
June 30, 2016

Executive Director/CEO

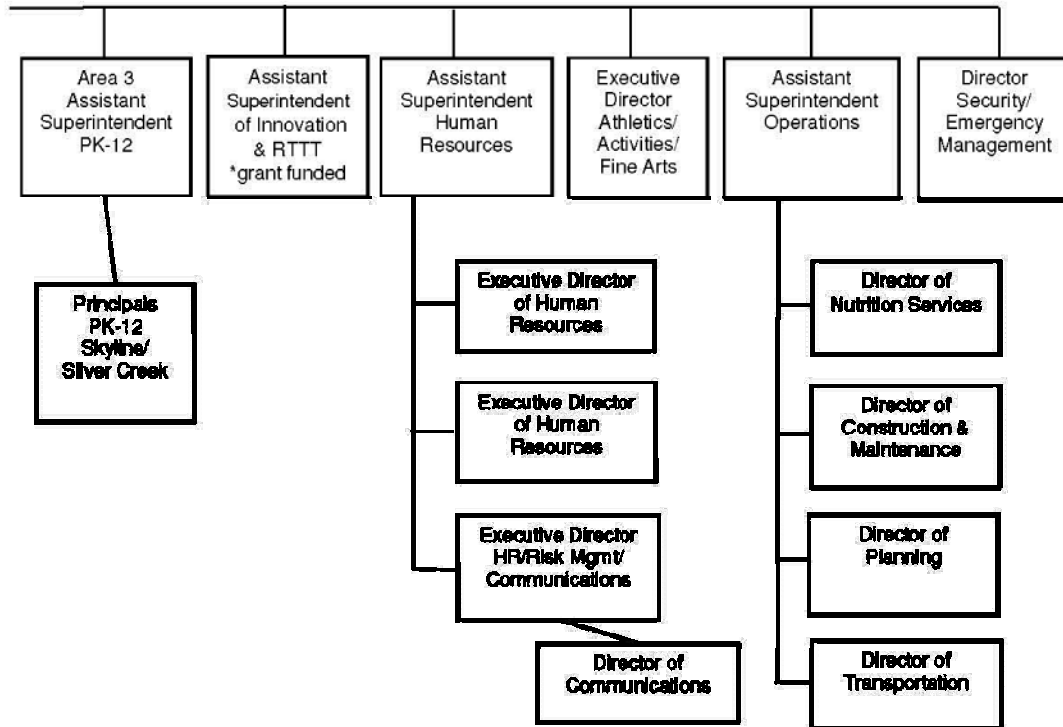
St. Vrain Valley School District RE-1J

ORGANIZATIONAL CHART

June 30, 2017



Approved: September 28, 2016



Statement of Purpose

The leadership structure of the St. Vrain Valley School District represents a systems approach to student achievement. This structure is designed to maximize organizational performance and optimize resources dedicated to the alignment of standards, curriculum, instruction and assessment, as well as technology, professional development, communications, and partnerships with business and industry, post-secondary institutions, parents and other stakeholders.

St. Vrain Valley School District RE-1J
As of June 30, 2017

Elected Officials

<u>Board Member</u>	<u>Term of Office</u>
District A, Joie Siegrist, Vice President	2/12 - 11/19 (Appointed 2/12)
District B, Debbie Lammers, Secretary	11/09 - 11/17
District C, Bob Smith, President	11/09 - 11/19 (Appointed 11/07)
District D, John Ahrens, Member	11/13 - 11/17
District E, Dr. Richard Martyr, Member	11/15 - 11/19
District F, Paula Peairs, Treasurer	11/13 - 11/17
District G, Amory Siscoe, Assistant Secretary	11/15 - 11/19

Appointed Officials
District Leadership Team

Don Haddad	Superintendent
Greg Fieth	Chief Financial Officer
Tony Whiteley	Executive Director of Budget
Brandon Shaffer	Executive Director of Organizational Development & Communications
Diana Lauer	Assistant Superintendent of Priority Programs and Academic Support
Bryan Krause	Executive Director of Student Services
Laura Hess	Executive Director of Special Education
Tori Teague	Assistant Superintendent of Assessment & Curriculum
Kahle Charles	Executive Director of Curriculum
Joe McBreen	Chief Information Officer
Jackie Kapushion	Deputy Superintendent of Student Achievement PK-12 and Area 1
Mark Mills	Area 2 Asst Superintendent PK-12
Regina Renaldi (retired Jan. 2017)	Area 3 Asst Supt PK-12
Patty Quinones	Assistant Superintendent of Innovative Programs
Ella Padilla	Asst Superintendent of Human Resources
Dina Perfetti-Deany	Executive Director of Human Resources
Mary Miner	Executive Director of Human Resources
Damon Brown ...	Exec Director of HR/Risk Mgmt/Communications
Rob Berry	Exec Director of Athletics, Activities & Fine Arts
Brian Lamer	Asst Superintendent of Operations

FINANCIAL SECTION



St. Vrain Valley Students Look to the Sky!



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Certified Public Accountants
& Business Consultants

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Independent Auditors' Report

Board of Education
St. Vrain Valley School District RE-1J
Longmont, 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 St. Vrain Valley School District RE-1J (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 Aspen Ridge Preparatory School, Carbon Valley Academy, Flagstaff Academy, Imagine Charter School at Firestone, St. Vrain Community Montessori School and Twin Peaks Charter Academy, which are reported as and comprise in their entirety the aggregate discretely presented component units, as described in Note 1. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Aspen Ridge Preparatory School, Carbon Valley Academy, Flagstaff Academy, Imagine Charter School at Firestone, St. Vrain Community Montessori School and Twin Peaks Charter Academy were not 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District contributions on pages 5 through 16, pages 70 through 73, page 74 and page 75, respectively, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual major and nonmajor fund financial statements and schedules; the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures and 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*; the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual major and nonmajor fund financial statements and schedules, 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 and certain additional procedures, including comparing and **reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above and the reports of the other auditors, the combining and individual major and nonmajor fund financial statements and schedules, 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 introductory and statistical sections 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 November 1, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RubinBrown LLP

November 1, 2017

St. Vrain Valley School District RE-1J
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2017

As management of the St. Vrain Valley School District RE-1J, Colorado (the District), we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal and the financial statements of the District.

Financial Highlights

- The District reported a deficit net position of \$440.0 million at June 30, 2017, compared to the prior year's deficit net position of \$297.3 million, primarily due to its third year implementation of Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68*, and recognizing its proportionate share of a net pension liability – \$1.055 billion at June 30, 2017 – an increase of over a half billion dollars.
- Total net position of the District decreased \$142.4 million during the year ended June 30, 2017, primarily due to recognizing \$206.0 million of its proportionate share of the pension expense under GASB Statement No. 68.
- Fund balance of the District's governmental funds increased from an ending fund balance of \$169.4 million for fiscal year ended June 30, 2016 to \$392.8 million for fiscal year ended June 30, 2017. The increase is primarily due to proceeds and premiums received in December 2016 from the issuance of \$200.0 million of the \$260.3 million voter-approved general obligation building bonds for community-wide facility, instructional and safety improvements as well as construction of new schools.
- During the current year, the fund balance in the District's *General Fund* increased by \$14.9 million leaving an ending fund balance of \$110.6 million. The increase is primarily due to increased funding, improved operations, timing of projects, and not expending as planned in the budget given the anticipated economic difficulty at the state level in subsequent years.
- In October 2016, the District refinanced almost \$17 million general obligation bonds reducing its total debt service payments over the next six years and saving taxpayers nearly \$3 million. In addition, in November 2016, a \$260.34 million capital construction ballot question was passed with over 59% of the voters supporting the bond measure.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 19-67 are comprised of three components: 1.) Government-wide financial statements, 2.) Fund financial statements, and 3.) Notes to financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's Comprehensive Annual Financial Report a broad overview of the financial activities in a manner similar to

a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets, liabilities, and deferred outflows/inflows. The difference between assets plus deferred outflows and liabilities plus deferred inflows is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future or past period.

The government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities), and other functions that are intended to recover all or most of their costs from user fees and charges (business-type activities). Governmental activities consolidate governmental funds including the *General Fund*, *Bond Redemption Fund*, *Building Fund*, *Governmental Designated-Purpose Grants Fund*, nonmajor capital projects and special revenue funds, and an internal service fund. The District has no business-type activities.

Also presented on the government-wide financial statements are component units, representing the District's six charter schools. The charter schools are legally separate entities with their own appointed independent governing boards. They are financially dependent on the District for most of their funding, and their applications and budgets must be approved by the District. In addition, because of their potential to provide financial benefit to, or impose financial burden on, the District, accounting principles prescribe a discrete presentation of the component units, meaning separate presentation from the primary government. The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements for the District include three fund types. The fund types presented here are governmental, proprietary, and fiduciary.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains nine different governmental funds. The major funds as of June 30, 2017 are the *General Fund*, the *Governmental Designated-Purpose Grants Fund*, the *Bond Redemption Fund*, and the *Building Fund*. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled Nonmajor Governmental Funds. Individual fund information for the nonmajor funds is presented as other supplemental information elsewhere in this document. The basic governmental fund financial statements can be found on pages 22-25 of this report.

The District maintained one type of proprietary fund, an internal service fund. Internal service funds are used to accumulate and allocate costs internally among the governmental functions. The District has one

internal service fund, the *Self Insurance Fund*, which is used to account for specific medical and dental plans. The basic proprietary fund financial statements are presented on pages 27-29 of this report.

The District is the fiduciary for assets that belong to student/parent groups. The District is responsible for ensuring that the assets reported in this fund are used only for intended purposes and used by those to whom the assets belong. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statements are presented on pages 30-31 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 33-67 of this report.

Other Information

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the *General Fund* and the major special revenue *Governmental Designated-Purpose Fund* is included as required supplementary information (RSI) in the financial statements to demonstrate compliance with the adopted budget. Also included in the RSI are the required schedules resulting in the implementation of GASB Statement No. 68. The remaining governmental funds budgetary comparisons are reported as other supplemental information. Combining and individual fund statements and schedules can be found on pages 69-103 of this report.

Government-wide Financial Analysis

The assets of the District are composed of current assets, other noncurrent assets, and capital assets. Cash and investments, receivables, prepaid expenses, deposits, and inventories are current assets. These assets are available to provide resources for the near-term operations of the District. Ninety-seven percent of the current assets are cash and investments.

Other noncurrent assets include restricted cash and investments. Capital assets are used in the operations of the District. These assets are land, buildings, and equipment. Capital assets are discussed in greater detail in the section titled, *Capital Assets and Debt Administration*, later in this analysis.

For refunding of debt resulting in defeasance, deferred outflows of resources are the differences where the net carrying value of the old debt is less than the reacquisition price.

Current and noncurrent liabilities are determined based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, claims payable, unearned revenues and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2018.

Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2018. Also included in noncurrent liabilities is the District's proportionate share of the net pension liability.

Due to the implementation of GASB Statement No. 68, deferred outflows of resources and deferred inflows of resources can result from the net difference between expected and actual experience, projected and actual earnings on pension plan investments, changes in the District's proportionate of the net pension liability, changes of assumptions, as well as contributions made by the District to Colorado Public Employees' Retirement Association's (PERA) after PERA's measurement date.

As of June 30, 2017, the liabilities plus deferred inflows exceed assets plus deferred outflows of the primary government's governmental activities by \$439.7 million with an unrestricted deficit net position of \$733.1 million. For seven of the eleven prior fiscal years, the District was able to report positive balances in all three categories of net position. In the previous and current fiscal years, due to the implementation of GASB Statement No. 68, the District reported a negative unrestricted net position.

Proceeds from the issuance of 2016 voter approved bonds contributed to the \$5.7 million increase in "net investment in capital assets" – from \$6.1 million to \$11.8 million – for the primary government's governmental activities. The net increase of \$218.7 million in capital assets (\$14.5 million) and the *Building Fund's* cash and investments (\$204.2 million) exceeded the net increase of \$213.0 million in long term debt (\$202.0 million), deferred outflow of resources related to debt (\$2.4 million), and other related liabilities (\$8.6 million). Refer to Note 5 (Capital Assets) and Note 7 (Long-Term Debt) for detailed information.

Colorado Revised Statute Article X, Section 20 (Taxpayer Bill of Rights (TABOR) requires the District to establish reserves. The net position restricted for TABOR, as required by statute, increased \$534 thousand as of June 30, 2017. Net position restricted for debt service increased \$12.1 million resulting in a total of \$56.8 million. With the passage of voter-approved 2016 building bonds, \$203.0 million net position is restricted for those projects.

The \$731.1 million increase in liabilities plus deferred inflows is attributable to the District recognizing its proportionate share of a net pension liability of \$1.055 billion. Refer to Note 9 (Defined Benefit Pension Plan).

Table 1 provides a summary of the District's net position as of June 30, 2017 compared to June 30, 2016.

Table 1
Comparative Summary of Net Position
As of June 30, 2017 and 2016
(in Thousands)

	Governmental Activities		Total Dollar	Total
	2017	2016	Change	Percentage
			2016 - 2017	2016 - 2017
Assets				
Current assets	\$ 384,191	\$ 161,268	\$ 222,923	138.23%
Noncurrent assets excluding capital assets	58,424	46,618	11,806	25.32%
Capital assets	405,999	391,487	14,512	3.71%
Total assets	<u>848,614</u>	<u>599,373</u>	<u>249,241</u>	41.58%
Deferred outflows of resources	<u>432,587</u>	<u>93,144</u>	<u>339,443</u>	364.43%
Liabilities				
Current liabilities	41,046	30,352	10,694	35.23%
Long-term liabilities	619,820	417,458	202,362	48.47%
Pension liability	1,055,347	534,414	520,933	97.48%
Total liabilities	<u>1,716,213</u>	<u>982,224</u>	<u>733,989</u>	74.73%
Deferred inflows of resources	<u>4,701</u>	<u>7,574</u>	<u>(2,873)</u>	-37.93%
Net Position				
Net investment in capital assets	11,776	6,071	5,705	93.97%
Restricted for				
TABOR	9,057	8,523	534	6.27%
Debt service	56,804	44,719	12,085	27.02%
Voter approved projects	203,044	-	203,044	#DIV/0!
Specific federal contract	2,574	-	2,574	#DIV/0!
Colo Preschool	577	579	(2)	-0.35%
Other	9,545	8,622	923	10.71%
Unrestricted	(733,090)	(365,795)	(367,295)	100.41%
Total net position	<u>\$ (439,713)</u>	<u>\$ (297,281)</u>	<u>\$ (142,432)</u>	117.08%

Government-wide Activities

Governmental activities decreased the net position of the District \$142.4 million during the year ended June 30, 2017. Despite an increase of \$23.3 million in general revenues and \$2.2 million in program revenues, the District's recognition of \$206.0 million for its proportionate share of the pension expense under GASB Statement No. 68 primarily contributed to overall decrease in net position. Table 2 provides a summary of the District's change in net position for 2017 compared to 2016.

Table 2
Comparative Schedule of Changes in Net Position
For the Years Ended June 30, 2017 and 2016
(in Thousands)

	Governmental Activities		Total Dollar	Total
	2017	2016	Change	Percentage
	<u>2017</u>	<u>2016</u>	<u>2016 - 2017</u>	<u>2016 - 2017</u>
Revenues				
Program revenues				
Charges for services	\$ 23,478	\$ 21,593	\$ 1,885	8.73%
Grants & contributions:				
Operating	34,163	33,672	491	1.46%
Capital	1,157	1,302	(145)	-11.14%
General revenues				
Property, specific ownership, and mill levy override taxes	180,373	164,554	15,819	9.61%
State revenue	137,977	132,980	4,997	3.76%
Other	7,402	4,907	2,495	50.85%
Total revenues	<u>384,550</u>	<u>359,008</u>	<u>25,542</u>	<u>7.11%</u>
Expenses				
Instruction	347,825	218,637	129,188	59.09%
Supporting services	158,628	122,198	36,430	29.81%
Interest expense	20,529	14,562	5,967	40.98%
Total expenses	<u>526,982</u>	<u>355,397</u>	<u>171,585</u>	<u>48.28%</u>
Increase (decrease)				
in net position	(142,432)	3,611	(146,043)	4044.39%
Net position - 7/1	<u>(297,281)</u>	<u>(300,892)</u>	<u>3,611</u>	<u>-1.20%</u>
Net position - 6/30	<u>\$ (439,713)</u>	<u>\$ (297,281)</u>	<u>\$ (142,432)</u>	<u>47.91%</u>

The governmental activities' total assets increased by \$249.2 million and deferred outflows of resources increased \$339.4 million attributed to the following elements:

Table 3
Comparative Schedule of Assets & Deferred Outflows of Resources
of Governmental Activities
As of June 30, 2017 and 2016

	2017	2016	Increase (Decrease)
Cash and investments	\$ 429,722,854	\$ 195,184,273	\$ 234,538,581
Accounts receivable	990,187	611,392	378,795
Due from component units	82,215	225,954	(143,739)
Grants receivable	3,916,357	4,349,163	(432,806)
Interest receivable	17,889	315	17,574
Taxes receivable	6,617,322	6,314,728	302,594
Prepaid expenses	100,085	256,916	(156,831)
Deposits	77,884	630	77,254
Inventories	1,090,528	943,893	146,635
Capital assets			
Non-depreciable	46,761,442	22,484,110	24,277,332
Depreciable, net	359,236,856	369,002,880	(9,766,024)
Total assets	<u>\$ 848,613,619</u>	<u>\$ 599,374,254</u>	<u>\$ 249,239,365</u>
Deferred outflows of resources			
Related to debt	\$ 19,436,997	\$ 21,872,006	\$ (2,435,009)
Related to pensions	413,149,831	71,271,654	341,878,177
Total deferred outflows	<u>\$ 432,586,828</u>	<u>\$ 93,143,660</u>	<u>\$ 339,443,168</u>

The \$234.5 million increase in cash and investments (which includes unrestricted and restricted cash and investments) is primarily due to the following: proceeds from the issuance of 2016 voter-approved bonds, the advanced refunding of bonds, increased property tax revenues, improved operations, and conservative spending in the *General Fund* budget in the unlikely event that the voters did not pass the bond initiative and the district had to fund certain expansion needs from its operating reserves.

The \$198 thousand net decrease in accounts and grants receivable, as well as due from component units, is primarily due to the decreased grant activity with the conclusion of the Race to the Top federal grant and the improved collections from charter schools for services provided by the District offset by the increased activity from intergovernmental agreement revenues. Taxes receivable increased \$303 thousand due to increased property tax activity and the resulting tax revenues due to the District at year-end. The \$157 thousand decrease in prepaid expenses is the result of recognizing the current year's portion of expenses incurred. The \$147 thousand increase in inventories is primarily due to the *Nutrition Services Fund* utilizing as many goods as possible in preparation of a warehouse repair and renovation last fiscal year, and Transportation's current year expansion of parts inventory to maintain its growing fleet and equipment needs. The \$24.3 million increase in non-depreciable capital assets reflects the net additions of construction projects in progress through year end. Depreciable capital assets decreased \$9.8 million because depreciation exceeded capital asset additions during the year.

Deferred outflows of resources are due to two factors: debt defeasance and the pension liability. The \$2.4 million decrease is due to the October 2016 refunding that resulted in a \$700 thousand gain and the current year amortization of \$1.7 million. The difference between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension plan investments, changes in proportion and differences between contributions recognized and proportionate share of contributions, as well as contributions made by the District after the plan's measurement date resulted in the increase of deferred outflows by \$341.9 million to \$413.1 million.

The governmental activities' total liabilities increased by \$734.0 million and deferred inflows of resources decreased \$2.9 million as follows:

Table 4
Comparative Schedule of Liabilities & Deferred Inflows of Resources
of Governmental Activities
As of June 30, 2017 and 2016

	2017	2016	Increase (Decrease)
Accounts payable	\$ 11,936,118	\$ 4,242,093	\$ 7,694,025
Due to component units	-	28,985	(28,985)
Retainage payable	899,994	64,784	835,210
Accrued salaries, benefits, withholdings	20,653,501	20,036,598	616,903
Accrued interest payable	1,066,151	737,279	328,872
Claims payable	6,131,684	3,521,636	2,610,048
Unearned revenues	358,461	1,720,286	(1,361,825)
Noncurrent liabilities			
Due within one year	26,454,391	19,818,994	6,635,397
Due in more than one year	593,365,774	397,639,235	195,726,539
Pension liability	1,055,346,922	534,414,453	520,932,469
Total liabilities	<u>\$ 1,716,212,996</u>	<u>\$ 982,224,343</u>	<u>\$ 733,988,653</u>
Deferred inflows of resources	<u>\$ 4,700,600</u>	<u>\$ 7,574,252</u>	<u>\$ (2,873,652)</u>

Accounts payable increased by \$7.7 million and retainage payable increased by \$835 thousand, primarily due to the increased activity of capital construction projects for community-wide improvements as part of the 2016 voter approved bonds. Accrued salaries, benefits and payroll withholdings increased by \$617 thousand due to salary increases, benefit increases, and growth in the number of employees. The \$329 thousand increase in accrued interest reflects the increased bond interest due by the District because of the newly issued debt. The \$2.6 million net increase in claims payable is due to an unforeseen legal claim within the *Risk Management Fund* in excess of reduced lag time and resulting decreased medical and dental insurance claims liability within the internal service fund. Refer to Note 8 (Risk Financing). The \$1.4 million decrease in unearned revenues is primarily due to the one-time revenue recognition of a specific federal contract. The increases in noncurrent liabilities due within one year and noncurrent liabilities due in more than one year are primarily the result of the newly issued debt. Refer to Note 7 (Long-Term Debt). The increase in pension liability is due to recognizing the District's increased proportionate share of the net pension liability. Refer to Note 9 (Defined Benefit Pension Plan).

Deferred inflows of resources related to pension decreased \$2.9 million primarily due to the changes in assumptions or other inputs for the net pension liability under GASB Statement No. 68.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA after the 'negative factor' was applied, the District received \$7,257 per funded pupil. For the fiscal year ended June 30, 2017, the funded pupil count was 29,821.6, a growth rate of 1.5% over the prior fiscal year. Funding for the SFA comes from real estate property taxes, specific ownership personal property tax and state equalization. For fiscal year 2017, SFA per pupil funding increased by \$114 per student.

The statement of activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 5 shows the total cost of services and the net cost of services for governmental activities.

Table 5
Comparative Schedule of Governmental Activities
For the Years Ended June 30, 2017 and 2016
(in Thousands)

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	\$ 347,825	\$ 218,637	\$ 307,684	\$ 182,080
Supporting services	158,628	122,198	139,971	102,188
Interest expense	20,529	14,562	20,529	14,562
	<u>\$ 526,982</u>	<u>\$ 355,397</u>	<u>\$ 468,184</u>	<u>\$ 298,830</u>

Key elements of the governmental activities are as follows:

- The cost of all governmental activities this year was \$527.0 million compared to \$355.4 million last year. Interest expense increased by \$6.0 million primarily due to the advance refunding of bonds and issuance of new debt.
- About \$23.5 million of the cost of services was financed by the users of the District's programs in the form of charges for services, an increase of \$1.9 million from 2016. The increase combines the increased participation in tuition and fee based program activities with the slight increase in food service charges.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$35.3 million, an increase of \$347 thousand from fiscal year 2016. An increase in certain state and federal revenues within the *General Fund* slightly exceeded the overall decreased revenues in the *Grants Fund*, which is nearing the conclusion of its Race to the Top federal grant program.
- The majority of the District's net cost of services, \$468.2 million, was financed by State and District taxpayers.
- General revenues accounted for \$325.8 million in revenue which was 84.7% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$58.8 million or 15.3% of total revenues of \$384.5 million. These percentages reflect a shift of 0.5% of total revenue from program specific to general revenues.
- The *Nutrition Services Fund's* revenues of \$9.6 million and expenditures of \$9.5 million contributed to the increase in change in net position for governmental activities.

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus on the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$392.8 million, an increase from the prior year balance of \$169.4 million. As noted earlier, the fund balance increase occurred because the fund balance increases in the *General Fund*, *Bond Redemption Fund*, and the *Building Fund*.

Among major funds, the *General Fund* is the chief operating fund of the District. The *General Fund* had \$286.6 million in revenues, and \$271.7 million in expenditures. The *General Fund's* fund balance increased from \$95.7 million to \$110.6 million. The increase of \$14.9 million is primarily the result of increased revenues and conservative budgeting. The *General Fund* received more revenue than anticipated when the budget was originally adopted due to increased assessed property values, specific ownership revenue, and expanded tuition and fee based program activities resulting in increased charges for services. Several factors resulted in expenditures being lower than budgeted. The District realized savings in payroll expenditures due to the amount of time necessary to replace employees leaving the District and delaying the replacement of non-critical employees who left near the end of the school year. Certain large textbook curriculum and literacy programming expenditures were also delayed by one year. In addition, due to facility capacity forecasts, the District decided to increase *General Fund* fund balances to assist with potential student growth concerns and facility needs, and to hedge against the possibility of the failure of the bond election. A generally conservative budget approach to personnel, growth, and planning, combined with increased revenues due to appreciating property values, also helped to increase *General Fund* balance.

Significant differences between the *General Fund's* adopted and amended budgets are due to a \$3.2 million increase in total program funding resulting from increased per pupil revenue and student growth; \$4.4 million increase in mill levy override dollars due to increased property values; \$1.1 million increase in miscellaneous revenues primarily due to a reclassification of certain revenues from the charges for service category; \$1.2 million net decrease in salaries and benefits primarily due to vacancies that were filled at a lower cost than anticipated and the ability of the District to not increase health insurance premiums that were projected in the adopted budget; and \$650 thousand increase in capital outlay due to anticipated playground projects funded by the Mill Levy Override.

For seven of the past nine fiscal years, the *Governmental Designated-Purpose Grants Fund* met the minimum criteria to be reported as a major special revenue fund. Although the fund did not meet this criteria in fiscal year 2017, the District elected to continue reporting as major. Revenues of \$11.8 million were offset by equal expenditures.

The fund balance of the *Bond Redemption Fund* had an increase of \$11.8 million, resulting in a balance of \$55.2 million as of June 30, 2017. The timing between the sale of 2016 voter approved bonds, the certification of mill levies required by the counties, and the 2016C Series bond payment contributed to the increase. The *Bond Redemption Fund* has adequate resources accumulated to make the December 2017 principal and interest payments. The mill levy to accumulate resources for the June 2018 interest payment will be certified in December 2017. In October 2016, the District refinanced nearly \$17 million of its Series 2006 bonds in order to save taxpayers almost \$3 million (future value savings).

The *Building Fund* is used to record the proceeds, interest revenue and corresponding construction expenditures for bonds. The fund balance increased \$195.7 million due to \$200 million of proceeds of the \$260.3 million voter-approved bonds. The bond premium of \$23.6 million and only six months of construction activity also contributed to the increased net change. The bonds will fund facility, instructional and safety improvements throughout the district, as well as the construction of new schools and additional classroom space.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2017 is \$406.0 million (net of accumulated depreciation). Capital assets include land and improvements, buildings and improvements, water rights, projects in progress, and equipment. The District's investment in capital assets, net of accumulated depreciation, increased for the current fiscal year by \$14.5 million. Major capital events during the year included the start of construction on two new schools in the District: a new elementary school in Frederick, CO, and a new K-8 school in Erie, CO. In addition, renovation or refurbishment projects have been started on many other district schools as part of the recently authorized voter-approved bond.

Table 6 shows fiscal year 2017 capital assets compared to 2016.

Table 6
Comparative Schedule of Capital Assets
As of June 30, 2017 and 2016
(Net of Depreciation, in Thousands)

	Governmental		Total Dollar	Total
	Activities		Change	Percentage
	2017	2016	2016 - 2017	2016 - 2017
Land	\$ 20,846	\$ 20,846	\$ -	0.00%
Water rights	1,084	1,084	-	0.00%
Projects in progress	24,831	554	24,277	4382.13%
Land improvements	7,673	8,605	(932)	-10.83%
Buildings	215,401	220,631	(5,230)	-2.37%
Building improvements	121,833	129,463	(7,630)	-5.89%
Equipment	14,330	10,304	4,026	39.07%
Totals	<u>\$ 405,998</u>	<u>\$ 391,487</u>	<u>\$ 14,511</u>	3.71%

Additional information on the District's total capital assets can be found in Note 5 beginning on page 46.

Debt Administration. The District was assigned an underlying rating of AA from Standard & Poor's Financial Services and Aa2 from Moody's Investors Service for its general obligation refunding bond issues in December 2016. The custodian and paying agent for all of the District's bond debt is Wells Fargo Bank located in Denver, Colorado. Total long-term debt outstanding as of June 30, 2017 as compared to June 30, 2016 is shown in Table 7. State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$597 million and the legal debt margin was \$42 million.

Table 7
Comparative Schedule of Outstanding Debt
As of June 30, 2017 and 2016
(in Thousands)

	2017	2016	Increase (Decrease)
General obligation bonds	\$ 555,565	\$ 375,995	\$ 179,570
Deferred bond premium	60,894	37,989	22,905
Registered coupons	-	300	(300)
Reg'd coupons discount	-	(20)	20
Capital leases	240	464	(224)
Benefits payable	3,121	2,730	391
Total debt	<u>\$ 619,820</u>	<u>\$ 417,458</u>	<u>\$ 202,362</u>

Additional information on the District's total bonded debt can be found in Note 7 beginning on page 48 of this report.

Factors Bearing on the District's Future

The District continues to receive strong community support. It has strong ties to the municipalities, businesses, and industry. In November 2008, the Board referred ballot questions to District voters for both a mill levy override (MLO) increase of \$16.5 million and a bond issue of \$189 million. The voters approved both measures by a strong margin. The additional MLO funding came at a critical time when state funding was substantially reduced. The 2008 bond revenues were efficiently managed to accomplish the stated improvements and additions, as well as provide additional renovations to District facilities.

In November 2012 the Board referred a \$14.8 million mill levy override ballot question to District voters. This override helped the District continue the gains realized from the 2008 MLO and avoid large class size increases and program cuts despite four years of state per pupil funding cuts. The voters approved the 2012 MLO measure by a strong margin despite the fact that the economy was just coming out of a multi-year recession. Additionally, the revenue has supported the enhancement of the District Learning Technology Plan and the expansion of preschool options.

The two mill levy overrides are projected to generate more than \$44 million dollars in fiscal year 2017-2018. This amounts to more than \$1,400 per student. These mill levy overrides are fixed mills so the revenues grow as assessed valuation increases.

With significant growth occurring within the District, facility capacity will once again be a priority. The Board of Education, based on recommendations by the Superintendent and a community task force, approved putting a \$260.34 million capital construction bond question on the November 2016 election ballot. Voters once again showed their support by passing the measure. Approximately 68 percent of these funds will go toward providing additional classroom space with the remaining 32 percent of the funds addressing school safety and security upgrades, repairs and renovations to existing school facilities. In December of 2016, the District issued an initial \$200 million of general obligation debt pursuant to the 2016 authorization, and realized another \$23.6 million in premium. The remaining \$60 million will be issued at a future date.

The District was one of four in the state to apply for and receive approval to provide a P-TECH (Pathways in Technology) program. The program allows high school students the opportunity to take college coursework and achieve an Associate degree in a Computer Information Systems discipline. There is no cost to the student and they can earn up to 62 college credits through the program.

The District has experienced strong growth in student enrollment from fiscal years 2007 through 2016, ranging from 1.03% to 4.60%. The October 2016 headcount was 413 more students than the previous year, a 1.35% increase. Current projections reflect an estimated annual growth rate of 2.20% or above over the next five years.

The District has provided increases in employee compensation for each of the 2005 through 2017 budget years. The mill levy overrides passed by the community, along with the operating efficiencies implemented by the District have improved the District's starting and average teacher salaries. The District and its Education Association agreed to a new salary schedule concept for certified personnel for the 2015-2016 fiscal year. The salary schedule increased the base salary, but also stabilized the cost of providing an experience step for teachers. The concept of the new salary schedule is to increase the base salary of a new teacher more quickly than the previous salary schedule. For the 2017-2018 school year, the starting base salary was increased from \$37,000 to \$38,500, an increase that historically would have taken more than three to four years. In combination with test score improvements, national recognition, and a stable, supportive School Board, the District continues to receive a strong response of qualified applicants for open positions.

Strong administrative leadership, a stable and supportive School Board, the vibrant and growing District population, an emphasis on positive relationships with businesses and stakeholders, and conservative financial management have combined to make St. Vrain Valley Schools one of the top achieving Districts in Colorado. Evidence in support of this claim include John Irwin Schools of Excellence Awards for state's top 8% performing schools as well as numerous Governor's Distinguished Improvement Awards and Colorado Trailblazer 'Schools to Watch' Awards.

To enhance learning opportunities for our students, the District started an in-District online school and opened a homeschool program. The initial pupil count for 2014 in these two programs exceeded 700 students. For 2018, that number is estimated to be more than 900 students. In addition, the District has applied for and received numerous grants and continues to actively seek grants and corporate sponsorships. In early August 2010, the U.S. Department of Education notified the District that it had been selected for a \$3.6 million development grant, payable over five years, under the 2010 Investing in Innovation Fund (i3) competition. Out of 1700 applicants, the District received the highest score nationwide on its application and was one of 49 chosen to receive grant funds. The District's grant plan focused on expanding programs for at risk students in seven schools. The i3 grant ended in the 2015-2016 school year, but key personnel and operations remain as the District developed a sustainability plan. In November 2012, the District also received one of the first round of Race to the Top grants from the federal government. This grant provides \$16.5 million dollars over four years. It was developed to create and implement more STEM curricula into the lower socio-economic schools within the District. That grant ended in July of 2017, and the District has already developed a sustainability plan for key personnel and operations.

Although Colorado's economic growth is one of the top in the nation, portions of the state statutes are in conflict. These conflicts have the potential to cause issues with the state's budget, including funding to school districts. Because of the "Great Recession", the State of Colorado's ability to increase revenues and provide additional funding to school districts is limited due to Colorado Revised Statute X (the TABOR amendment). In contrast to that, Amendment 23 guarantees per pupil funding for school districts will increase by at least the cost of inflation. Combining those two statutes with the requirement of increased Medicaid coverage and necessary increases to higher education, transportation, and the Department of Correction, causes significant issues with the State of Colorado's budget. The State of Colorado and its school districts were impacted with reduced revenues. It is unknown at this time how these conflicts will be resolved and the impact to school district funding.

Another constitutional amendment that will impact the state's funding, as well as special districts including school districts, is the 1982 Gallagher Amendment. The assessed property value revisions required by the 1982 Gallagher Amendment have continued to limit increases in the residential assessed values used to levy taxes for the District, even though actual property values for most residential properties are higher. This amendment requires that the residential property share of the total assessed value in the state be stabilized at approximately 45% of the total. However, by fixing the residential percentage share of property tax collections, an increasing portion of the taxes levied continues to be shifted to the commercial and nonresidential property owners. This reduction in residential property tax revenues also requires the state to commit other revenues to fulfill the School Finance Act (per pupil funding). Colorado Legislative staff project the residential assessed valuation rate to decrease from 7.96% to 7.20% in future years.

The fiscal year 2017 is Dr. Don Haddad's ninth year as the Superintendent of Schools. He has been recognized multiple times on the national level, including the 2013 National Superintendent of the Year award from the National Association of School Superintendents. He continues to develop strong relationships with business, industry, and community leaders throughout the District. He is united with his administration, staff, and the Board of Education in the mission and strategic priorities for the District.

The fiscal year 2017 is the District's ninth year of operating Leadership St. Vrain, a formal training program providing community members an opportunity to obtain a foundation in district operations, finances, and governance and become more effective participants in school district affairs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives and spends. If you have questions about this report or need additional information, please contact the Financial Services Department, St. Vrain Valley School District, 395 South Pratt Parkway, Longmont, Colorado 80501. Additional information is available at www.svvsd.org.

Additionally, readers may also wish to review separately issued audit reports of each of the component units to gather additional information related to the charter schools. Those requests should be made directly to the charter schools.

BASIC FINANCIAL STATEMENTS

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St. Vrain Valley School District RE-1J

**Statement of Net Position
June 30, 2017**

	<u>Primary Government</u>	<u>Component</u>
	<u>Governmental</u>	<u>Units</u>
	<u>Activities</u>	<u>Charter</u>
		<u>Schools</u>
Assets		
Cash and investments	\$ 371,298,690	\$ 13,196,333
Accounts receivable	990,187	47,346
Due from component units	82,215	-
Grants receivable	3,916,357	59,572
Interest receivable	17,889	-
Taxes receivable	6,617,322	-
Prepaid expenses	100,085	178,297
Deposits	77,884	14,441
Inventories	1,090,528	-
Restricted cash and investments for		
Bond Redemption Fund	54,788,036	-
Building Corporations	-	5,781,177
Self Insurance Fund	3,636,128	-
Capital assets,		
Non-depreciable	46,761,442	5,042,674
Depreciable, net	<u>359,236,856</u>	<u>40,705,135</u>
Total assets	<u>848,613,619</u>	<u>65,024,975</u>
Deferred outflows of resources		
Related to debt	19,436,997	4,402,198
Related to pensions	<u>413,149,831</u>	<u>37,061,677</u>
Total deferred outflow of resources	<u>432,586,828</u>	<u>41,463,875</u>
Liabilities		
Accounts payable	11,936,118	282,025
Due to primary government	-	77,809
Retainage payable	899,994	-
Accrued salaries and benefits	12,225,837	1,151,484
Payroll withholdings	8,427,664	-
Accrued interest payable	1,066,151	730,553
Claims payable	6,131,684	-
Unearned revenues	358,461	251,028
Noncurrent liabilities		
Due within one year	26,454,391	1,010,655
Due in more than one year	593,365,774	54,785,933
Pension liability	<u>1,055,346,922</u>	<u>86,745,260</u>
Total liabilities	<u>1,716,212,996</u>	<u>145,034,747</u>
Deferred inflows of resources		
Related to pensions	<u>4,700,600</u>	<u>645,601</u>
Net Position		
Net investment in capital assets	11,775,724	(5,730,222)
Restricted for		
TABOR	9,056,970	885,005
Debt service	56,803,917	807,523
Voter approved capital projects	203,043,977	-
Specific federal contract	2,574,361	-
Colorado Preschool Fund	576,948	-
Extracurricular, community programs	9,545,278	-
Unrestricted	<u>(733,090,324)</u>	<u>(35,153,804)</u>
Total net position	<u>\$ (439,713,149)</u>	<u>\$ (39,191,498)</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

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

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
Instruction	\$ 347,824,746	\$ 20,148,487	\$ 19,992,155	\$ -
Supporting services	158,628,561	3,328,893	14,171,128	1,157,140
Interest expense	20,528,709	-	-	-
Total governmental activities	<u>\$ 526,982,016</u>	<u>\$ 23,477,380</u>	<u>\$ 34,163,283</u>	<u>\$ 1,157,140</u>
COMPONENT UNITS				
Instruction	\$ 27,661,627	\$ 2,448,661	\$ 834,006	\$ -
Supporting services	16,600,368	-	-	847,049
Interest expense	2,612,053	-	-	-
Total component units	<u>\$ 46,874,048</u>	<u>\$ 2,448,661</u>	<u>\$ 834,006</u>	<u>\$ 847,049</u>

General Revenues

Property taxes
 Specific ownership taxes
 State equalization
 Per pupil revenue
 Mill levy override
 Investment income
 Other
 Capital contribution

Total general revenues

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of this financial statement.

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Units
Governmental Activities	Charter Schools
\$ (307,684,104)	\$ -
(139,971,400)	-
<u>(20,528,709)</u>	<u>-</u>
<u>(468,184,213)</u>	<u>-</u>
-	(24,378,960)
-	(15,753,319)
<u>-</u>	<u>(2,612,053)</u>
<u>-</u>	<u>(42,744,332)</u>
130,381,255	-
9,904,649	-
137,977,278	-
-	22,094,332
40,087,329	3,780,830
2,192,308	50,973
5,208,926	610,529
<u>-</u>	<u>901,146</u>
<u>325,751,745</u>	<u>27,437,810</u>
(142,432,468)	(15,306,522)
<u>(297,280,681)</u>	<u>(23,884,976)</u>
<u>\$ (439,713,149)</u>	<u>\$ (39,191,498)</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Balance Sheet
Governmental Funds
June 30, 2017**

	General	Governmental Designated- Purpose Grants	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash & investments - unrestricted	\$ 130,902,638	\$ -	\$ -	\$ 212,943,062	\$ 24,988,214	\$ 368,833,914
Cash & investments - restricted	-	-	54,788,036	-	-	54,788,036
Accounts receivable	798,507	90	-	4,761	57,080	860,438
Due from other funds	3,269,899	-	-	-	-	3,269,899
Due from component units	22,643	59,572	-	-	-	82,215
Grants receivable	-	3,830,053	-	-	86,304	3,916,357
Interest receivable on investments	-	-	17,889	-	-	17,889
Taxes receivable	4,619,330	-	1,997,992	-	-	6,617,322
Prepays	-	-	-	-	1,000	1,000
Deposits	334	-	-	77,270	280	77,884
Inventories	635,246	-	-	-	455,282	1,090,528
Total assets	<u>\$ 140,248,597</u>	<u>\$ 3,889,715</u>	<u>\$ 56,803,917</u>	<u>\$ 213,025,093</u>	<u>\$ 25,588,160</u>	<u>\$ 439,555,482</u>
Liabilities						
Accounts payable	\$ 1,878,973	\$ 35,535	\$ -	\$ 9,003,852	\$ 878,491	\$ 11,796,851
Due to other funds	-	3,060,319	-	-	209,580	3,269,899
Retainage payable	-	-	-	899,994	-	899,994
Accrued salaries and benefits	11,050,571	633,675	-	-	541,591	12,225,837
Payroll withholdings	8,427,664	-	-	-	-	8,427,664
Claims payable	4,379,911	-	-	-	-	4,379,911
Unearned revenues	145,537	160,186	-	-	52,738	358,461
Total liabilities	<u>25,882,656</u>	<u>3,889,715</u>	<u>-</u>	<u>9,903,846</u>	<u>1,682,400</u>	<u>41,358,617</u>
Deferred inflows of revenue						
Unavailable property tax revenue	<u>3,763,757</u>	<u>-</u>	<u>1,608,531</u>	<u>-</u>	<u>-</u>	<u>5,372,288</u>
Fund Balances						
Nonspendable:						
deposits, inventories, prepaids	635,580	-	-	77,270	456,562	1,169,412
Restricted: TABOR	9,056,970	-	-	-	-	9,056,970
Restricted: Colorado Preschool	576,948	-	-	-	-	576,948
Restricted: debt service	-	-	55,195,386	-	-	55,195,386
Restricted: special revenue funds	-	-	-	-	9,545,278	9,545,278
Restricted: specific federal contract	2,574,361	-	-	-	-	2,574,361
Restricted: voter approved projects	-	-	-	203,043,977	-	203,043,977
Committed: capital projects	-	-	-	-	6,542,183	6,542,183
Committed: contingencies	6,037,980	-	-	-	-	6,037,980
Committed: Board allocations	9,995,186	-	-	-	-	9,995,186
Committed: risk management	2,638,631	-	-	-	-	2,638,631
Committed: special revenue fund	-	-	-	-	7,361,737	7,361,737
Assigned: Mill Levy Override	36,798,141	-	-	-	-	36,798,141
Assigned: subsequent year expenditures reported in General Fund	11,599,577	-	-	-	-	11,599,577
Unassigned reported in General Fund	30,688,810	-	-	-	-	30,688,810
Total fund balances	<u>110,602,184</u>	<u>-</u>	<u>55,195,386</u>	<u>203,121,247</u>	<u>23,905,760</u>	<u>392,824,577</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 140,248,597</u>	<u>\$ 3,889,715</u>	<u>\$ 56,803,917</u>	<u>\$ 213,025,093</u>	<u>\$ 25,588,160</u>	<u>\$ 439,555,482</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2017

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

Governmental funds total fund balances	\$ 392,824,577
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	405,998,298
Deferred outflows from refunding debt are not considered current financial resources and, therefore, not reported in the governmental fund	19,436,997
Premium (\$60,893,703) on issuance of bonds, is recognized as other financing source in the governmental funds but are deferred in the statement of net position.	(60,893,703)
Long-term liabilities, including capital leases (\$240,084), compensated absences (\$3,121,378), bonds payable (\$555,565,000), related accrued interest (\$1,066,151) and claims payable (\$216,812) are not due and payable in the current period and, therefore, are not reported in the funds.	(560,209,425)
Pension liability (\$1,055,346,922) and related deferred inflows (\$4,700,600) and deferred outflows \$413,149,831 are not considered current and, therefore, not reported in the funds.	(646,897,691)
Deferred property tax inflows will be collected but are not available to pay for the current period's expenditures and, therefore, are not recorded as revenue in the funds.	5,372,288
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.	4,655,510
Net position of governmental activities	<u><u>\$ (439,713,149)</u></u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

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

	General	Governmental Designated- Purpose Grants	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 77,769,653	\$ -	\$ 52,251,159	\$ -	\$ -	\$ 130,020,812
Specific ownership taxes	9,904,649	-	-	-	-	9,904,649
Mill levy override	40,087,329	-	-	-	-	40,087,329
Investment income	707,812	-	50,090	1,209,493	179,134	2,146,529
Charges for services	5,699,480	-	-	-	10,550,676	16,250,156
Pupil activities	-	-	-	-	7,227,224	7,227,224
Miscellaneous	4,699,059	-	-	4,352	1,434,415	6,137,826
State intergovernmental	142,958,498	781,050	-	-	6,659,512	150,399,060
Federal intergovernmental	4,780,929	10,974,942	-	-	5,985,630	21,741,501
Total revenues	286,607,409	11,755,992	52,301,249	1,213,845	32,036,591	383,915,086
Expenditures						
Current						
Instruction	168,606,634	5,530,738	-	-	11,103,629	185,241,001
Supporting services	101,546,828	6,175,608	-	10,010,327	2,570,269	120,303,032
Food service operations	-	-	-	-	9,447,360	9,447,360
Capital outlay	1,582,647	49,646	-	19,167,192	7,820,369	28,619,854
Debt service						
Principal	-	-	18,145,000	-	-	18,145,000
Interest	-	-	21,910,379	-	-	21,910,379
Bond issuance costs, fiscal charges	-	-	214,070	-	-	214,070
Total expenditures	271,736,109	11,755,992	40,269,449	29,177,519	30,941,627	383,880,696
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	14,871,300	-	12,031,800	(27,963,674)	1,094,964	34,390
Other Financing Sources (Uses)						
Issuance of bonds	-	-	14,390,000	200,000,000	-	214,390,000
Bond premiums	-	-	2,430,004	23,640,238	-	26,070,242
Payment to refunding bond escrow agent	-	-	(17,032,347)	-	-	(17,032,347)
Transfers in	-	-	-	-	2,340	2,340
Transfers out	-	-	-	-	(2,340)	(2,340)
Total other financing sources (uses)	-	-	(212,343)	223,640,238	-	223,427,895
Net change in fund balances	14,871,300	-	11,819,457	195,676,564	1,094,964	223,462,285
Fund balances, beginning	95,730,884	-	43,375,929	7,444,683	22,810,796	169,362,292
Fund balances, ending	\$ 110,602,184	\$ -	\$ 55,195,386	\$ 203,121,247	\$ 23,905,760	\$ 392,824,577

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

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

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

Net change in fund balances of governmental funds		\$ 223,462,285
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Depreciation expense, net of deletions and adjustments	(15,878,505)	
Capital outlay - capitalized, net of deleted assets	<u>30,389,813</u>	14,511,308
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Current year amortization of premium on bond issue	3,165,420	
Current year amortization of discount on coupons	(19,563)	
Current year amortization of deferred outflows	(1,735,315)	
Long term portion of claims payable	42,163	
Change in deferred property tax accrual	<u>360,443</u>	1,813,148
<p>In the statement of activities, certain accrued sick leave and vacation benefits are measured by the amounts earned during the year. However, in the governmental funds, expenditures for this item are measured by the amount actually paid. This year, the amount of accrued sick and vacation leave increased as follows:</p>		
Accrued annual leave earned during the year	(355,544)	
Accrued vacation earned during the year	(514,191)	
Amount paid during the year	<u>478,710</u>	(391,025)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Following are the net effect of these differences.</p>		
Issuance of refunding bonds, coupons	(214,390,000)	
Premium, discount received on issuance of bonds, coupons	(26,070,242)	
Defeasance of bond issuance costs and premiums	(699,694)	
Bond principal payments	34,820,000	
Coupon payments	300,000	
Accrued interest expense on bonds	(328,872)	
Long-term lease payments	<u>223,474</u>	(206,145,334)
<p>Pension expense related to the cost-sharing multiple-employer defined benefit pension fund, net of contributions, are recognized on a government-wide basis and not included in the fund statements.</p>		
	(205,986,596)	
	<u>29,805,956</u>	(176,180,640)
<p>Internal service funds used by management to charge the costs of insurance to individual funds are not reported in the statement of activities. The net revenue (expense) of the liquidated internal service fund is reported with governmental activities.</p>		
		<u>497,790</u>
Change in net position of governmental activities		<u>\$ (142,432,468)</u>

The accompanying notes are an integral part of this financial statement.

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St. Vrain Valley School District RE-1J

Statement of Fund Net Position
Proprietary Fund
June 30, 2017

	<u>Governmental Activities Internal Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 2,464,776
Accounts receivable	129,749
Prepaid expenses	99,085
Total current assets	<u>2,693,610</u>
Noncurrent assets	
Restricted cash and cash equivalents	<u>3,636,128</u>
Total assets	<u>6,329,738</u>
Liabilities	
Current liabilities	
Accounts payable	139,267
Claims payable	<u>1,534,961</u>
Total liabilities	<u>1,674,228</u>
Net Position	
Unrestricted	<u>4,655,510</u>
Total net position	<u>\$ 4,655,510</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

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

	Governmental Activities
	<u>Internal Service Fund</u>
Operating Revenues	
Charges for services	\$ 16,326,094
Total operating revenues	<u>16,326,094</u>
Operating Expenses	
Salaries and benefits	202,375
Purchased services	1,965,470
Supplies and materials	36
Small equipment	256,661
Claims paid	<u>13,685,049</u>
Total operating expenses	<u>16,109,591</u>
Operating income	216,503
Nonoperating Revenues	
Investment income	45,779
Other	<u>235,508</u>
Total nonoperating revenues	<u>281,287</u>
Change in net position	497,790
Net position, beginning	<u>4,157,720</u>
Net position, ending	<u>\$ 4,655,510</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

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

	Governmental Activities
	<u>Internal Service Fund</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 16,278,769
Cash paid to providers	(14,808,470)
Cash paid to other vendors	(2,357,357)
Cash paid to employees	<u>(204,999)</u>
Net cash (used in) operating activities	<u>(1,092,057)</u>
Cash Flows from Noncapital Financing Activities	
Change in restricted cash and cash equivalents	(31,652)
Cash received from prior insurance companies	<u>235,508</u>
Net cash provided by noncapital financing activities	<u>203,856</u>
Cash Flows from Investing Activities	
Investment income	<u>45,779</u>
Decrease in cash and cash equivalents	(842,422)
Cash and cash equivalents, beginning of the year	<u>3,307,198</u>
Cash and cash equivalents, end of the year	<u><u>\$ 2,464,776</u></u>
Reconciliation of Operating Income to Net Cash (Used in) Operating Activities	
Operating income	\$ 216,503
Adjustments to reconcile operating income to Net cash provided by operating activities	
Changes in assets and liabilities	
Increase in accounts receivable	(47,325)
Decrease in accounts payable	(135,190)
Decrease in accrued salaries and benefits	(2,624)
Decrease in claims payable	<u>(1,123,421)</u>
Net cash used in operating activities	<u><u>\$ (1,092,057)</u></u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	Private Purpose Trust - Student Scholarship	Agency - Student Activity
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 219,417	\$ 194,909
Accounts receivable	4,095	12,879
	<u>223,512</u>	<u>\$ 207,788</u>
Liabilities		
Accounts payable	-	\$ 340
Deferred additions	-	6,750
Undistributed monies	-	200,698
	<u>-</u>	<u>\$ 207,788</u>
Net Position		
Held in trust	<u>\$ 223,512</u>	

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

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

	<u>Private Purpose Trust - Student Scholarship</u>
Additions	
Investment income	\$ 1,199
Contributions	<u>34,902</u>
Total additions	<u>36,101</u>
Deductions	
Scholarships	<u>32,352</u>
Total deductions	<u>32,352</u>
Change in net position	3,749
Net position, beginning	<u>219,763</u>
Net position, ending	<u><u>\$ 223,512</u></u>

The accompanying notes are an integral part of this financial statement.



St. Vrain Valley School District RE-1J

Notes to Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of St. Vrain Valley School District RE-1J (the District) in the Counties of Boulder, Larimer, and Weld, and City and County of Broomfield, have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The more significant of the District's accounting policies are described below.

Reporting Entity

St. Vrain Valley School District RE-1J, formed in 1961, is a political subdivision and corporate body of the State of Colorado. The District operates under a seven-member publicly elected board of education. Geographically diverse, the 411 square miles served by the District extends from the Continental Divide out into the agriculture plains. Parts of four counties (Boulder, Broomfield, Larimer and Weld) fall within the District's boundaries. The District also serves thirteen different communities: eastern Boulder, Broomfield, Dacono, Erie, Firestone, Frederick, Hygiene, Longmont, Lyons, Mead, Niwot, Peaceful Valley and Raymond. The District, the seventh largest in the state of Colorado, has 1 standalone early childhood learning center, 23 elementary, 1 PK-8, 1 K-8, 8 middle, 1 middle/senior, 7 high, 1 alternative, 1 online, 1 P-TECH school, 6 charter schools, and programs including the Innovation Center, Main Street Special Education, Career Development Center, and homeschool enrichment, and is serving over 32,000 students.

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All organizations that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits to or impose financial burdens on the District, and fiscal dependency.

Discretely Presented Component Units – Charter Schools

The Colorado State Legislature enacted the Charter School Act – Colorado Revised Statutes (C.R.S.) Section 22-30.5-101 in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "charter schools". Charter schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Each charter school is a legally separate entity and appoints its own governing board; however, the District's Board of Education must approve all charter school applications and budgets.

The charter schools are discretely presented component units because of the significance of their financial accountability to and fiscal dependency on the District. They are all considered nonmajor.

The District's Board of Education has approved six charter school applications, Aspen Ridge Preparatory School, K-8; Carbon Valley Academy, grades PK-8; Flagstaff Academy, grades PK-8; Imagine Charter School at Firestone, grades PK-8; St. Vrain Community Montessori School, PK-8; and Twin Peaks Charter Academy, grades K-12. All six charter schools were operational during the fiscal year. No new charter applications have been received.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units – Charter Schools (Continued)

Separately audited financial reports for Aspen Ridge Preparatory School, Carbon Valley Academy, Flagstaff Academy, Imagine Charter School at Firestone, St. Vrain Community Montessori School, and Twin Peaks Charter Academy are available from the individual charter schools.

Fund Accounting

The District uses funds to report its financial position and changes in financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate “fund types”.

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds), the servicing of long-term debt (debt service fund), and the construction of new schools (capital projects funds). The following four funds are the District’s major governmental funds:

General Fund – The *General Fund* is the District’s general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership (personal property) taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended. The *Colorado Preschool Program (CPP) Fund* and *Risk Management Fund* are reported as sub-funds of the *General Fund*. Moneys allocated to the *CPP Fund* from the *General Fund* are used to pay the costs of providing preschool services directly to qualified at-risk children enrolled in the District’s preschool program pursuant to C.R.S. 22-28-102. Moneys allocated to the *Risk Management Fund* from the *General Fund* are used to account for the payment of loss or damage to the property of the District, workers’ compensation, property and liability claims, and the payment of related administration expenses.

Expenditures include all costs associated with the daily operation of the schools, except for programs funded by grants from federal and state governments, school construction, certain capital outlay expenditures, debt service, food service operations, and extracurricular athletic and other pupil activities.

Government Designated-Purpose Grants Fund – This special revenue fund is used to account for restricted state and federal grants that are obtained primarily to provide for specific instructional programs.

Bond Redemption Fund – The District has one debt service fund used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. The fund’s primary revenue source is local property taxes levied specifically for debt service.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Capital Projects Funds – The District has two capital projects funds, the *Building Fund*, a major fund, and the *Capital Reserve Capital Projects Fund*, a nonmajor fund. The *Building Fund* accounts for the proceeds of bond sales and expenditures for capital outlay for land, buildings, improvements of grounds, construction of buildings, additions or remodeling of buildings or initial, additional and replacement equipment. Although this fund no longer meets the minimum criteria to be reported as a major fund, the District has elected to report it as such.

The remaining nonmajor governmental funds are the *Capital Reserve Capital Projects Fund* and Special Revenue Funds. The *Capital Reserve Capital Projects Fund* is used to account for the District-designated allocation of resources and other revenues for on-going capital outlay needs of the District, such as equipment purchases. Special Revenue Funds account for revenues derived from earmarked revenue sources, charges for supporting educational services, and tuition. Special Revenue Funds consist of *Community Education Fund*, *Fair Contributions Fund*, *Nutrition Services Fund*, and *Student Activity Fund*.

Proprietary funds focus on the determination of the changes in fund net position, financial position, and cash flows and are classified as either enterprise or internal service.

Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District has no enterprise funds.

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The District's only internal service fund is the *Self Insurance Fund*. This fund accounts for the financial transactions related to specific healthcare and dental plans.

Fiduciary funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The *Student Scholarship Fund* is the District's only trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only agency fund is the *Student Activity Fund*.

Government-wide and Fund Financial Statements

The District's financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the District and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the District is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and private purpose trust fund 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. Agency funds have no measurement focus.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Governmental fund 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 after year-end.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Under Colorado law, all property taxes become due and payable on January 1 in the year following that in which they are levied. Property taxes are levied on December 15 based on the assessed value of the property as certified by the county assessor. Payments are due in full on April 30, or in two installments on February 28 and June 15. When taxes become delinquent, the property is sold at the tax sale on September 30. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The effect of interfund activity has been eliminated from the government-wide financial statements. However the process of consolidation does not eliminate the interfund services provided and used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to other funds for insurance premiums. Operating expenses include the cost of services and other administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's private purpose trust fund applies the economic resources measurement focus and accrual basis of accounting. The agency fund applies the accrual basis of accounting, but does not have a measurement focus.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources designated for such purpose, then unrestricted resources as they are needed. In addition, the District first reduces committed amounts, followed by assigned, and then unassigned when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Assets, Liabilities and Net Position

Cash and Cash Equivalents – All cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents.

Investments are either measured at net asset value, which approximates fair value, or at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, and as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Restricted cash – Certain assets of the *Bond Redemption* and *Self Insurance Funds*, as well as component units, are classified as restricted because their use is restricted to liabilities related to debt payments or to requirements of self-insurance trust deposits.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Receivables – All receivables are reported at their gross value since all amounts are considered collectible. Transactions between funds that are outstanding at the end of the fiscal year are identified as interfund receivables/payables in the fund financial statements.

Prepaid expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

Inventories – Inventories are valued at average cost. The costs of inventories are recorded as expenditures when consumed rather than when purchased. The federal government donates surplus commodities to supplement the National School Lunch Program. Such commodities are recorded as non-operating, non-cash revenues when received.

Capital Assets – Capital assets, which include property and equipment, are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or greater, 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 acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment is depreciated using the straight-line method over the following estimated useful lives.

Land improvements	20 years
Buildings (including modular buildings)	15-50 years
Building improvements	7-50 years
Equipment	5-20 years

Deferred Outflows of Resources (related to debt) – In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. For refunding of debt resulting in defeasance, deferred outflow of resources is the difference where the net carrying value of the old debt is less than the reacquisition price. The District's refundings have resulted in deferred outflows of resources of \$19,436,997 at June 30, 2017.

Compensated Absences – Classified employees earn and may accumulate vacation leave up to 240 hours. All outstanding vacation leave for classified employees is payable upon resignation, termination, retirement or death. Employees will receive pay for unused vacation that was earned, or they are required to pay back used vacation that was unearned. The unpaid liability for earned vacation days is recorded in the government-wide financial statements.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Employees may accumulate annual leave. Accumulated annual leave is payable upon leaving the District if certain criteria are met. Classified employees with 10 or more years of continuous service with the District who voluntarily separate or are laid off will receive 50% of the employee's current daily rate for unused annual leave above 20 days, up to a maximum of 150 paid days. Any certified employee who retires with 10 years of continuous service or who terminates with 20 years of service will be paid \$50 per day for all unused sick leave over 30 days, up to a maximum of 125 paid days. The unpaid liability for vested annual leave is recorded in the government-wide financial statements.

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using a systematic method that recognizes amortization in proportion to bond principal maturities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources or uses. Issuance costs are reported as debt service expenditures.

Unearned Revenue – consists of unearned tuition, fees, and grant revenues.

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, 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.

Deferred outflows of resources and deferred inflows of resources (related to pensions) – can result from the net difference between expected and actual experience, projected and actual earnings on pension plan investments, changes in the District's proportionate of the net pension liability, changes of assumptions, as well as contributions made by the District to PERA after PERA's measurement date. Generally, deferred inflows are not aggregated with deferred outflows.

Net Position/Fund Equity – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned, and unassigned.

- *Nonspendable* balances include deposits, inventories, and prepaid items.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

- *Restricted* balances are those imposed by creditors, grantors, contributors, or laws and regulations and include TABOR, the Colorado Preschool Program, debt service, and statute-defined special revenue funds (including student extracurricular/interscholastic fee-based programs and community education programs).
- *Committed balances* are those constrained to specific purposes through formal action by the District Board of Education, the highest level of decision-making authority. They include, but are not limited to, capital projects, contingencies, risk management activities, and special revenue funds with intergovernmental agreements. Commitments cannot be used for any other purpose unless the board takes action (e.g. via resolution) to modify or rescind them.
- *Assigned* balances are amounts that can be used for a specific purpose, but do not meet the criteria of restricted or committed. They include, but are not limited to, instructional supplies and materials; the Superintendent's 12-month employment contract; encumbrances; appropriated fund balances of the subsequent year; and the Mill Levy Override. Per district policy, intended use may be expressed by the District's Board of Education and assigned by authorized individuals including the Superintendent or Chief Financial Officer.
- *Unassigned* balances are those that do not meet the definitions described above. The District reports positive unassigned fund balance only in the General Fund. Negative unassigned balances may be reported in all other governmental funds.

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

Property Taxes

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. The District's property tax calendar for 2017 is as follows:

Tax Year

Beginning of fiscal year for taxes	January 1
Assessed valuation initially certified by County Assessors.....	August 25
Property tax levy by Board of Education for ensuing calendar year.....	December 10
Tax levy certified to County Commissioners.....	December 15
County Commissioners certify levy to County Treasurers.....	January 10

Collection Year

Mailing of tax bills (lien date).....	January 1
First installment due	February 28
Taxes due in full (unless installments elected by taxpayer).....	April 30
Second installment due	June 15

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)

Property taxes are recorded initially at the budgeted collection rate as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected in governmental funds and in the period for which the taxes are levied in the government-wide statements. The District has deferred inflows from property tax collection at June 30, 2017 in the amount of \$5,372,288. Property taxes are remitted to the District by the County Treasurers by the tenth of the month following collections by the respective counties, except for the months of March, May, and June in which the District receives an additional remittance from each county for collections through the twentieth of those months.

A fee of 0.25% on General Fund collections is retained by each County on their respective collections as compensation for collecting the taxes and is reflected as an expenditure in the General Fund.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with US GAAP rather than the budget basis for all funds. Budget basis is similar to cash basis, in that revenues are recognized when cash is received, and expenditures are recorded when payments are made. However, the primary differences in budgeting on a US GAAP basis include accruals for compensation earned but not paid as of fiscal year end, and recognition of deferred revenues. All annual appropriations lapse at fiscal year-end.

Budgets are required by state law for all funds. Prior to June 1, the Superintendent of Schools submits to the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Education to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Total expenditures for each fund and sub-fund may not legally exceed the amount appropriated. Appropriations for a fund may be increased provided they are offset by unanticipated revenues. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department within any fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

The Board of Education throughout the fiscal year may amend budgetary amounts within each fund. Individual amendments to the General Fund budget, if material in relation to the original appropriation, are described in the Notes to Required Supplementary Information. All other fund budgets were also amended during the fiscal year. Although not material in relation to the total appropriation, most were significant in relation to the individual fund's original appropriation.

The encumbrance system of accounting is used wherein encumbrances outstanding at year-end are not reported as expenditures in the financial statements for US GAAP purposes, but are reported as assignment of fund balance for subsequent years' expenditures based on the encumbered appropriation authority carried over.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Accountability

Although the School Finance Act no longer requires school districts to budget a minimum amount per pupil for instructional supplies and materials, instructional capital outlay, and instructional field trips, the Board of Education approved a policy that requires the District to continue doing so to meet its goals and needs. For fiscal year 2017, the District budgeted \$5,623,191 for instructional supplies and material purposes. The District expended \$7,356,871 for instructional purposes during fiscal year ended June 30, 2017.

Direct allocation of funding to the Capital Reserve and Risk Management Funds was also discontinued by the Legislature. However, the District continues to fund these needs according to prior statute. For fiscal year ended June 30, 2017, the Board of Education authorized the total allocation of \$9,264,877 via the amended budget: \$6,335,782 to Capital Reserve Fund and \$2,929,095 to Risk Management Fund. During the year, an additional \$164,625 was allocated to Capital Reserve Fund due to increased long-term capital needs, and an additional \$1,850,000 to Risk Management, a sub-fund of the General Fund, due to an unforeseen legal matter.

NOTE 3: DEPOSITS AND INVESTMENTS

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

	<u>District</u>	<u>Component Units</u>
Governmental activities	\$ 429,722,854	\$ 18,977,510
Agency	194,909	146,191
Private purpose trust scholarship	219,417	-
	<u>\$ 430,137,180</u>	<u>\$ 19,123,701</u>

At June 30, 2017, the District and component units had cash and investments with the following carrying balances:

	<u>District</u>	<u>Component Units</u>
Cash and deposits	\$ 18,701,083	\$ 15,180,253
Investments measured at net asset value	353,900,073	2,889,031
Investments measured at amortized cost	-	3,074,446
Investments measured at fair value	57,536,024	3,943,448
	<u>\$ 430,137,180</u>	<u>\$ 19,123,701</u>

Deposits

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 regulations. 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 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 fair value of the collateral must be at least equal to 102% of the deposits. The District does not have a deposit policy.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

As of June 30, 2017, the District had bank deposits of \$22,818,482 collateralized with securities held by the financial institutions' agent not in the District's name. The component units had deposits with a bank balance of \$9,557,025 of which \$1,501,250 was covered by FDIC and \$8,055,775 was covered by collateral held by authorized escrow agents in the financial institutions' name (PDPA).

Custodial Credit Risk – This is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. State statute requires the District to use eligible public depositories as defined by PDPA. Although the District does not have a formal custodial credit risk policy, its deposits as of June 30, 2017 were held at eligible public depositories.

Investments

Colorado statutes specify instruments meeting defined rating and risk criteria in which local governments may invest, which include, but are not limited to, the following:

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

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

The District and its component units have investments measured at the following:

- Net Asset Value (NAV) – which approximates fair value, including money market funds, and certain investment pools as defined by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*;
- Amortized Cost – including bank certificates of deposits and certain other investment pools as defined by GASB Statement No. 79; or
- Fair Value – including money market mutual funds and U.S. securities, notes or bonds in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Local Government Investment Pools – At June 30, 2017, the District and its component units invested in the Colorado Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE), which are money market investment pools established for local government entities in Colorado to pool surplus funds. The pools are regulated by the Colorado Securities Commissioner. These pools operate similar to a money market fund and each share is equal in value to \$1.00. Investments of the pools consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. Substantially all securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

investments owned by the specific pool. To obtain more information, go to www.colotruster.com and www.csafe.org.

COLOTRUST is valued using the NAV per share (or its equivalent) of the investments. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods. At June 30, 2017, the District's investments measured at NAV include \$353,900,073 with COLOTRUST, with a rating of AAAM. The component units' investments are \$2,508,079 with COLOTRUST as well as \$380,952 with Colorado Statewide Investment Program (CSIP).

CSAFE is valued at amortized cost. The component units' investments measured at amortized cost include \$1,824,446 with CSAF, with a rating of AAAM, that conforms to C.R.S Section 24-75-601, and \$1,250,000 of bank certificates of deposits as of June 30, 2017.

The District and its component units categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

At June 30, 2017, the District had \$57,536,024 of money market mutual funds, rated AAAM, measured at Level 1 inputs. The component units had money market funds, rated AAAM, of \$3,943,448 – of which \$2,477,312 is measured at Level 1 inputs and \$1,466,136 measured at Level 2 inputs.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to declines in fair value due to rising interest rates, the Board's investment policy requires that the majority of its investments be in cash and cash equivalents with maturity dates of 90 days or less. Any medium-term investments of between 91 days and three years may be made based on expected use of funds. Funds not needed for the foreseeable future, such as the TABOR reserve, could be invested in long-term securities with maturity dates greater than three years.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. 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 – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Given the small amount available for investment in securities, and the relative low risk of U.S. agency securities, the District has not established a policy limiting the amount of investment in this type of security and deems it unnecessary at this time.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Restricted Cash and Investments

The Bond Redemption Fund's deposits and investments totaling \$54,788,036 are restricted for the payment of voter-approved long-term debt principal, interest and related costs. The Self Insurance Fund's deposits and investments of \$3,636,128 are restricted for the purposes of the medical and dental self-insurance trust funds. The component units' deposits and investments totaling \$5,781,177 are restricted for construction and debt payments.

NOTE 4: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Amounts owed to one fund by another which are due within one year are reported as due to other funds or business-type activities. These balances arise during the normal course of business and the District's use of pooled cash. Due to/from other funds as of June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Reserve Capital Projects Fund	\$ 209,580
General Fund	Governmental Designated-Purpose Grants Fund	3,060,319
		\$ 3,269,899

Due to timing differences, amounts receivable from or payable to component units may not agree to the District's reported balances.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers during fiscal year 2017 were as follows:

Transfer In	Transfer Out	Amount
Community Education Fund	Student Activities Fund	\$ 2,340

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the District's capital assets for the year ended June 30, 2017:

	Balance 7/1/2016	Additions	Deletions, Adjustments & Reclassifications	Transfers	Balance 6/30/2017
Governmental activities					
Non-depreciable assets					
Land	\$ 20,846,495	\$ -	\$ -	\$ -	\$ 20,846,495
Projects in progress	554,037	27,279,584	339,088	(3,341,340)	24,831,369
Water rights	1,083,578	-	-	-	1,083,578
Total non-depreciable assets	<u>22,484,110</u>	<u>27,279,584</u>	<u>339,088</u>	<u>(3,341,340)</u>	<u>46,761,442</u>
Depreciable assets					
Land improvements	24,106,959	-	-	110,086	24,217,045
Buildings	303,749,153	-	(67,868)	331,098	304,012,383
Building improvements	198,300,747	-	-	-	198,300,747
Equipment	34,863,265	3,307,158	(468,149)	2,900,156	40,602,430
Total depreciable assets	<u>561,020,124</u>	<u>3,307,158</u>	<u>(536,017)</u>	<u>3,341,340</u>	<u>567,132,605</u>
Less accumulated depreciation for					
Land improvements	15,501,629	1,042,739	-	-	16,544,368
Buildings	83,118,454	5,515,224	(22,828)	-	88,610,850
Building improvements	68,838,373	7,629,733	-	-	76,468,106
Equipment	24,558,788	2,174,518	(460,881)	-	26,272,425
Total accumulated depreciation	<u>192,017,244</u>	<u>16,362,214</u>	<u>(483,709)</u>	<u>-</u>	<u>207,895,749</u>
Total depreciable assets, net	<u>369,002,880</u>	<u>(13,055,056)</u>	<u>(52,308)</u>	<u>3,341,340</u>	<u>359,236,856</u>
Governmental activities					
Total capital assets, net	<u>\$ 391,486,990</u>	<u>\$ 14,224,528</u>	<u>\$ 286,780</u>	<u>\$ -</u>	<u>\$ 405,998,298</u>

Capital assets included above that were acquired through capital lease arrangements are modular buildings, with a cost of \$904,678 and accumulated depreciation of \$485,295, and equipment, with a cost of \$1,139,383 and accumulated depreciation of \$759,038. The net value of these capital assets is \$799,728.

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

Governmental activities	
Instruction	\$ 14,017,292
Supporting services	2,344,922
Total	<u>\$ 16,362,214</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 5: CAPITAL ASSETS (Continued)

Component Units' Capital Assets

The following is a summary of changes in the component units' capital assets for the year ended June 30, 2017:

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Reclassifications & Deletions</u>	<u>Balance 6/30/2017</u>
Component units				
Non-depreciable assets				
Land	\$ 4,355,006	\$ -	\$ -	\$ 4,355,006
Construction in progress	4,047,627	687,668	(4,047,627)	687,668
Total non-depreciable assets	<u>8,402,633</u>	<u>687,668</u>	<u>(4,047,627)</u>	<u>5,042,674</u>
Depreciable assets				
Land improvements	280,487	-	-	280,487
Building	37,910,820	4,335,281	-	42,246,101
Leasehold improvements	4,969,621	205,064	-	5,174,685
Furniture & equipment	1,195,811	25,849	-	1,221,660
Software costs	20,021	-	-	20,021
Total depreciable assets	<u>44,376,760</u>	<u>4,566,194</u>	<u>-</u>	<u>48,942,954</u>
Less accumulated depreciation	<u>6,787,470</u>	<u>1,450,349</u>	<u>-</u>	<u>8,237,819</u>
Total depreciable assets, net	<u>37,589,290</u>	<u>3,115,845</u>	<u>-</u>	<u>40,705,135</u>
Total capital assets, net	<u>\$ 45,991,923</u>	<u>\$ 3,803,513</u>	<u>\$ (4,047,627)</u>	<u>\$ 45,747,809</u>

Reclassifications between asset categories are shown above but are not necessarily reported accordingly in the charter schools' audit reports.

Depreciation has been charged to the supporting services programs of the component units.

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid at June 30, 2017 are determined to be as follows:

General Fund	\$ 11,050,571
Grants Fund	633,675
Other funds	541,591
Total governmental funds	<u>\$ 12,225,837</u>
Component units	<u>\$ 1,151,484</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 7: LONG-TERM DEBT

The District's long-term debt changed as follows during the year ended June 30, 2017.

Governmental activities	Balance 7/1/2016	Additions	Payments/ Amortization	Balance 6/30/2017	Due within one year
General obligation bonds	\$ 375,995,000	\$ 214,390,000	\$ (34,820,000)	\$ 555,565,000	\$ 24,485,000
Deferred bond premium	37,988,881	26,070,242	(3,165,420)	60,893,703	-
Registered coupons	300,000	-	(300,000)	-	-
Registered coupons discount	(19,563)	-	19,563	-	-
Capital leases	463,558	-	(223,474)	240,084	187,877
Vacation payable	990,293	514,191	(97,970)	1,406,514	1,406,514
Annual leave payable	1,740,060	355,544	(380,740)	1,714,864	375,000
Total	\$ 417,458,229	\$ 241,329,977	\$ (38,968,041)	\$ 619,820,165	\$ 26,454,391

General Obligation Bonds

Description, Interest Rates, and Maturity Dates

Balance
due at
June 30, 2017

Refunding Bonds (Series 2006), original amount of \$43,455,000, due in varying installments through December 15, 2020, interest from 4.00% to 5.25%. Proceeds used to refund certain outstanding general obligation building bonds (Series 1997). Premium of \$2,520,719 received upon issuance is being amortized over the term of the bonds. Amounts defeased were \$16,675,000 during October 2016 but later called in December 2016.

\$ 22,125,000

Building Bonds (Series 2009), original amount of \$104,000,000, due in varying installments through December 15, 2021, interest from 2.75% to 3.625%. Premium of \$504,199 received upon issuance is being amortized based on maturity of bonds. Amounts defeased were \$102,700,000 during fiscal year 2016. Premium amortization was adjusted accordingly.

500,000

Building Bonds (Series 2010A), original amount of \$8,590,000, due in varying installments on December 15 from 2023 through 2025, interest at 5.25%. Premium of \$1,191,756 received upon issuance is being amortized based on maturity of bonds.

8,590,000

Building Bonds (Series 2010B), taxable (Direct Pay Build America Bonds), original amount of \$76,410,000, due in varying installments on December 15 from 2026 through 2033, interest from 5.34% to 5.79%.

76,410,000

Refunding Bonds (Series 2011), original amount of \$34,355,000, due in varying installments through December 15, 2019, interest at 5.0%. Proceeds used to retire \$34,605,000 of outstanding building bonds (Series 2003). Premium of \$4,011,133 received upon issuance is being amortized based on maturity of bonds.

21,285,000

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 7: LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Refunding Bonds (Series 2011B), original amount of \$31,150,000, due in varying installments through December 15, 2022, interest from 2.75% to 5.0%. Proceeds used to retire \$31,770,000 of outstanding building bonds (Series 2003). Premium of \$4,359,203 received upon issuance is being amortized based on maturity of bonds. \$ 25,230,000

Refunding Bonds (Series 2012), original amount of \$34,695,000, due in varying installments through December 15, 2024, interest from 2.0% to 4.0%. Proceeds used to retire \$34,705,000 of outstanding building bonds (Series 2004). Premium of \$4,245,413 received upon issuance is being amortized based on maturity of bonds. 32,495,000

Refunding Bonds (Series 2014), original amount of \$50,355,000, due in varying installments through December 15, 2026, interest from 3.0% to 5.0%. Proceeds used to retire \$2,120,000, \$5,945,000 and \$47,850,000 of outstanding building bonds (Series 2004, 2005A and 2006B, respectively). Premium of \$10,821,491 received upon issuance is being amortized based on maturity of bonds. 48,105,000

Refunding Bonds (Series 2016), original amount of \$115,155,000, due in varying installments through December 15, 2033, interest from 2.5% to 5.0%. Proceeds used to retire \$13,035,000 and \$102,700,000 of outstanding building bonds (Series 2005B and 2009, respectively). Premium of \$12,871,395 received upon issuance is being amortized based on maturity of bonds. 106,435,000

Refunding Bonds (Series 2016B), original amount of \$14,390,000, due in varying installments on December 15 from 2021 through 2022, interest from 1.75% to 5.0%. Proceeds used to retire \$16,675,000 of outstanding refunding bonds (Series 2006). Premium of \$2,430,004 received upon issuance is being amortized based on maturity of bonds. 14,390,000

Building Bonds (Series 2016C), original amount of \$200,000,000, due in varying installments on December 15 from 2017 to 2036, interest from 3.0% to 5.0%. Premium of \$23,640,238 received upon issuance is being amortized based on maturity of bonds. 200,000,000

Total general obligation bonds payable \$ 555,565,000

Advance Refunding

On October 6, 2016, the District issued \$14,390,000 in general obligation bonds with an average coupon of 4.29% to refund \$16,675,000 of outstanding 2006 series bonds with average interest rate of 4.36%. As a result, the aforementioned series bonds were defeased and put into escrow, and the liability for those portions of the bonds have been removed from the general long-term debt. The defeased bonds were subsequently called and paid in December of 2016. By refunding these bonds, the District reduced its total debt service

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 7: LONG-TERM DEBT (Continued)

Advance Refunding (Continued)

payments over the next six years by almost \$2.8 million. The District obtained an economic gain (difference between the present value of the debt service payments on the old and new debt, less district contributions) of more than \$2.6 million.

Bond and coupon payments to maturity are as follows:

Year ending June 30	GO Bonds		Total
	Principal	Interest	
2018	\$ 24,485,000	\$ 25,494,214	\$ 49,979,214
2019	25,345,000	24,421,264	49,766,264
2020	23,925,000	23,307,339	47,232,339
2021	26,085,000	22,166,689	48,251,689
2022	25,160,000	21,078,195	46,238,195
2023-2027	126,245,000	88,608,223	214,853,223
2028-2032	158,855,000	54,134,126	212,989,126
2033-2037	145,465,000	13,918,786	159,383,786
Total	\$ 555,565,000	\$ 273,128,836	\$ 828,693,836

The amount of defeased debt outstanding as of June 30, 2017 is \$102,700,000. The defeased amount relates to the 2009 series (defeased in March 2016 and callable in December of 2018).

At June 30, 2017, the future minimum capital lease obligations are \$240,084 through 2021. The amount representing interest is \$11,207 and the net present value of these minimum lease payments is \$228,371.

Compensated Absences

Compensated absences include both vacation pay and annual leave. The District allows employees to carryover unused vacation from one fiscal year to the next up to 240 hours.

Unused annual leave is accumulated and carried over from year to year. When an eligible employee voluntarily separates or is laid off, the employee will receive 50% of the employee's current daily rate for unused annual leave above 20 days, up to a maximum of 150 paid days. The amount payable as of June 30, 2017 includes qualified annual leave for all eligible employees as of June 30, 2017.

Unused annual leave for certified employees may be paid out upon request at the end of the year in the amount of \$60 per each group of 7 hours up to 35 hours. All remaining annual leave hours will be carried over.

The General Fund pays for the annual leave benefit upon employee retirement. Vacation pay is charged to the fund from which an employee's compensation is paid during the year in which it is used. The majority of payroll is incurred by the general fund.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 7: LONG-TERM DEBT (Continued)

Component Units' Long-Term Debt

In June 2015, the Colorado Educational and Facilities Authority (CECFA) issued \$11,235,000 Charter School Revenue Bonds, Series 2015A and 2015B. Proceeds from the bonds will be used to construct Aspen Ridge Preparatory School's building. The School is required to make equal lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at rates ranging from 4.125% and 5.25% per year. The lease matures in July 2046.

In December 2006, the Colorado Educational and Facilities Authority (CECFA) issued \$5,305,000 Charter School Revenue Bonds, Series 2006. Proceeds from the bonds were used to construct the Carbon Valley Academy's building. The Academy is required to make lease payments to the Building Corporation for use of the building. The Building Corporation is required to make lease payments to the Trustee for payment of the bonds. Interest accrues at a rate of 5.65% per year. The lease matures in December 2036.

In June 2016, the Colorado Educational and Facilities Authority (CECFA) issued \$13,335,000 Charter School Refunding Revenue Bonds, Series 2016. Proceeds from the bonds were loaned to Flagstaff Academy under a lease agreement to advance refund the 2008 Revenue Bonds. The Academy is required to make equal lease payments to the Building Corporation for use of the building. The Building Corporation is required to make lease payments to the Trustee for payment of the bonds. Interest accrues at rates ranging from 3.0% and 5.0% per year. The lease matures in August 2046.

In April 2011, CECFA issued \$4,775,000 of Charter School Revenue Bonds, Series 2011A and 2011B. Proceeds of the bonds were used to construct improvements to the Twin Peaks Charter Academy's building. Interest accrues at a rate of 6.375% to 7.5% per year. The lease matures in March 2043. In August 2014, CECFA issued \$21,990,000 of Charter School Revenue Bonds, Series 2014. Proceeds of the bonds were used to refund outstanding Series 2008 Bonds and construct improvements to the Academy's building. Interest accrues at a rate of 6.375% to 7.5% per year. The lease matures in March 2044. The charter school is required to make equal lease payments to the Building Corporation for use of the building. The Building Corporation is required to make lease payments to the Trustee for payment of the bonds.

In August 2016, Imagine Charter School at Firestone entered into a lease purchase agreement with Frontier Business Produce to finance the purchase of 13 Sharp Aquos Boards. Principal and interest payments in the amount of \$1,307 are due monthly from September 1, 2016 through August 1, 2021.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 7: LONG-TERM DEBT (Continued)

Component Units' Long-Term Debt (Continued)

Following is a summary of the component units' long-term debt transactions for the year ended June 30, 2017.

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2017</u>	<u>Due within one year</u>
Component units					
Revenue bonds	\$ 55,245,000	\$ -	\$ (615,000)	\$ 54,630,000	\$ 1,000,000
Premium	1,152,929	-	(39,104)	1,113,825	-
Capital lease	-	61,362	(8,599)	52,763	10,655
	<u>\$ 56,397,929</u>	<u>\$ 61,362</u>	<u>\$ (662,703)</u>	<u>\$ 55,796,588</u>	<u>\$ 1,010,655</u>

Following is a schedule of the debt service requirements for the revenue bonds:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,000,000	\$ 2,532,076	\$ 3,532,076
2019	1,050,000	2,492,500	3,542,500
2020	1,085,000	2,449,600	3,534,600
2021	1,130,000	2,401,851	3,531,851
2022	1,180,000	2,350,642	3,530,642
2023-2027	6,745,000	10,886,482	17,631,482
2028-2032	8,575,000	9,000,203	17,575,203
2033-2037	10,835,000	6,526,719	17,361,719
2038-2042	11,765,000	3,858,862	15,623,862
2043-2047	11,265,000	1,035,152	12,300,152
Total	<u>\$ 54,630,000</u>	<u>\$ 43,534,087</u>	<u>\$ 98,164,087</u>

At June 30, 2017, the future minimum capital lease obligations are \$65,351 through 2021. The amount representing interest is \$12,588 and the net present value of these minimum lease payments is \$52,763.

Defeasance of Debt

A portion of the net proceeds of Flagstaff Academy's 2016 bonds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the Academy's liabilities. At June 30, 2017, the outstanding defeased bonds were \$12,430,000.

In August 2014, Twin Peaks Charter Academy defeased Series 2008 Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. This resulted in a net present value savings of \$996,501. Accordingly the trust account assets and the liability for the defeased bonds are not included in the Academy's financial statements. At June 30, 2017, the outstanding defeased bonds were \$13,010,000.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 8: RISK FINANCING

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and health and dental claims of its employees. The District plans to provide for or restore the economic damages of those losses through risk retention and risk transfer.

Risk Management Fund

The Risk Management Fund, a sub-fund of the General Fund, is used to account for the payment of loss or damage to the property of the school district, liability claims, workers' compensation claims, and related administrative expenses. The main source of revenue is defined by the School Finance Act and is an allocation from the General Fund. Some of the risk is retained, and insurance is purchased to transfer part of the risk.

Self Insurance Pools – The District is a member of two public entity risk sharing pools. The District's share of each pool varies based on exposures, the contribution paid to each pool, the District's claims experience, each pool's claims experience, and each pool's surplus and dividend policy. The District may be assessed to fund any pool funding deficit.

Since July 1, 2002, the District has been a member of the Colorado School Districts Self Insurance Pool for property and liability insurance. During the fiscal year ended June 30, 2017, the District had insurance deductibles of \$50,000 (property), \$25,000 (general liability), and \$1,000 (vehicle liability) per claim. At June 30, 2017, the District's property and liability claims payable was \$2,024,017.

Prior to July 1, 2002, the District purchased its property insurance from the Northern Colorado School Districts Property Self Insurance Pool, and its liability insurance from the Northern Colorado School Districts Liability Self Insurance Pool, respectively. These two pools have since been dissolved. The property pool funds were distributed to the former members in June 2006. The remaining assets from the liability pool are now held in a joint account with the other former members (Park School District and Thompson School District) to meet the run-off obligations as described in the dissolution plan. In February 2010, the three former member districts received a planned distribution. The final distribution is planned in 2017/2018. The remaining assets are sufficient to meet these run-off obligations, according to the actuarial reports dated June 11, 2003 and July 12, 2004.

Since July 1, 1985, the District has been a member of the Northern Colorado School Districts Workers' Compensation Self Insurance Pool. The other current pool members are Park School District (Estes Park) and Windsor School District. The workers' compensation pool discontinued insurance operations effective July 1, 1998, and resumed insurance operations on July 1, 2003. During the intervening years, insurance coverage was obtained outside the pool. The District's deductible was \$50,000 per claim for the year ended June 30, 2017. At June 30, 2017, the District's workers' compensation claims payable was \$722,206.

Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 8: RISK FINANCING (Continued)

Risk Management Fund (Continued)

Claims Liability – The claims liability on a government-wide basis includes losses from currently available funds as well as estimates for claims that have been incurred but not reported. In addition, a pending legal settlement increased the year end liability by \$1,850,000 for the District's out-of-pocket portion. Of the total claims payable, \$4,379,911 is payable from current resources and reported accordingly on the fund statements. Changes in the reported liability on a government-wide basis for the years ended June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Beginning fiscal year liability	\$ 863,254	\$ 1,180,528
Current year claims and adjustments	8,797,298	215,087
Claims paid	<u>(5,063,829)</u>	<u>(532,361)</u>
Ending fiscal year liability	<u>\$ 4,596,723</u>	<u>\$ 863,254</u>

Self Insurance Fund

In January 2013, the District established a Self Insurance Fund to account for dental and certain medical liability claims. Liabilities and related claims expense as reported in the Fund were estimated based on a financial services consultant's analyses of the dental and medical providers' claims data at June 30, 2017. The following is a summary of the changes in claims liability for the Self Insurance Fund for fiscal year ended June 30, 2017.

	<u>2017</u>	<u>2016</u>
Beginning fiscal year liability	\$ 2,658,382	\$ 1,672,016
Current year claims and adjustments**	13,685,049	14,339,471
Claims paid**	<u>(14,808,470)</u>	<u>(13,353,105)</u>
Ending fiscal year liability	<u>\$ 1,534,961</u>	<u>\$ 2,658,382</u>

** To align with reporting guidelines, the claims paid (cash flow basis) and current year claims & adjustments were modified in the table for both fiscal years 2017 and 2016; however, there was no impact on the ending liability.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (Continued)

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

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

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

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 Year Ended 12/31/2016	For Year Ended 12/31/2017
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	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF¹	18.13%	18.63%

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Contributions (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 District were \$29,805,956 for the fiscal year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$1,055,346,922 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District's proportion was 3.54 percent, which was an increase of 0.05 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$205,986,596. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$13,130,283	\$9,067
Changes of assumptions or other inputs	342,438,055	\$4,691,533
Net difference between projected and actual earnings on pension plan investments	34,750,143	n/a
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,627,564	n/a
Contributions subsequent to the measurement date	15,203,786	n/a
Total	\$413,149,831	\$4,700,600

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

\$15,203,786 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 fiscal year ended June 30, 2018. 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,	
2018	\$158,131,186
2019	\$157,312,643
2020	\$77,449,617
2021	\$351,999

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial assumptions (continued)

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

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

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial assumptions (continued)

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.

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

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial assumptions (Continued)

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

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

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

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

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% 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.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Discount rate (Continued)

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$1,327,064,842	\$1,055,346,922	\$834,042,512

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.

Component Units' Defined Pension Benefit Plan

Contributions – Employer contributions recognized by the SCHDTF from the component units were \$2,629,654 for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the component units reported a combined liability of \$86,745,260 for their proportionate share of the net pension liability. At December 31, 2016, the component units' proportion was a combined 0.29134 percent, which was a net increase of 0.01385 percent from their proportion measured as of December 31, 2015. For the year ended June 30, 2017, the component units recognized a combined pension expense of \$18,331,804.

At June 30, 2017, the component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,084,450	\$762
Changes of assumptions or other inputs	\$28,147,034	\$391,175
Net difference between projected and actual earnings on pension plan investments	\$2,900,580	n/a
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$3,580,285	\$253,664
Contributions subsequent to the measurement date	\$1,349,328	n/a
Total	\$37,061,677	\$645,601

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Component Units' Defined Pension Benefit Plan (Continued)

\$1,349,328 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 fiscal year ended June 30, 2018. 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,	
2018	\$14,515,279
2019	\$13,373,812
2020	\$6,721,547
2021	\$456,110

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

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$109,079,355	\$86,745,260	\$68,554,917

NOTE 10: POSTEMPLOYMENT HEALTH CARE BENEFITS

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

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016, and 2015, the District's employer contributions to the HCTF were \$1,653,544, \$1,590,046 and \$1,516,577, respectively, equal to its required contributions for each year.

Component units' employer contributions to HCTF were \$138,010, \$128,960 and \$118,854, respectively for the years ending June 30, 2017, 2016, and 2015, equal to their required contributions for each year.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 11: DEFINED CONTRIBUTION PLAN

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 of up to a maximum limit set by the Internal Revenue Service as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. There is no employer match. Historical voluntary program member contribution totals are listed in the following table:

Year ended June 30,	
2017	\$1,649,608
2016	\$1,594,025
2015	\$1,641,725
2014	\$1,445,496

NOTE 12: TAX INCREMENT REVENUES

The District has entered into Intergovernmental Agreements with several, local urban renewal authorities (URA) and one downtown development authority (DDA). These governmental entities may enter into tax abatement agreements with individuals or other entities located within their boundaries. The District requested disclosure of any tax abatement agreements made by the URAs and DDA that may reduce the District's tax revenue. As of June 30, 2017, one significant agreement had been reported. Property tax revenues were reduced by \$344,399 under agreements entered into by the Firestone URA – Northern.

NOTE 13: JOINTLY GOVERNED ORGANIZATION

Centennial Board of Cooperative Educational Services

The District, in conjunction with other surrounding districts, created the Centennial Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational and computer services at a shared lower cost per district. The BOCES Board is comprised of one member from each participating district. The District paid the BOCES \$451,707 which includes \$192,069 for contractual services and \$259,638 for tuition during the year ended June 30, 2017. The BOCES financial statements can be obtained at their administrative office located at 2020 Clubhouse Drive, Greeley, Colorado 80634.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 14: 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 units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by granting 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.

The District is involved in pending litigation. The District anticipates no potential claims resulting from these cases which would further materially affect the financial statements.

Construction Contracts

The District has entered into a number of separate construction projects as of June 30, 2017. Contract commitments at June 30, 2017, as a result of these projects, totaled \$67,032,206 .

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, electors within the District authorized the District to collect, retain and/or expend all revenues lawfully received by the District from any source during fiscal year 1999 and each year thereafter without regard to the limitations and conditions under the TABOR Amendment of the Colorado Constitution or any other law. The Amendment is complex and subject to judicial interpretation. The TABOR Amendment requires the District to establish a reserve for emergencies. At June 30, 2017, the District has complied with the requirements to include emergency reserves in its net position and fund balance.

Contingency Reserve

As allowed by state statute, the District Board of Education may provide for an operating reserve in the General Fund. District policy requires that the budget adopted by the Board include an additional appropriated reserve equal to 2% of operating fund expenditures. The District has met the 2% contingency requirement, which is reported in the committed fund balance, as of June 30, 2017.

The contingency reserve may only be used if the following conditions are met:

- There is a rare and extraordinary event (for example, a natural disaster or a large, unanticipated reduction or the elimination of state revenue); or a one-time funding of a significant capital project; or an operating initiative that will result in material, recurring reductions in future operating expenditures or material, recurring increases in operating revenues; and
- The District's administration has made a complete, written analysis – with justifying evidence – including a plan for the replenishment of the contingency reserve; and the District's Board of Education has passed a specific resolution authorizing the expenditure. The replenishment plan shall not exceed two years from the date of the expenditure.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 15: CAPITAL CONTRIBUTIONS TO COMPONENT UNITS

During fiscal year ended June 30, 2017, the District and each of its component units entered into individual agreements for the funding of capital construction projects. With the successful passage of voter-authorized 2016 building bonds, the District agreed to allocate a portion of the proceeds to pay for various capital improvements and upgrades. As of June 30, 2017, the component units reported capital contributions from the District of \$901,146. The District records the construction activity as a service provided to the charter schools. Depending on the scope of work and organization of the charter school, the component unit may report the construction expenditures as Construction in Progress in its Building Corporation or as Repair and Maintenance in its Statement of Revenues, Expenditures and Changes in Fund Balances.



REQUIRED SUPPLEMENTARY INFORMATION

General Fund – The *General Fund* is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The *Colorado Preschool Program Fund* is reported as a sub-fund of the *General Fund*. Moneys allocated to this fund from the *General Fund* are used to pay the costs of providing preschool services directly to qualified at-risk children enrolled in the District's preschool program. The *Risk Management Fund*, also a sub-fund of the *General Fund*, is used to account for the payment of loss or damage to the property of the District, workers' compensation, property and liability claims, and the payment of related administration expenses.

Governmental Designated-Purpose Grants – This major special revenue fund is used to account for restricted state or federal grants that are obtained primarily to provide for specific instructional programs.

Budget to actual information for the *General Fund* and *Governmental Designated-Purpose Grants Fund* are presented on the following pages.

Pension. During fiscal year 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The primary objective of these Statements is to improve the accounting and financial reporting by state and local governments for pensions. Required supplementary schedules, *The District's Proportionate Share of the Net Pension Liability* and *Schedule of District Contributions*, are presented in this section.

St. Vrain Valley School District RE-1J
Schedule of Required Supplementary Information
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General, Colorado Preschool Program, and Risk Management Funds
For the Year Ended June 30, 2017

	General Fund				Colorado Preschool Program (A sub-fund of the General Fund)			
	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)
Revenues								
Local								
Property taxes	\$ 69,027,290	\$ 77,680,851	\$ 77,769,653	\$ 88,802	\$ -	\$ -	\$ -	\$ -
Specific ownership taxes	7,800,000	7,691,684	9,904,649	2,212,965	-	-	-	-
Mill levy override	35,572,000	39,980,706	40,087,329	106,623	-	-	-	-
Investment income	99,008	200,000	693,714	493,714	700	1,600	1,861	261
Charges for services	5,590,977	4,992,980	5,699,080	706,100	-	-	-	-
Miscellaneous	2,582,358	3,569,926	4,675,295	1,105,369	-	-	-	-
Total local revenues	<u>120,671,633</u>	<u>134,116,147</u>	<u>138,829,720</u>	<u>4,713,573</u>	<u>700</u>	<u>1,600</u>	<u>1,861</u>	<u>261</u>
State								
Equalization, net	131,925,622	127,087,675	125,143,359	(1,944,316)	1,558,854	1,554,417	1,554,417	-
Special Education	5,920,708	5,952,328	6,042,383	90,055	-	-	-	-
Vocational Education	689,350	709,260	761,317	52,057	-	-	-	-
Transportation	1,627,698	1,833,675	1,850,785	17,110	-	-	-	-
Gifted and Talented	285,409	262,896	262,896	-	-	-	-	-
English Language Proficiency Act	1,552,331	1,633,009	1,633,009	-	-	-	-	-
Other state sources	600,051	789,335	916,670	127,335	-	-	-	-
Total state revenues	<u>142,601,169</u>	<u>138,268,178</u>	<u>136,610,419</u>	<u>(1,657,759)</u>	<u>1,558,854</u>	<u>1,554,417</u>	<u>1,554,417</u>	<u>-</u>
Federal								
Build America Bond rebates	1,418,885	1,417,362	1,417,362	-	-	-	-	-
Migrant passed through BOCES	46,741	40,000	30,022	(9,978)	-	-	-	-
Other federal sources	1,200,000	1,556,955	3,246,145	1,689,190	-	-	-	-
Total federal revenues	<u>2,665,626</u>	<u>3,014,317</u>	<u>4,693,529</u>	<u>1,679,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>265,938,428</u>	<u>275,398,642</u>	<u>280,133,668</u>	<u>4,735,026</u>	<u>1,559,554</u>	<u>1,556,017</u>	<u>1,556,278</u>	<u>261</u>
Expenditures, encumbered basis								
Current								
Salaries	157,037,725	157,579,261	153,067,804	4,511,457	180,996	197,438	219,992	(22,554)
Benefits	51,449,303	49,679,720	48,803,251	876,469	57,887	65,762	66,047	(285)
Purchased services	10,465,165	10,560,020	12,363,191	(1,803,171)	1,133,380	1,177,750	1,172,334	5,416
Supplies and materials	26,608,878	26,560,900	21,060,741	5,500,159	87,200	87,200	72,697	14,503
Claims paid	-	-	-	-	-	-	-	-
Other	857,229	857,229	853,084	4,145	26,665	26,730	26,968	(238)
Charter schools	25,845,092	25,867,216	25,875,162	(7,946)	-	-	-	-
Capital outlay	50,000	600,000	1,579,988	(979,988)	150,000	250,000	-	250,000
Total expenditures, US GAAP basis	<u>272,313,392</u>	<u>271,704,346</u>	<u>263,603,221</u>	<u>8,101,125</u>	<u>1,636,128</u>	<u>1,804,880</u>	<u>1,558,038</u>	<u>246,842</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources uses	<u>\$ (6,374,964)</u>	<u>\$ 3,694,296</u>	<u>16,530,447</u>	<u>\$ 12,836,151</u>	<u>\$ (76,574)</u>	<u>\$ (248,863)</u>	<u>(1,760)</u>	<u>\$ 247,103</u>
Fund balance, beginning			<u>90,856,158</u>				<u>578,708</u>	
Fund balance, ending			<u>\$ 107,386,605</u>				<u>\$ 576,948</u>	

See the accompanying Independent Auditors' Report.

Risk Management Fund (A sub-fund of the General Fund)				Total			
Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 69,027,290	\$ 77,680,851	\$ 77,769,653	\$ 88,802
-	-	-	-	7,800,000	7,691,684	9,904,649	2,212,965
-	-	-	-	35,572,000	39,980,706	40,087,329	106,623
5,000	5,000	12,237	7,237	104,708	206,600	707,812	501,212
-	-	400	400	5,590,977	4,992,980	5,699,480	706,500
10,000	80,000	23,764	(56,236)	2,592,358	3,649,926	4,699,059	1,049,133
15,000	85,000	36,401	(48,599)	120,687,333	134,202,747	138,867,982	4,665,235
3,429,095	2,929,095	4,779,095	1,850,000	136,913,571	131,571,187	131,476,871	(94,316)
-	-	-	-	5,920,708	5,952,328	6,042,383	90,055
-	-	-	-	689,350	709,260	761,317	52,057
-	-	-	-	1,627,698	1,833,675	1,850,785	17,110
-	-	-	-	285,409	262,896	262,896	-
-	-	-	-	1,552,331	1,633,009	1,633,009	-
-	-	14,567	14,567	600,051	789,335	931,237	141,902
3,429,095	2,929,095	4,793,662	1,864,567	147,589,118	142,751,690	142,958,498	206,808
-	-	-	-	1,418,885	1,417,362	1,417,362	-
-	-	-	-	46,741	40,000	30,022	(9,978)
-	-	87,400	87,400	1,200,000	1,556,955	3,333,545	1,776,590
-	-	87,400	87,400	2,665,626	3,014,317	4,780,929	1,766,612
3,444,095	3,014,095	4,917,463	1,903,368	270,942,077	279,968,754	286,607,409	6,638,655
240,193	240,690	233,202	7,488	157,458,914	158,017,389	153,520,998	4,496,391
66,068	65,422	64,047	1,375	51,573,258	49,810,904	48,933,345	877,559
1,532,570	1,532,570	1,154,657	377,913	13,131,115	13,270,340	14,690,182	(1,419,842)
72,650	72,650	48,386	24,264	26,768,728	26,720,750	21,181,824	5,538,926
1,632,000	1,632,000	5,063,829	(3,431,829)	1,632,000	1,632,000	5,063,829	(3,431,829)
52,220	52,220	8,070	44,150	936,114	936,179	888,122	48,057
-	-	-	-	25,845,092	25,867,216	25,875,162	(7,946)
-	-	2,659	(2,659)	200,000	850,000	1,582,647	(732,647)
3,595,701	3,595,552	6,574,850	(2,979,298)	277,545,221	277,104,778	271,736,109	5,368,669
\$ (151,606)	\$ (581,457)	(1,657,387)	\$ (1,075,930)	\$ (6,603,144)	\$ 2,863,976	14,871,300	\$ 12,007,324
		4,296,018				95,730,884	
		\$ 2,638,631				\$ 110,602,184	

See the accompanying Independent Auditors' Report.

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St. Vrain Valley School District RE-1J
Schedule of Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Governmental Designated-Purpose Grants
For the Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
State grants	\$ 278,000	\$ 278,344	\$ 781,050	\$ 502,706
Federal grants	10,813,000	10,733,985	8,163,148	(2,570,837)
ARRA - Federal education stimulus grants	<u>3,125,000</u>	<u>2,884,889</u>	<u>2,811,794</u>	<u>(73,095)</u>
Total revenues	<u>14,216,000</u>	<u>13,897,218</u>	<u>11,755,992</u>	<u>(2,141,226)</u>
Expenditures				
Salaries	9,010,000	8,010,622	7,610,615	400,007
Benefits	2,550,000	2,540,306	2,338,071	202,235
Purchased services	400,000	299,513	240,513	59,000
Supplies and materials	1,330,000	2,078,802	589,709	1,489,093
Other	896,000	941,156	927,438	13,718
Capital outlay	<u>30,000</u>	<u>26,819</u>	<u>49,646</u>	<u>(22,827)</u>
Total expenditures	<u>14,216,000</u>	<u>13,897,218</u>	<u>11,755,992</u>	<u>2,141,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	-	-	<u>\$ -</u>
Fund balance, beginning		-	-	
Fund balance, ending		<u>\$ -</u>	<u>\$ -</u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J
Schedule of Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension Liability
Year Ended December 31, (Measurement Date)
Employee Pension Plan
Year Three **

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	3.4574%	3.4942%	3.5445%
District's proportionate share of the net pension liability (asset)	\$ 468,595,684	\$ 534,414,453	\$ 1,055,346,922
District's covered-employee payroll	\$ 144,605,343	\$ 152,401,888	\$ 159,046,911
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	324.05%	350.66%	663.54%
Plan fiduciary net position as a percentage of the total pension liability	62.84%	59.20%	43.10%

** GASB Statement No. 68 was implemented during fiscal year 2015.
As information becomes available, each subsequent year will be added until a full 10-year trend is compiled.

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J
Schedule of Required Supplementary Information
Schedule of District Contributions
Year Ended June 30, (Fiscal Year End Date)
Employee Pension Plan
Year Three **

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution (excluding HTCF)	\$ 25,104,314	\$ 27,643,539	\$ 29,805,956
Contributions in relation to the contractually required contribution	(25,104,314)	(27,643,539)	(29,805,956)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 148,684,016	155,886,834	162,112,201
Contributions as a percentage of covered-employee payroll (excluding HTCF)	16.88%	17.73%	18.39%

** GASB Statement No. 68 was implemented during fiscal year 2015.
As information becomes available, each subsequent year will be added
until a full 10-year trend is compiled.

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

Notes to Required Supplementary Information

June 30, 2017

NOTE 1: GENERAL FUND BUDGETARY INFORMATION

Prior to July 1, 2015, the General Fund annual budget was adopted on a basis consistent with US GAAP. While a budget basis is similar to a cash basis – in that revenues are recognized when cash is received, and expenditures are recorded when payments are made – a US GAAP basis budget, on the other hand, includes, for example, accruals for compensation earned but not paid as of fiscal year end, and recognition of deferred revenues. The District's other funds are also budgeted on a US GAAP basis.

The significant differences between the General Fund's adopted and amended budgets are as follows:

- \$3.2 million increase in total program funding resulting from increased per pupil revenue and student growth;
- \$4.4 million increase in mill levy override dollars due to increased property values;
- \$1.1 million increase in miscellaneous revenues primarily due to a reclassification of certain revenues from the charges for services category;
- \$1.2 million net decrease in salaries and benefits primarily due to vacancies that were filled at a lower cost than anticipated; and,
- \$650 thousand increase in capital outlay due to anticipated playground projects funded by the Mill Levy Override.

During the current fiscal year, the District received federal interest income of \$1.4 million as a subsidy from issuing Direct Pay Build America Bonds, Series 2010B.

Expenditures for the Risk Management Fund, a sub-fund of the General Fund, of \$6,574,850 exceeded budgeted appropriations of \$3,595,552 due to an unforeseen legal matter. This may be a violation of state statute. An additional allocation from the General Fund to the Risk Management Fund was approved by the District Board of Education to offset this additional cost.

NOTE 2: NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

The schedules presented will illustrate a 10-year trend. However, since the District did not implement GASB Statement No. 68 until fiscal year 2015, only three years are presented in these prior schedules. As information is available, each subsequent year will be added until the full 10-year trend is compiled.

The Schedule of the District's Proportionate Share of the Net Pension Liability presents amounts as determined at December 31st of each fiscal year. *The Schedule of District Contributions* presents amounts based on the District's fiscal year of June 30th.

SUPPLEMENTARY SCHEDULES – GOVERNMENTAL FUNDS

Major Governmental Funds

Bond Redemption Fund – The *Bond Redemption Fund* is a debt service fund used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Building Fund – The *Building Fund* is a capital projects fund that accounts for the proceeds of bond sales and expenditures for capital outlay for land, buildings, improvements of grounds, construction of buildings, additions or remodeling of buildings or initial, additional and replacement equipment. Although this fund no longer meets the minimum criteria to be reported as a major fund, the District has elected to report it as such.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2017**

	Original Budget	2nd Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 41,752,128	\$ 51,631,000	\$ 52,251,159	\$ 620,159
Investment income	2,000	27,000	50,090	23,090
Total revenues	<u>41,754,128</u>	<u>51,658,000</u>	<u>52,301,249</u>	<u>643,249</u>
Expenditures				
Debt principal	18,145,000	18,145,000	18,145,000	-
Debt interest	17,388,477	21,910,379	21,910,379	-
Fiscal charges	10,000	232,000	214,070	17,930
Total expenditures	<u>35,543,477</u>	<u>40,287,379</u>	<u>40,269,449</u>	<u>17,930</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>6,210,651</u>	<u>11,370,621</u>	<u>12,031,800</u>	<u>661,179</u>
Other Financing Sources (Uses)				
Issuance of refunding bonds, coupons	-	14,390,000	14,390,000	-
Premium on bonds issued	-	2,430,004	2,430,004	-
Payment to refunded bond escrow agent	-	(17,032,347)	(17,032,347)	-
Total other financing sources (uses)	<u>-</u>	<u>(212,343)</u>	<u>(212,343)</u>	<u>-</u>
Net change in fund balances	<u>\$ 6,210,651</u>	11,158,278	11,819,457	<u>\$ 661,179</u>
Fund balance, beginning		<u>43,375,929</u>	<u>43,375,929</u>	
Fund balance, ending		<u>\$ 54,534,207</u>	<u>\$ 55,195,386</u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Building Fund
For the Year Ended June 30, 2017**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 25,000	\$ 750,000	\$ 1,209,493	\$ 459,493
Miscellaneous	-	35,000	4,352	(30,648)
Total revenues	<u>25,000</u>	<u>785,000</u>	<u>1,213,845</u>	<u>428,845</u>
Expenditures				
Salaries	278,500	510,000	360,889	149,111
Benefits	83,000	138,000	104,244	33,756
Purchased services	2,500,000	9,393,658	9,541,489	(147,831)
Supplies and materials	10,000	100,000	-	100,000
Capital outlay	3,921,361	50,000,000	19,167,192	30,832,808
Other	10,000	50,000	3,705	46,295
Total expenditures	<u>6,802,861</u>	<u>60,191,658</u>	<u>29,177,519</u>	<u>31,014,139</u>
Excess (deficiency) of revenues over (under) expenditures	(6,777,861)	(59,406,658)	(27,963,674)	31,442,984
Other Financing Sources				
Proceeds of bonds	-	200,000,000	200,000,000	-
Premium received on issuance of bonds	-	23,640,238	23,640,238	-
Total other financing sources	<u>-</u>	<u>223,640,238</u>	<u>223,640,238</u>	<u>-</u>
Net change in fund balances	<u>\$ (6,777,861)</u>	164,233,580	195,676,564	<u>\$ 31,442,984</u>
Fund balance, beginning		<u>7,444,683</u>	<u>7,444,683</u>	
Fund balance, ending		<u>\$ 171,678,263</u>	<u>\$ 203,121,247</u>	

See the accompanying Independent Auditors' Report.

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SUPPLEMENTARY SCHEDULES – GOVERNMENTAL FUNDS

Nonmajor Capital Projects Fund

Capital Reserve Capital Projects Fund – This fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the ongoing capital outlay needs of the District, such as equipment purchases.

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources including those requiring separate accounting because of legal or regulatory provisions that legally restrict expenditures to specified purposes.

- *Community Education Fund* – This fund is used to record the tuition-based activities including driver's education, summer school, child care, enrichment, and preschool.
- *Fair Contributions Fund* – In accordance with intergovernmental agreements, this fund is used to collect money for the acquisition, development, or expansion of public school sites based on impacts created by residential subdivisions.
- *Nutrition Services Fund* – The *Nutrition Services Fund* accounts for the financial transaction related to the food service operations of the District.
- *Student Activity Fund* – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. Revenues of this fund are primarily from student fees, gate receipts, and gifts.

St. Vrain Valley School District RE-1J

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	Capital Reserve Capital Projects Fund
	<u> </u>
Assets	
Cash and investments	\$ 7,335,357
Accounts receivable	-
Grants receivable	-
Prepays	-
Deposits	280
Inventories	-
	<u> </u>
Total assets	<u>\$ 7,335,637</u>
Liabilities	
Accounts payable	\$ 583,594
Due to other funds	209,580
Accrued salaries and benefits	-
Unearned revenues	-
	<u> </u>
Total liabilities	<u>793,174</u>
Fund Balances	
Nonspendable: deposits, inventories, prepaids	280
Restricted: special revenue funds	-
Committed: capital projects	6,542,183
Committed: special revenue fund	-
	<u> </u>
Total fund balances	<u>6,542,463</u>
Total liabilities and fund balances	<u>\$ 7,335,637</u>

See the accompanying Independent Auditors' Report.

Special Revenue Funds				Total Nonmajor Governmental Funds
Community Education	Fair Contributions	Nutrition Services	Student Activity	
\$ 3,155,217	\$ 7,513,285	\$ 2,105,631	\$ 4,878,724	\$ 24,988,214
21,553	-	17,984	17,543	57,080
-	-	86,304	-	86,304
-	-	1,000	-	1,000
-	-	-	-	280
-	-	455,282	-	455,282
<u>\$ 3,176,770</u>	<u>\$ 7,513,285</u>	<u>\$ 2,666,201</u>	<u>\$ 4,896,267</u>	<u>\$ 25,588,160</u>
\$ 25,385	\$ 151,548	\$ 73,957	\$ 44,007	\$ 878,491
-	-	-	-	209,580
396,910	-	135,484	9,197	541,591
36,358	-	-	16,380	52,738
<u>458,653</u>	<u>151,548</u>	<u>209,441</u>	<u>69,584</u>	<u>1,682,400</u>
-	-	456,282	-	456,562
2,718,117	-	2,000,478	4,826,683	9,545,278
-	-	-	-	6,542,183
-	7,361,737	-	-	7,361,737
<u>2,718,117</u>	<u>7,361,737</u>	<u>2,456,760</u>	<u>4,826,683</u>	<u>23,905,760</u>
<u>\$ 3,176,770</u>	<u>\$ 7,513,285</u>	<u>\$ 2,666,201</u>	<u>\$ 4,896,267</u>	<u>\$ 25,588,160</u>

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

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

	Capital Reserve Capital Projects Fund
	<u> </u>
Revenues	
Intergovernmental	\$ 6,500,407
Investment income	63,853
Charges for services	-
Pupil activities	-
Miscellaneous	203,551
State intergovernmental	-
Federal intergovernmental	-
	<u> </u>
Total revenues	<u>6,767,811</u>
 Expenditures	
Instruction	-
Supporting services	-
Food service operations	-
Capital expenditures/outlay	7,092,579
	<u> </u>
Total expenditures	<u>7,092,579</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(324,768)</u>
 Other Financing Sources (Uses)	
Transfers in	-
Transfers out	-
	<u> </u>
Total other financing sources (uses)	<u>-</u>
Net changes in fund balances	(324,768)
Fund balances, beginning	<u>6,867,231</u>
Fund balances, ending	<u><u>\$ 6,542,463</u></u>

See the accompanying Independent Auditors' Report.

Special Revenue Funds				Total Nonmajor Governmental Funds
Community Education	Fair Contributions	Nutrition Services	Student Activity	
\$ -	\$ -	\$ -	\$ -	\$ 6,500,407
22,634	52,049	8,868	31,730	179,134
7,221,783	-	3,328,893	-	10,550,676
-	-	-	7,227,224	7,227,224
-	1,157,140	73,724	-	1,434,415
-	-	159,105	-	159,105
-	-	5,985,630	-	5,985,630
<u>7,244,417</u>	<u>1,209,189</u>	<u>9,556,220</u>	<u>7,258,954</u>	<u>32,036,591</u>
5,078,592	-	-	6,025,037	11,103,629
1,650,855	249,585	-	669,829	2,570,269
-	-	9,447,360	-	9,447,360
<u>99,577</u>	<u>529,140</u>	<u>59,940</u>	<u>39,133</u>	<u>7,820,369</u>
<u>6,829,024</u>	<u>778,725</u>	<u>9,507,300</u>	<u>6,733,999</u>	<u>30,941,627</u>
<u>415,393</u>	<u>430,464</u>	<u>48,920</u>	<u>524,955</u>	<u>1,094,964</u>
2,340	-	-	-	2,340
-	-	-	(2,340)	(2,340)
<u>2,340</u>	<u>-</u>	<u>-</u>	<u>(2,340)</u>	<u>-</u>
417,733	430,464	48,920	522,615	1,094,964
<u>2,300,384</u>	<u>6,931,273</u>	<u>2,407,840</u>	<u>4,304,068</u>	<u>22,810,796</u>
<u>\$ 2,718,117</u>	<u>\$ 7,361,737</u>	<u>\$ 2,456,760</u>	<u>\$ 4,826,683</u>	<u>\$ 23,905,760</u>

See the accompanying Independent Auditors' Report.

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St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Reserve Capital Projects Fund
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Allocation from General Fund	\$ 5,345,009	\$ 6,335,782	\$ 6,500,407	\$ 164,625
Investment income	28,000	30,000	63,853	33,853
Miscellaneous	<u>75,000</u>	<u>100,000</u>	<u>203,551</u>	<u>103,551</u>
Total revenues	<u>5,448,009</u>	<u>6,465,782</u>	<u>6,767,811</u>	<u>302,029</u>
Expenditures				
Capital expenditures	<u>7,750,000</u>	<u>10,150,000</u>	<u>7,092,579</u>	<u>3,057,421</u>
Total expenditures	<u>7,750,000</u>	<u>10,150,000</u>	<u>7,092,579</u>	<u>3,057,421</u>
Net change in fund balances	<u>\$ (2,301,991)</u>	(3,684,218)	(324,768)	<u>\$ 3,359,450</u>
Fund balance, beginning		<u>6,867,231</u>	<u>6,867,231</u>	
Fund balance, ending		<u>\$ 3,183,013</u>	<u>\$ 6,542,463</u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Education Fund
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 10,000	\$ 18,000	\$ 22,634	\$ 4,634
Charges for services	<u>6,300,000</u>	<u>6,800,000</u>	<u>7,221,783</u>	<u>421,783</u>
Total revenues	<u>6,310,000</u>	<u>6,818,000</u>	<u>7,244,417</u>	<u>426,417</u>
Expenditures				
Instruction	5,900,000	5,700,000	5,078,592	621,408
Support services	750,000	1,000,000	1,650,855	(650,855)
Capital outlay	<u>75,000</u>	<u>200,000</u>	<u>99,577</u>	<u>100,423</u>
Total expenditures	<u>6,725,000</u>	<u>6,900,000</u>	<u>6,829,024</u>	<u>70,976</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(415,000)	(82,000)	415,393	497,393
Other Financing (Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>2,340</u>	<u>2,340</u>
Net change in fund balances	<u><u>\$ (415,000)</u></u>	<u>(82,000)</u>	<u>417,733</u>	<u><u>\$ 499,733</u></u>
Fund balance, beginning		<u>2,300,384</u>	<u>2,300,384</u>	
Fund balance, ending		<u><u>\$ 2,218,384</u></u>	<u><u>\$ 2,718,117</u></u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Fair Contributions Fund
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 65,000	\$ 65,000	\$ 52,049	\$ (12,951)
Cash in lieu	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,157,140</u>	<u>(242,860)</u>
Total revenues	<u>1,465,000</u>	<u>1,465,000</u>	<u>1,209,189</u>	<u>(255,811)</u>
Expenditures				
Purchased services	150,000	100,000	249,135	(149,135)
Capital outlay	8,295,643	8,296,273	529,140	7,767,133
Other	<u>-</u>	<u>-</u>	<u>450</u>	<u>(450)</u>
Total expenditures	<u>8,445,643</u>	<u>8,396,273</u>	<u>778,725</u>	<u>7,617,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,980,643)</u>	(6,931,273)	430,464	<u>\$ 7,361,737</u>
Fund balance, beginning		<u>6,931,273</u>	<u>6,931,273</u>	
Fund balance, ending		<u>\$ -</u>	<u>\$ 7,361,737</u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nutrition Services Fund
For the Year Ended June 30, 2017**

	Original Budget	2nd Amended Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Investment income	\$ 2,000	\$ 6,000	\$ 8,868	\$ 2,868
Charges for services	3,400,000	3,430,000	3,328,893	(101,107)
Other food service charges	25,000	35,000	73,724	38,724
State match	159,000	157,785	159,105	1,320
Commodities entitlement	726,098	726,098	773,829	47,731
National School Lunch/Breakfast Program	5,299,126	5,195,000	5,211,801	16,801
	<u>9,611,224</u>	<u>9,549,883</u>	<u>9,556,220</u>	<u>6,337</u>
Expenditures				
Salaries	3,278,227	3,197,992	3,162,369	35,623
Benefits	1,277,636	1,273,691	1,219,412	54,279
Purchased services	160,000	190,000	217,429	(27,429)
Supplies and materials	4,733,907	4,837,577	4,748,150	89,427
Capital outlay	75,000	75,000	59,940	15,060
Other	100,000	100,000	100,000	-
	<u>9,624,770</u>	<u>9,674,260</u>	<u>9,507,300</u>	<u>166,960</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (13,546)</u>	(124,377)	48,920	<u>\$ 173,297</u>
Fund balance, beginning		<u>2,407,840</u>	<u>2,407,840</u>	
Fund balance, ending		<u>\$ 2,283,463</u>	<u>\$ 2,456,760</u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity Fund
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 13,000	\$ 14,000	\$ 31,730	\$ 17,730
Athletic activities	2,178,000	2,300,000	2,575,724	275,724
Pupil activities	3,405,000	3,500,000	3,698,243	198,243
PTO/Gift activities	827,000	660,000	953,257	293,257
	<u>6,423,000</u>	<u>6,474,000</u>	<u>7,258,954</u>	<u>784,954</u>
Expenditures				
Athletic activities	3,547,404	3,841,234	2,402,240	1,438,994
Pupil activities	5,611,611	5,743,218	3,489,034	2,254,184
PTO/Gift activities	1,399,608	1,193,616	840,536	353,080
Resources to agency fund	-	-	2,189	(2,189)
	<u>10,558,623</u>	<u>10,778,068</u>	<u>6,733,999</u>	<u>4,044,069</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(4,135,623)	(4,304,068)	524,955	4,829,023
Other Financing Sources				
Transfers out	-	-	(2,340)	(2,340)
	<u>-\$ (4,135,623)</u>	<u>(4,304,068)</u>	<u>522,615</u>	<u>\$ 4,826,683</u>
Fund balance, beginning		<u>4,304,068</u>	<u>4,304,068</u>	
Fund balance, ending		<u>\$ -</u>	<u>\$ 4,826,683</u>	

See the accompanying Independent Auditors' Report.

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SUPPLEMENTARY SCHEDULES – PROPRIETARY FUND

Internal Service Fund

Internal Service Funds may be used to accumulate and allocate costs internally among governmental functions. The District's only internal service fund is the *Self Insurance Fund* which accounts for the specific medical and dental health plans of the District.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Self Insurance Fund
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 19,000	\$ 19,000	\$ 45,779	\$ 26,779
Charges for services	16,000,000	16,500,000	16,326,094	(173,906)
Miscellaneous	-	-	235,508	235,508
Total revenues	<u>16,019,000</u>	<u>16,519,000</u>	<u>16,607,381</u>	<u>88,381</u>
Expenditures				
Salaries	170,300	156,000	155,889	111
Benefits	53,200	46,000	46,486	(486)
Purchased services	2,000,000	2,100,000	1,965,470	134,530
Supplies and materials	5,000	5,000	36	4,964
Other	-	275,000	256,661	18,339
Claims paid	<u>13,500,000</u>	<u>14,520,000</u>	<u>13,685,049</u>	<u>834,951</u>
Total expenditures	<u>15,728,500</u>	<u>17,102,000</u>	<u>16,109,591</u>	<u>992,409</u>
Change in net position	<u>\$ 290,500</u>	(583,000)	497,790	<u>\$ 1,080,790</u>
Net position, beginning		<u>4,157,720</u>	<u>4,157,720</u>	
Net position, ending		<u>\$ 3,574,720</u>	<u>\$ 4,655,510</u>	

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY SCHEDULES – FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. Of the four fiduciary funds categories (pension trust funds, investment trust funds, private-purpose trust funds, and agency funds), the District has the following two:

- Private purpose trust funds account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is the *Student Scholarship Fund*.
- Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only agency fund is the *Student Activity Fund* which is used to record financial transactions related to school-sponsored pupil and athletic events. Additions to this fund are primarily from student fund-raising activities.

St. Vrain Valley School District RE-1J

**Schedule of Additions, Deductions and Changes in Fiduciary Net Position - Budget and Actual
Student Scholarship Fund
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Additions				
Investment income	\$ 450	\$ 500	\$ 1,199	\$ 699
Contributions	<u>50,000</u>	<u>50,000</u>	<u>34,902</u>	<u>(15,098)</u>
Total additions	<u>50,450</u>	<u>50,500</u>	<u>36,101</u>	<u>(14,399)</u>
Deductions				
Scholarships	<u>50,450</u>	<u>50,500</u>	<u>32,352</u>	<u>18,148</u>
Total deductions	<u>50,450</u>	<u>50,500</u>	<u>32,352</u>	<u>18,148</u>
Change in net position	<u>\$ -</u>	<u>-</u>	<u>3,749</u>	<u>\$ 3,749</u>
Net position, beginning		<u>219,763</u>	<u>219,763</u>	
Net position, ending		<u>\$ 219,763</u>	<u>\$ 223,512</u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Assets				
Cash and investments	\$ 177,628	\$ 204,711	\$ 187,430	\$ 194,909
Accounts receivable	85	12,879	85	12,879
Total assets	<u>\$ 177,713</u>	<u>\$ 217,590</u>	<u>\$ 187,515</u>	<u>\$ 207,788</u>
Liabilities				
Accounts payable	\$ 138	\$ 340	\$ 138	\$ 340
Deferred additions	-	6,750	-	6,750
Undistributed monies	177,575	210,500	187,377	200,698
Total liabilities	<u>\$ 177,713</u>	<u>\$ 217,590</u>	<u>\$ 187,515</u>	<u>\$ 207,788</u>

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Additions, Deductions and Changes in Undistributed Monies - Budget and Actual
Student Activity (Agency) Fund
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Additions				
Elementary Schools	\$ 50,000	\$ 90,000	\$ 106,285	\$ 16,285
Middle Schools	26,000	27,000	16,887	(10,113)
High Schools	40,000	45,000	49,296	4,296
Other additions	-	-	35,843	35,843
Resources from special revenue funds	-	-	2,189	2,189
Total additions	<u>116,000</u>	<u>162,000</u>	<u>210,500</u>	<u>48,500</u>
Deductions				
Elementary Schools	106,533	175,898	94,814	81,084
Middle Schools	65,731	44,503	19,593	24,910
High Schools	96,852	117,494	51,076	66,418
Other deductions	<u>6,240</u>	<u>1,680</u>	<u>21,894</u>	<u>(20,214)</u>
Total deductions	<u>275,356</u>	<u>339,575</u>	<u>187,377</u>	<u>152,198</u>
Change in undistributed monies	<u>\$ (159,356)</u>	(177,575)	23,123	<u>\$ 200,698</u>
Undistributed monies, beginning		<u>177,575</u>	<u>177,575</u>	
Undistributed monies, ending		<u>\$ -</u>	<u>\$ 200,698</u>	

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY SCHEDULES – COMPONENT UNITS

Charter Schools

Aspen Ridge Preparatory School began operations in the fall of fiscal year 2012 to serve students in grades K through 5. In October 2014, the charter was renewed to serve grades K through 8. The school is located in Erie (Weld County).

Carbon Valley Academy, located in Frederick (Weld County), began operations in the fall of fiscal year 2006 to serve students in grades pre-K through 8. In 2009 the school opened a secondary academy with grade 9 and planned to add a grade each year until 12th grade. However, the secondary academy was closed in December 2010.

Flagstaff Academy also began operations in the fall of fiscal year 2006 serving students in grades pre-K through 8. The school is located in Longmont (Boulder County).

Imagine Charter School at Firestone (Weld County) began operations in the fall of fiscal year 2009 to serve students grades pre-K through 8.

St. Vrain Community Montessori School began operations in the fall of fiscal year 2009 serving students in grades K through 2. The school, currently located in Longmont (Boulder County), added a grade each year until 6th grade. In October 2013, the charter was renewed to serve grades pre-K through 8, adding grade 7 in fiscal year 2015 and grade 8 in fiscal year 2016.

Twin Peaks Charter Academy, located in Longmont (Boulder County), began operations in the fall of fiscal year 1998 to serve students in grades K through 8. In 2012, the school opened a secondary academy with grades 9 and 10 and added a grade each year until 12th grade.

St. Vrain Valley School District RE-1J

**Combining Statement of Net Position
Component Units
June 30, 2017**

	Aspen Ridge Preparatory School	Carbon Valley Academy	Flagstaff Academy
Assets			
Cash and investments	\$ 1,731,588	\$ 872,532	\$ 3,898,665
Accounts receivable	311	-	12,777
Grants receivable	59,572	-	-
Prepays	43,561	8,270	56,458
Deposits	600	-	-
Restricted cash and investments	1,466,136	564,707	1,259,739
Capital assets,			
Non-depreciable	765,310	1,158,251	349,882
Depreciable, net	8,450,465	2,882,541	9,425,580
Total assets	<u>12,517,543</u>	<u>5,486,301</u>	<u>15,003,101</u>
Deferred outflows of resources			
Related to debt	-	-	1,446,413
Related to pensions	4,592,385	3,086,043	10,287,038
Total deferred outflows of resources	<u>4,592,385</u>	<u>3,086,043</u>	<u>11,733,451</u>
Liabilities			
Accounts payable	69,585	25,612	26,609
Due to primary government	59,572	663	9,942
Accrued salaries and benefits	103,079	106,959	348,778
Accrued interest payable	279,300	22,023	226,120
Unearned revenue	24,188	-	55,420
Noncurrent liabilities			
Due within one year	180,000	120,000	230,000
Due in more than one year	11,055,000	4,285,000	13,843,702
Pension liability	8,798,164	7,541,936	24,960,409
Total liabilities	<u>20,568,888</u>	<u>12,102,193</u>	<u>39,700,980</u>
Deferred inflows of resources			
Related to pensions	<u>39,752</u>	<u>261,012</u>	<u>112,777</u>
Net Position			
Net investment in capital assets	(553,089)	(957,752)	(3,388,383)
Restricted for			
Emergencies	97,000	70,000	245,000
Debt service	-	-	-
Unrestricted	<u>(3,042,623)</u>	<u>(2,903,109)</u>	<u>(9,933,822)</u>
Total net position	<u>\$ (3,498,712)</u>	<u>\$ (3,790,861)</u>	<u>\$ (13,077,205)</u>

See the accompanying Independent Auditors' Report.

			Component Units
Imagine Charter School at Firestone	St Vrain Community Montessori School	Twin Peaks Charter Academy	Total Charter Schools
\$ 2,171,443	\$ 924,034	\$ 3,598,071	\$ 13,196,333
31,503	2,505	250	47,346
-	-	-	59,572
10,892	29,681	29,435	178,297
-	13,841	-	14,441
-	-	2,490,595	5,781,177
-	7,250	2,761,981	5,042,674
-	53,419	19,893,130	40,705,135
<u>2,213,838</u>	<u>1,030,730</u>	<u>28,773,462</u>	<u>65,024,975</u>
-	-	2,955,785	4,402,198
5,970,739	3,121,057	10,004,415	37,061,677
<u>5,970,739</u>	<u>3,121,057</u>	<u>12,960,200</u>	<u>41,463,875</u>
2,475	22,849	134,895	282,025
-	-	7,632	77,809
179,249	8,836	404,583	1,151,484
-	-	203,110	730,553
39,578	128,507	3,335	251,028
10,655	-	470,000	1,010,655
42,108	-	25,560,123	54,785,933
<u>14,343,581</u>	<u>6,839,179</u>	<u>24,261,991</u>	<u>86,745,260</u>
<u>14,617,646</u>	<u>6,999,371</u>	<u>51,045,669</u>	<u>145,034,747</u>
91,537	30,901	109,622	645,601
-	53,419	(884,417)	(5,730,222)
165,000	66,000	242,005	885,005
-	-	807,523	807,523
<u>(6,689,606)</u>	<u>(2,997,904)</u>	<u>(9,586,740)</u>	<u>(35,153,804)</u>
<u>\$ (6,524,606)</u>	<u>\$ (2,878,485)</u>	<u>\$ (9,421,629)</u>	<u>\$ (39,191,498)</u>

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Combining Statement of Activities
Component Units
For the Year Ended June 30, 2017**

	Aspen Ridge Preparatory School	Carbon Valley Academy	Flagstaff Academy
	<u> </u>	<u> </u>	<u> </u>
Expenses			
Instruction	\$ 2,902,142	\$ 2,409,804	\$ 8,189,984
Supporting services	2,169,586	1,319,710	3,847,108
Interest expense	558,600	251,094	594,828
Total expenses	<u>5,630,328</u>	<u>3,980,608</u>	<u>12,631,920</u>
 Program Revenues			
Charges for Services	323,624	120,873	955,040
Operating Grants and Contributions	163,674	83,055	185,303
Capital Grants and Contributions	102,983	58,364	231,427
Total program revenues	<u>590,281</u>	<u>262,292</u>	<u>1,371,770</u>
 General Revenues			
Per pupil revenue	2,691,670	1,478,277	6,048,818
Mill levy override	131,087	551,426	966,264
Interest income	3,912	3,969	26,031
Other	5,355	128,264	30,923
Capital contribution	83,160	210,080	349,882
Total general revenues	<u>2,915,184</u>	<u>2,372,016</u>	<u>7,421,918</u>
 Change in net position	(2,124,863)	(1,346,300)	(3,838,232)
Net position, beginning	<u>(1,373,849)</u>	<u>(2,444,561)</u>	<u>(9,238,973)</u>
Net position, ending	<u>\$ (3,498,712)</u>	<u>\$ (3,790,861)</u>	<u>\$ (13,077,205)</u>

See the accompanying Independent Auditors' Report.

Imagine Charter School at Firestone	St Vrain Community Montessori School	Twin Peaks Charter Academy	Component Units
			Total Charter Schools
\$ 4,997,539	\$ 2,203,166	\$ 6,958,992	\$ 27,661,627
3,517,589	1,312,188	4,434,187	16,600,368
-	-	1,207,531	2,612,053
<u>8,515,128</u>	<u>3,515,354</u>	<u>12,600,710</u>	<u>46,874,048</u>
519,255	325,839	204,030	2,448,661
92,119	210,387	99,468	834,006
<u>148,297</u>	<u>53,782</u>	<u>252,196</u>	<u>847,049</u>
<u>759,671</u>	<u>590,008</u>	<u>555,694</u>	<u>4,129,716</u>
3,878,210	1,405,706	6,591,651	22,094,332
791,451	159,222	1,181,380	3,780,830
-	2,286	14,775	50,973
337,229	108,731	27	610,529
<u>5,648</u>	<u>5,000</u>	<u>247,376</u>	<u>901,146</u>
<u>5,012,538</u>	<u>1,680,945</u>	<u>8,035,209</u>	<u>27,437,810</u>
(2,742,919)	(1,244,401)	(4,009,807)	(15,306,522)
<u>(3,781,687)</u>	<u>(1,634,084)</u>	<u>(5,411,822)</u>	<u>(23,884,976)</u>
<u>\$ (6,524,606)</u>	<u>\$ (2,878,485)</u>	<u>\$ (9,421,629)</u>	<u>\$ (39,191,498)</u>

See the accompanying Independent Auditors' Report.



**STATISTICAL SECTION
(UNAUDITED)**

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**St. Vrain Valley School District RE-1J
STATISTICAL SECTION**

This section of the District’s comprehensive annual financial report presents detailed information to provide readers of the financial statements, note disclosures, and required supplementary schedules an additional understanding with regard to the District’s overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends	
The schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	108 – 119
Revenue Capacity	
The schedules contain information to help the reader assess the District’s most significant local and state revenue sources.....	120 – 124
Debt Capacity	
The schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	125 – 129
Demographic and Economic Information	
The schedules offer demographic and economic indicators to help the reader understand the environment with which the District’s financial activities take place.	130 – 135
Operating Information	
The schedules contain information to help the reader understand the staffing of the District, student population it serves, and capital asset data.....	136 - 143

Sources: Unless otherwise noted, the information in the schedules is derived from the comprehensive annual financial reports for the relevant year.

St. Vrain Valley School District RE-1J
Financial Trends
Net Position by Component
Accrual Basis of Accounting
Last Ten Fiscal Years
(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets (1)	\$ 17,752,278	\$ 16,389,200	\$ 5,837,277	\$ 1,650,384
Restricted	36,348,780	43,552,511	48,873,296	41,903,392
Unrestricted	<u>14,481,434</u>	<u>35,783,693</u>	<u>41,983,603</u>	<u>49,879,868</u>
Total governmental net position	<u>68,582,492</u>	<u>95,725,404</u>	<u>96,694,176</u>	<u>93,433,644</u>
Business-type activities (2)				
Net investment in capital assets	926,902	1,075,631	1,042,353	908,812
Restricted	-	-	-	-
Unrestricted	<u>695,203</u>	<u>476,099</u>	<u>967,637</u>	<u>1,534,339</u>
Total business-type net position	<u>1,622,105</u>	<u>1,551,730</u>	<u>2,009,990</u>	<u>2,443,151</u>
Primary government				
Net investment in capital assets	18,679,180	17,464,831	6,879,630	2,559,196
Restricted	36,348,780	43,552,511	48,873,296	41,903,392
Unrestricted	<u>15,176,637</u>	<u>36,259,792</u>	<u>42,951,240</u>	<u>51,414,207</u>
Total primary government net position	<u>\$ 70,204,597</u>	<u>\$ 97,277,134</u>	<u>\$ 98,704,166</u>	<u>\$ 95,876,795</u>

Note 1: Based on a GASB implementation guide, the District changed its computation of net investment in capital assets in FY09

Note 2: Due to change in accounting effective July 1, 2014, Nutrition Services was no longer reported as a business-type activity but, rather, included in governmental activities.

Note 3: Due to the implementation of GASB Statements No. 68 and 71 in FY15, the District recognized its share of the net pension liability, resulting in a deficit net position.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (3)</u>	<u>2016</u>	<u>2017</u>
\$ (4,553,120)	\$ 5,975,997	\$ 4,819,681	\$ 4,340,004	\$ 6,071,204	\$ 11,775,724
42,346,312	43,513,161	47,616,074	50,736,515	62,443,429	281,601,451
52,817,264	74,351,302	75,262,484	(355,968,501)	(365,795,314)	(733,090,324)
<u>90,610,456</u>	<u>123,840,460</u>	<u>127,698,239</u>	<u>(300,891,982)</u>	<u>(297,280,681)</u>	<u>(439,713,149)</u>
1,201,873	1,137,800	1,046,337	-	-	-
-	-	-	-	-	-
1,957,064	2,065,046	2,226,743	-	-	-
<u>3,158,937</u>	<u>3,202,846</u>	<u>3,273,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,351,247)	7,113,797	5,866,018	4,340,004	6,071,204	11,775,724
42,346,312	43,513,161	47,616,074	50,736,515	62,443,429	281,601,451
54,774,328	76,416,348	77,489,227	(355,968,501)	(365,795,314)	(733,090,324)
<u>\$ 93,769,393</u>	<u>\$ 127,043,306</u>	<u>\$ 130,971,319</u>	<u>\$ (300,891,982)</u>	<u>\$ (297,280,681)</u>	<u>\$ (439,713,149)</u>

St. Vrain Valley School District RE-1J
Financial Trends
Changes in Net Position
Accrual Basis of Accounting
Last Ten Fiscal Years
(Unaudited)

	2008	2009	2010	2011
Expenses				
Governmental activities:				
Instruction	\$ 122,240,743	\$ 127,681,937	\$ 136,783,787	\$ 154,559,432
Supporting services	60,629,900	69,745,866	106,835,640	92,466,787
Interest	15,500,560	15,845,498	19,182,556	20,837,721
Total governmental activities expenses	<u>198,371,203</u>	<u>213,273,301</u>	<u>262,801,983</u>	<u>267,863,940</u>
Business-type activities:				
Food services	7,069,557	7,825,813	7,795,085	8,155,509
Total primary government expenses	<u>\$ 205,440,760</u>	<u>\$ 221,099,114</u>	<u>\$ 270,597,068</u>	<u>\$ 276,019,449</u>
Program Revenues				
Governmental activities:				
Charges for services				
Tuition and fees	\$ 7,167,010	\$ 8,182,298	\$ 11,324,592	\$ 10,924,440
Internal charges	731,765	1,892,602	2,033,494	1,594,055
Operating grants and contributions	13,200,675	14,558,258	19,607,144	26,905,761
Capital grants and contributions	507,755	199,537	452,712	334,803
Total governmental activities program revenues	<u>21,607,205</u>	<u>24,832,695</u>	<u>33,417,942</u>	<u>39,759,059</u>
Business-type activities: (1)				
Charges for services	3,574,268	3,776,079	3,911,304	3,709,186
Operating grants and contributions	3,106,894	3,661,169	4,206,325	4,878,818
Capital grants and contributions	-	312,655	135,146	-
Total business-type activities program revenues	<u>6,681,162</u>	<u>7,749,903</u>	<u>8,252,775</u>	<u>8,588,004</u>
Total primary government program revenues	<u>\$ 28,288,367</u>	<u>\$ 32,582,598</u>	<u>\$ 41,670,717</u>	<u>\$ 48,347,063</u>
Net (expense) / revenue				
Governmental activities	\$ (176,763,998)	\$ (188,440,606)	\$ (229,384,041)	\$ (228,104,881)
Business-type activities	(388,395)	(75,910)	457,690	432,495
Total primary government net expense	<u>\$ (177,152,393)</u>	<u>\$ (188,516,516)</u>	<u>\$ (228,926,351)</u>	<u>\$ (227,672,386)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 83,233,225	\$ 88,457,619	\$ 91,637,477	\$ 91,600,278
Specific ownership taxes	6,047,704	6,054,107	6,023,739	5,805,254
Mill levy override	-	15,923,875	17,385,887	17,180,635
State equalization	90,264,910	100,658,351	110,042,029	101,290,756
Investment income	4,350,866	1,690,910	1,361,173	2,014,620
Other	1,330,495	2,798,656	3,902,508	6,952,806
Transfers	-	-	-	-
Total governmental activities	<u>185,227,200</u>	<u>215,583,518</u>	<u>230,352,813</u>	<u>224,844,349</u>
Business-type activities:				
Investment income	23,926	5,535	570	666
Transfers	-	-	-	-
Total business-type activities	<u>23,926</u>	<u>5,535</u>	<u>570</u>	<u>666</u>
Total primary government	<u>\$ 185,251,126</u>	<u>\$ 215,589,053</u>	<u>\$ 230,353,383</u>	<u>\$ 224,845,015</u>
Change in Net Position				
Governmental activities	\$ 8,463,202	\$ 27,142,912	\$ 968,772	\$ (3,260,532)
Business-type activities	(364,469)	(70,375)	458,260	433,161
Total primary government	<u>\$ 8,098,733</u>	<u>\$ 27,072,537</u>	<u>\$ 1,427,032</u>	<u>\$ (2,827,371)</u>

Note 1: Due to change in accounting effective July 1, 2014, Nutrition Services was no longer reported as a business-type activity but, rather, included in governmental activities.

2012	2013	2014	2015	2016	2017
\$ 156,466,950	\$ 162,259,184	\$ 178,639,344	\$ 201,741,825	\$ 218,636,924	\$ 347,824,746
87,621,269	82,910,079	102,775,349	122,353,964	122,197,878	158,628,561
20,839,718	20,383,627	19,739,295	13,866,228	14,561,966	20,528,709
<u>264,927,937</u>	<u>265,552,890</u>	<u>301,153,988</u>	<u>337,962,017</u>	<u>355,396,768</u>	<u>526,982,016</u>
8,338,941	8,550,602	8,878,049	-	-	-
<u>\$ 273,266,878</u>	<u>\$ 274,103,492</u>	<u>\$ 310,032,037</u>	<u>\$ 337,962,017</u>	<u>\$ 355,396,768</u>	<u>\$ 526,982,016</u>
\$ 12,478,933	\$ 14,190,837	\$ 15,704,630	\$ 19,348,384	\$ 20,154,234	\$ 21,956,420
1,731,141	1,557,178	1,517,636	1,469,687	1,438,908	1,520,960
19,577,033	19,285,254	25,359,439	34,241,186	33,671,661	34,163,283
514,826	742,088	1,022,765	1,078,391	1,302,197	1,157,140
<u>34,301,933</u>	<u>35,775,357</u>	<u>43,604,470</u>	<u>56,137,648</u>	<u>56,567,000</u>	<u>58,797,803</u>
3,804,775	3,448,430	3,879,122	-	-	-
4,884,351	5,035,106	5,052,608	-	-	-
364,451	109,033	15,396	-	-	-
<u>9,053,577</u>	<u>8,592,569</u>	<u>8,947,126</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 43,355,510</u>	<u>\$ 44,367,926</u>	<u>\$ 52,551,596</u>	<u>\$ 56,137,648</u>	<u>\$ 56,567,000</u>	<u>\$ 58,797,803</u>
\$ (230,626,004)	\$ (229,777,533)	\$ (257,549,518)	\$ (281,824,369)	\$ (298,829,768)	\$ (468,184,213)
714,636	41,967	69,077	-	-	-
<u>\$ (229,911,368)</u>	<u>\$ (229,735,566)</u>	<u>\$ (257,480,441)</u>	<u>\$ (281,824,369)</u>	<u>\$ (298,829,768)</u>	<u>\$ (468,184,213)</u>
\$ 94,238,488	\$ 99,933,752	\$ 96,794,464	\$ 97,352,334	\$ 117,616,184	\$ 130,381,255
5,920,333	7,090,842	8,241,096	8,253,685	7,938,746	9,904,649
17,108,522	31,646,447	32,675,735	31,932,829	38,998,710	40,087,329
103,622,720	108,346,576	119,131,699	133,584,264	132,980,049	137,977,278
952,516	770,928	447,054	370,277	537,862	2,192,308
5,960,237	15,218,992	6,677,328	4,889,519	4,369,518	5,208,926
-	-	-	-	-	-
<u>227,802,816</u>	<u>263,007,537</u>	<u>263,967,376</u>	<u>276,382,908</u>	<u>302,441,069</u>	<u>325,751,745</u>
1,150	1,942	1,157	-	-	-
-	-	-	-	-	-
<u>1,150</u>	<u>1,942</u>	<u>1,157</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 227,803,966</u>	<u>\$ 263,009,479</u>	<u>\$ 263,968,533</u>	<u>\$ 276,382,908</u>	<u>\$ 302,441,069</u>	<u>\$ 325,751,745</u>
\$ (2,823,188)	\$ 33,230,004	\$ 6,417,858	\$ (5,441,461)	\$ 3,611,301	\$ (142,432,468)
715,786	43,909	70,234	-	-	-
<u>\$ (2,107,402)</u>	<u>\$ 33,273,913</u>	<u>\$ 6,488,092</u>	<u>\$ (5,441,461)</u>	<u>\$ 3,611,301</u>	<u>\$ (142,432,468)</u>

St. Vrain Valley School District RE-1J
Financial Trends
Governmental Activities
Colorado Public School Finance Act Revenues by Source
Accrual Basis of Accounting
Last Ten Fiscal Years
(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:				
Property taxes	\$ 83,233,225	\$ 88,457,619	\$ 91,637,477	\$ 91,600,278
Specific ownership taxes	6,047,704	6,054,107	6,023,739	5,805,254
State equalization	<u>90,264,910</u>	<u>100,658,351</u>	<u>110,042,029</u>	<u>101,290,756</u>
Total finance act revenues	<u>\$ 179,545,839</u>	<u>\$ 195,170,077</u>	<u>\$ 207,703,245</u>	<u>\$ 198,696,288</u>
Total governmental activities revenues (1)	\$ 206,834,405	\$ 240,416,213	\$ 263,770,755	\$ 264,603,408
Public School Finance Act revenues as percentage of total governmental activities revenues	86.8%	81.2%	78.7%	75.1%

Note 1: Governmental activities revenues are a combination of program revenues and general revenues as shown on page 110-111

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 94,238,488	\$ 99,933,752	\$ 96,794,464	\$ 97,352,334	\$ 117,616,184	\$ 130,381,255
5,920,333	7,090,842	8,241,096	8,253,685	7,938,746	9,904,649
<u>103,622,720</u>	<u>108,346,576</u>	<u>119,131,699</u>	<u>133,584,264</u>	<u>132,980,049</u>	<u>137,977,278</u>
<u>\$ 203,781,541</u>	<u>\$ 215,371,170</u>	<u>\$ 224,167,259</u>	<u>\$ 239,190,283</u>	<u>\$ 258,534,979</u>	<u>\$ 278,263,182</u>
\$ 262,104,749	\$ 298,782,894	\$ 307,571,846	\$ 332,520,556	\$ 359,008,069	\$ 384,549,548
77.7%	72.1%	72.9%	71.9%	72.0%	72.4%

St. Vrain Valley School District RE-1J
Financial Trends
Fund Balances of Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years (1)
(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (3)</u>
General Fund				
Nonspendable	\$ 470,427	\$ 279,157	\$ 368,341	\$ 412,819
Restricted	3,335,550	5,887,253	7,012,090	7,152,152
Committed	1,430,725	4,637,168	6,448,562	6,797,608
Assigned	3,468,174	21,235,851 (2)	22,768,212	23,713,563
Unassigned	6,758,492	3,675,281	5,750,977	8,526,501
Total General Fund	<u>\$ 15,463,368</u>	<u>\$ 35,714,710</u>	<u>\$ 42,348,182</u>	<u>\$ 46,602,643</u>
All Other Governmental Funds				
Nonspendable	\$ 42,257	\$ 42,257	\$ 42,257	\$ 42,257
Restricted	33,013,230	37,665,258	41,861,206	34,751,240
Committed	23,459,105	114,283,595	162,632,220	104,057,163
Assigned	-	-	-	1,712,983
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 56,514,592</u>	<u>\$ 151,991,110</u>	<u>\$ 204,535,683</u>	<u>\$ 140,563,643</u>

Note 1: The District implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during FY11. However, the classifications of fund balance per GASB 54 are presented retroactively.

Note 2: Due to the successful passage of a mill levy override in Nov 2008 & 2012, the District assigned fund balance related to that purpose beginning FY09.

Note 3: The District transferred the Capital Reserve Fund from a special revenue fund type to a capital projects fund type during FY11 which impacted the reporting of some fund balance classifications within that fund.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 436,926	\$ 1,093,153	\$ 550,152	\$ 564,695	\$ 602,083	\$ 635,580
7,058,536	7,253,916	8,255,777	8,581,421	9,102,103	12,208,279
12,435,243	14,714,696	16,712,437	17,356,755	19,457,385	18,671,797
24,551,891	37,334,057	29,144,534	30,313,348	38,441,989	48,397,718
5,409,629	4,126,286	11,494,113	22,041,660	28,127,324	30,688,810
<u>\$ 49,892,225</u>	<u>\$ 64,522,108</u>	<u>\$ 66,157,013</u>	<u>\$ 78,857,879</u>	<u>\$ 95,730,884</u>	<u>\$ 110,602,184</u>
\$ 14,537	\$ 14,537	\$ 606,233	\$ 886,069	\$ 500,271	\$ 533,832
35,287,776	36,259,245	39,360,297	42,155,094	51,997,880	267,784,641
78,979,099	46,545,871	38,120,748	26,529,450	21,133,257	13,903,920
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 114,281,412</u>	<u>\$ 82,819,653</u>	<u>\$ 78,087,278</u>	<u>\$ 69,570,613</u>	<u>\$ 73,631,408</u>	<u>\$ 282,222,393</u>

St. Vrain Valley School District RE-1J
Financial Trends
Changes in Fund Balances of Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(Unaudited)

	2008	2009	2010	2011
Revenues				
Property taxes	\$ 82,001,081	\$ 87,124,649	\$ 92,597,766	\$ 92,576,990
Specific ownership taxes	6,047,704	6,054,107	6,023,739	5,805,254
Mill levy override	-	15,923,875	17,385,887	17,180,635
Investment income	4,324,865	1,690,910	1,361,173	2,014,620
Charges for service	4,949,331	7,072,297	7,492,878	7,572,312
Student activities (1)	2,949,444	3,002,603	5,865,208	5,273,683
Miscellaneous	1,804,691	2,643,533	4,210,074	6,398,209
Local intergovernmental	33,559	24,271	10,000	889,400
State intergovernmental	96,769,997	106,647,109	116,754,564	108,561,877
Federal intergovernmental	7,720,045	8,569,500	12,894,609	19,634,640
Total revenues	<u>\$ 206,600,717</u>	<u>\$ 238,752,854</u>	<u>\$ 264,595,898</u>	<u>\$ 265,907,620</u>
Expenditures				
Instruction	\$ 107,631,101	\$ 118,531,065	\$ 136,127,577	\$ 137,948,105
Supporting services	59,126,506	65,842,654	106,358,121	82,318,652
Student activities (1)	2,839,834	3,317,010	5,588,472	5,351,321
Food service operations (2)	-	-	-	-
Capital outlay	54,797,679	11,845,608	11,933,633	63,702,969
Debt service				
Principal	18,835,000	11,045,000	11,695,000	12,560,000
Interest, bond issuance costs, fiscal charges	15,222,489	16,214,243	19,906,806	23,023,214
Total expenditures	<u>\$ 258,452,609</u>	<u>\$ 226,795,580</u>	<u>\$ 291,609,609</u>	<u>\$ 324,904,261</u>
Excess of revenues over (under) expenditures	<u>(51,851,892)</u>	<u>11,957,274</u>	<u>(27,013,711)</u>	<u>(58,996,641)</u>
Other financing sources (uses)				
Issuance of bonds, coupons	\$ -	\$ 104,000,000	\$ 85,000,000	\$ 65,505,000
Premium received on issuance of bonds	-	504,199	1,191,756	8,370,336
Paid to bond agent	-	(751,347)	-	(74,596,274)
Proceeds from sale of land	-	-	-	-
Capital lease proceeds	-	-	-	-
Lease obligations	-	-	-	-
Transfers in (3)	705,425	377,825	675,521	5,034,643
Transfers out (3)	(705,425)	(360,091)	(675,521)	(5,034,643)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 103,770,586</u>	<u>\$ 86,191,756</u>	<u>\$ (720,938)</u>
Net change in fund balances	<u>\$ (51,851,892)</u>	<u>\$ 115,727,860</u>	<u>\$ 59,178,045</u>	<u>\$ (59,717,579)</u>
Debt service as percentage of noncapital expenditures	<u>16.6%</u>	<u>12.9%</u>	<u>11.7%</u>	<u>13.5%</u>

Note 1: Student Activities was a governmental fund (special revenue fund) until fiscal year 2002. Based on reassessment, the Agency Fund was split into a Special Revenue type and Agency type in fiscal year 2007. However, guidance provided by the Colo Dept of Education in fiscal year 2010 required the District to account for student activities in a special revenue fund.

Note 2: Due to change in accounting effective July 1, 2014, Nutrition Services was no longer reported as a business-type activity but, rather, included in governmental activities.

Note 3: Transfers in may not equal transfers out due to transfers between governmental funds and other fund types.

2012	2013	2014	2015	2016	2017
\$ 94,084,083	\$ 97,617,286	\$ 97,868,432	\$ 95,556,636	\$ 117,473,228	\$ 130,020,812
5,920,333	7,090,842	8,241,096	8,253,685	7,938,746	9,904,649
17,108,522	31,646,447	32,675,735	31,932,829	38,998,710	40,087,329
952,516	768,369	441,771	364,441	518,599	2,146,529
8,823,864	9,657,975	11,233,462	13,976,867	15,193,163	16,250,156
5,386,210	6,090,040	5,988,804	6,841,204	6,399,979	7,227,224
5,962,833	5,870,507	7,684,697	5,815,650	5,671,715	6,137,826
147,779	149,260	-	152,260	-	-
111,631,898	115,745,102	129,412,975	145,784,457	144,672,380	150,399,060
11,567,855	11,886,728	15,078,163	22,040,993	21,979,330	21,741,501
<u>\$ 261,585,893</u>	<u>\$ 286,522,556</u>	<u>\$ 308,625,135</u>	<u>\$ 330,719,022</u>	<u>\$ 358,845,850</u>	<u>\$ 383,915,086</u>
\$ 135,709,381	\$ 139,805,061	\$ 155,545,205	\$ 160,954,003	\$ 175,857,230	\$ 179,215,964
80,315,183	80,357,118	100,099,062	103,793,219	105,198,115	119,633,203
4,544,634	5,047,925	5,737,781	6,416,414	5,969,981	6,694,866
-	-	-	8,960,303	9,184,944	9,447,360
28,764,568	39,198,675	16,466,640	14,786,624	8,167,677	28,619,854
13,060,000	13,870,000	13,360,000	14,205,000	15,225,000	18,145,000
22,209,181	21,597,766	20,513,917	19,139,633	17,946,933	22,124,449
<u>\$ 284,602,947</u>	<u>\$ 299,876,545</u>	<u>\$ 311,722,605</u>	<u>\$ 328,255,196</u>	<u>\$ 337,549,880</u>	<u>\$ 383,880,696</u>
(23,017,054)	(13,353,989)	(3,097,470)	2,463,826	21,295,970	34,390
\$ 35,395,000	\$ -	\$ -	\$ 50,355,000	\$ 115,155,000	\$ 214,390,000
4,224,186	-	-	10,821,491	12,871,395	26,070,242
(39,594,781)	-	-	(61,682,860)	(128,498,887)	(17,032,347)
-	-	-	-	-	-
-	-	-	-	110,322	-
-	-	-	-	-	-
217,592	3,972	50,123	6,669	7,620	2,340
(217,592)	(3,481,859)	(50,123)	(6,669)	(7,620)	(2,340)
<u>\$ 24,405</u>	<u>\$ (3,477,887)</u>	<u>\$ -</u>	<u>\$ (506,369)</u>	<u>\$ (362,170)</u>	<u>\$ 223,427,895</u>
<u>\$ (22,992,649)</u>	<u>\$ (16,831,876)</u>	<u>\$ (3,097,470)</u>	<u>\$ 1,957,457</u>	<u>\$ 20,933,800</u>	<u>\$ 223,462,285</u>
<u>13.1%</u>	<u>13.2%</u>	<u>11.2%</u>	<u>10.3%</u>	<u>9.8%</u>	<u>11.3%</u>

St. Vrain Valley School District RE-1J
Financial Trends
Governmental Activities
Colorado Public School Finance Act Revenues by Source
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:				
Property taxes	\$ 82,001,081	\$ 87,124,649	\$ 92,597,766	\$ 92,576,990
Specific ownership taxes	6,047,704	6,054,107	6,023,739	5,805,254
State equalization	<u>90,264,910</u>	<u>100,658,351</u>	<u>110,042,029</u>	<u>101,290,756</u>
Total finance act revenues	<u>\$ 178,313,695</u>	<u>\$ 193,837,107</u>	<u>\$ 208,663,534</u>	<u>\$ 199,673,000</u>
Total revenues (1)	\$ 206,600,717	\$ 238,752,854	\$ 264,595,898	\$ 265,907,620
Public School Finance Act revenues as percentage of total governmental funds revenues	86.3%	81.2%	78.9%	75.1%

Note 1: As shown on the Changes in Fund Balances of Governmental Funds schedule, pages 116-117

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 94,084,083	\$ 97,617,286	\$ 97,868,432	\$ 95,556,636	\$ 117,473,228	\$ 130,020,812
5,920,333	7,090,842	8,241,096	8,253,685	7,938,746	9,904,649
<u>103,622,720</u>	<u>108,346,576</u>	<u>119,131,699</u>	<u>133,584,264</u>	<u>132,980,049</u>	<u>137,977,278</u>
<u>\$ 203,627,136</u>	<u>\$ 213,054,704</u>	<u>\$ 225,241,227</u>	<u>\$ 237,394,585</u>	<u>\$ 258,392,023</u>	<u>\$ 277,902,739</u>
\$ 261,585,893	\$ 286,522,556	\$ 308,625,135	\$ 330,719,022	\$ 358,845,850	\$ 383,915,086
77.8%	74.4%	73.0%	71.8%	72.0%	72.4%

St. Vrain Valley School District RE-1J
Revenue Capacity
Assessed Value and Estimated Actual Value of Taxable Property
(in thousands)
Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	Residential Property	Commercial Property	Industrial Property	Vacant Property	Oil & Gas	Public Utilities
2007	2008	\$ 1,182,053	\$ 431,564	\$ 263,541	\$ 122,165	\$ 158,746	\$ 34,415
2008	2009	1,204,677	455,285	280,041	112,331	150,442	37,266
2009	2010	1,177,329	498,179	291,190	102,235	266,758	42,434
2010	2011	1,187,067	570,059	220,668	98,862	217,263	44,690
2011	2012	1,143,172	550,254	205,539	76,411	312,960	48,052
2012	2013	1,007,602	573,511	178,137	53,144	484,467	141,099
2013	2014	1,158,066	557,650	209,886	69,100	359,581	54,164
2014	2015	957,810	537,785	174,325	48,086	547,850	122,912
2015	2016	1,411,528	619,463	209,403	100,063	481,547	81,294
2016	2017	1,209,020	594,681	297,679	58,793	683,730	163,107

Note 1: Includes the override mill levy approved by voters at the 2008 Election

Note 2: Includes the override mill levy approved by voters at the 2008 and 2012 Elections

Source: Assessors' Offices of Boulder, Larimer, and Weld Counties, and City and County of Broomfield

<u>Agriculture</u>	<u>Natural Resources</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value (1)</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 14,752	\$ 5,333	\$ 2,212,569	\$ 37.798	\$ 17,713,708	12.49%
23,999	6,530	2,270,571	46.285 (1)	18,182,936	12.49%
17,168	6,995	2,402,288	46.268 (1)	18,423,291	13.04%
16,517	5,174	2,360,300	46.837 (1)	18,488,567	12.77%
18,526	4,894	2,359,808	47.614 (1)	17,863,544	13.21%
20,548	2,204	2,460,712	53.500 (2)	18,121,027	13.58%
21,464	5,035	2,434,946	53.679 (2)	18,177,477	13.40%
18,342	8,272	2,415,382	53.673 (2)	18,333,472	13.17%
29,086	5,112	2,937,496	53.887 (2)	21,989,300	13.36%
30,392	4,676	3,042,078	56.945 (2)	22,561,109	13.48%

St. Vrain Valley School District RE-1J
Revenue Capacity
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	General Operating Millage	Debt Service Millage	Total School District Millage	Boulder County Millage	Weld County Millage	Larimer County Millage	Broomfield County Millage	Total County Millage	City of Longmont Millage
2007	2008	25.048	12.750	37.798	22.467	16.804	22.414	28.968	90.653	13.420
2008	2009	32.415	13.870	46.285	23.067	16.804	22.395	28.968	91.234	13.420
2009	2010	32.398	13.870	46.268	23.667	16.804	22.435	28.968	91.874	13.420
2010	2011	32.537	14.300	46.837	24.645	16.804	22.524	28.968	92.941	13.420
2011	2012	32.474	15.140	47.614	24.645	16.804	22.472	28.968	92.889	13.420
2012	2013	38.700	14.800	53.500	24.645	16.804	22.520	28.968	92.937	13.420
2013	2014	38.879	14.800	53.679	25.120	16.804	22.424	28.968	93.316	13.420
2014	2015	38.873	14.800	53.673	24.794	15.800	22.459	28.968	92.021	13.420
2015	2016	39.087	14.800	53.887	22.624	15.800	21.882	28.968	89.274	13.420
2016	2017	39.395	17.550	56.945	24.064	15.800	22.521	28.968	91.353	13.420

Source: Assessors' Offices of Boulder, Larimer, and Weld Counties, and Central Records Office of the City and County of Broomfield

St. Vrain Valley School District RE-1J
Revenue Capacity
Principal Taxpayers of the Boulder/Longmont Area
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2008			2017		
	2007 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value (2)	2016 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value (2)
Kerr-McGee Rocky Mtn. Corp.	\$ 57,612,400	1	2.60%	\$ 293,131,980	1	9.81%
Encana Oil & Gas (USA) Inc.	32,728,590	3	1.48%	210,421,980	2	7.05%
Great Western Oil & Gas				28,433,960	3	0.95%
Noble Energy, Inc.	27,964,670	4	1.26%			
Circle Capital Longmont LLC	20,105,830	6	0.91%			
Amgen Inc.	37,304,720	2	1.69%	19,691,183	4	0.66%
Public Service Co. nka Xcel Energy				18,384,098	5	0.62%
Longmont Diagonal Investments LP				16,496,453	6	0.55%
Xilinx Inc.	9,919,740	7	0.45%	14,989,755	7	0.50%
Seagate Technology LLC	24,396,630	5	1.10%	14,116,624	8	0.47%
NMMS Twin Peaks LLC				13,785,174	9	0.46%
Ramco-Gershenson Properties LP				12,678,508	10	0.42%
Qwest Corporation	9,801,200	8	0.44%			
Cemex, Inc.	9,023,180	9	0.41%			
Twin Peaks Mall Associated Ltd.	8,812,720	10	0.40%			
Total	\$ 237,669,680		10.75%	\$ 642,129,715		21.50%

Note 1: Based on a 2007 certified assessed valuation of \$2,211,838,260

Note 2: Based on a 2016 certified assessed valuation of \$2,986,721,795

Source: Assessors' Offices of Boulder, Larimer, and Weld Counties, and Central Records Office of the City and County of Broomfield

St. Vrain Valley School District RE-1J
Revenue Capacity
Property Tax Levied and Collected - All Funds
Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collection to Levy	Outstanding Delinquent Taxes (1), (2)
2007	2008	\$ 83,603,063	\$ 80,083,112	95.79%	\$ 1,766,634	\$ 81,849,746	97.90%	\$ 3,519,950
2008	2009	104,326,045	99,523,612	95.40%	2,206,238	101,729,849	97.51%	4,802,434
2009	2010	110,323,836	106,309,890	96.36%	3,305,101	109,614,992	99.36%	4,013,945
2010	2011	109,541,888	106,266,524	97.01%	3,185,425	109,451,949	99.92%	3,275,364
2011	2012	111,346,454	107,891,736	96.90%	2,892,256	110,783,992	99.49%	3,454,718
2012	2013	130,357,471	124,794,137	95.73%	2,314,277	127,108,414	97.51%	5,563,334
2013	2014	129,922,153	125,627,203	96.69%	2,459,347	128,086,550	98.59%	4,294,950
2014	2015	128,222,707	123,353,818	96.20%	1,600,853	124,954,671	97.45%	4,868,889
2015	2016	156,721,715	151,709,870	96.80%	1,889,241	153,599,111	98.01%	5,011,845
2016	2017	170,078,874	164,706,586	96.84%	1,720,288	166,426,874	97.85%	5,372,288

Note 1: Outstanding delinquent taxes are considered relatively minor and are not obtainable from the county treasurers.

Note 2: These outstanding delinquent taxes are included in property taxes receivable.

Source: Assessors' Offices of Boulder, Weld and Larimer Counties, Central Records Office of the City and County of Broomfield, and St. Vrain Valley School District RE-1J

**St. Vrain Valley School District RE-1J
Debt Capacity
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Governmental Activities				Total	Percentage of Average Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Capital Leases	Registered Coupons				
2008	\$ 299,035,000	\$ 1,013,917	\$ -		\$ 300,048,917	3.4%	\$ 2,015
2009	391,990,000	623,268	-		392,613,268	4.5%	2,601
2010	465,295,000	755,927	-		466,050,927	5.2%	3,027
2011	451,865,000	-	-		451,865,000	4.8%	2,877
2012	438,795,000	-	700,000		439,495,000	4.4%	2,764
2013	424,925,000	924,117	300,000		426,149,117	4.0%	2,621
2014	411,565,000	736,161	300,000		412,601,161	3.4%	2,525
2015	391,800,000	548,205	300,000		392,648,205	3.1%	2,391
2016	375,995,000	463,558	300,000		376,758,558	(1)	2,254
2017	555,565,000	240,084	-		555,805,084	(1)	3,279

Note 1: Personal income data for 2016 and 2017 not available

Note 2: Personal Income and Per Capita data from the Demographic and Economic Information on pages 130-131

Source: District's financial records

St. Vrain Valley School District RE-1J
Debt Capacity
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	General Obligation Bonds	Less Debt Service Funds	Net Bonded Debt	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2007	2008	\$ 299,035,000	\$ 27,000,135	\$ 272,034,865	1.54%	1,827
2008	2009	391,990,000	30,801,518	361,188,482	1.99%	2,393
2009	2010	465,295,000	32,890,953	432,404,047	2.35%	2,808
2010	2011	451,865,000	30,081,745	421,783,255	2.28%	2,686
2011	2012	438,795,000	30,163,653	408,631,347	2.29%	2,570
2012	2013	424,925,000	30,558,380	394,366,620	2.18%	2,426
2013	2014	411,565,000	32,700,504	378,864,496	2.08%	2,319
2014	2015	391,800,000	34,035,743	357,764,257	1.95%	2,179
2015	2016	375,995,000	43,375,929	332,619,071	1.51%	1,990
2016	2017	555,565,000	55,195,386	500,369,614	2.22%	2,993

Note 1: Refer to Assessed and Estimated Actual Values of Taxable Property schedule on page 120-121

Note 2: Population data is in the Demographic and Economic Information on page 130-131

Source: District's financial records

St. Vrain Valley School District RE-1J
Debt Capacity
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
(Unaudited)

Name of Overlapping Entity	2016 Assessed Valuation	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the District	
			Percent	Amount
Berthoud Fire Protection District	\$ 249,754,372	\$ 300,000	25.35%	\$ 76,050
City of Boulder	3,146,951,609	29,580,000	1.06%	313,548
Carbon Valley Park & Recreation District	565,627,850	4,030,000	67.36%	2,714,608
Central Colorado Water Conservancy	2,340,186,120	27,675,000	0.03%	8,303
Central Colorado Water Conservancy- Groundwater Mgnt Subdistrict	1,484,686,260	14,609,479	0.05%	7,305
Colliers Hill Metro District No. 1	8,224,630	607,642	100.00%	607,642
City of Dacono	53,433,210	1,734,394	41.12%	713,183
Town of Erie	292,150,639	17,465,000	79.32%	13,853,238
Erie Commons Metro District No. 1	10	7,325,000	100.00%	7,325,000
Erie Highlands Metro District No. 1	2,481,250	9,156,000	100.00%	9,156,000
Fort Lupton Fire Protection District	883,515,120	2,725,000	0.00%	-
Frederick-Firestone Fire Protection Dist.	445,236,240	1,710,000	94.04%	1,608,084
Godding Hollow Metropolitan District	501,040	403,361	100.00%	403,361
Harvest Junction Metropolitan District	26,547,098	8,100,000	100.00%	8,100,000
Left Hand Water & Sanitation District	6,174,131	52,620	100.00%	52,620
Liberty Ranch Metropolitan District	13,108,980	4,530,000	100.00%	4,530,000
Lyons Fire Protection District	61,773,835	535,000	98.74%	528,259
Mead Western Meadows Metro District	4,241,730	3,055,000	100.00%	3,055,000
North Metro Fire Rescue Authority	1,235,654,169	37,890,000	0.26%	98,514
Northern Colorado Water Cons. District	17,495,781,188	3,929,311	15.71%	617,295
Palisade Metropolitan District No. 2	256,277	6,746,611	100.00%	6,746,611
Stoneridge Metropolitan District	8,825,590	3,865,000	99.48%	3,844,902
Sweetgrass Metropolitan District No. 2	5,772,170	2,750,000	0.04%	1,100
Vista Ridge Metropolitan District	62,339,990	37,200,000	100.00%	37,200,000
Wildflower Metropolitan District No. 1	1,040,650	62,100	100.00%	62,100
Wyndham Hill Metropolitan District No. 2	18,170,390	3,245,000	100.00%	3,245,000
Total overlapping debt				104,867,723
Direct debt of the District				555,805,084
Total direct and overlapping debt				<u>\$ 660,672,807</u>

This chart includes a summary of the estimated overlapping general obligation debt, as of December 31, 2016, of those entities with the authority to levy property taxes which are located wholly or partially within the District. Also, shown is the percentage and amount of the total estimated outstanding general obligation debt of these entities, inclusive and exclusive of estimated general obligation under debt, which is chargeable to property located within the District's boundaries. Because no single parcel of property located within the District's boundaries is located within every entity shown on the chart, the chart is not indicative of the actual or potential tax burden upon any single parcel of property located within the District's boundaries. The District is not financially or legally obligated with regard to any of the indebtedness shown on the chart.

Source: Individual governmental entities

St. Vrain Valley School District RE-1J
Debt Capacity
Legal Debt Margin
Last Ten Fiscal Years
(Unaudited)

	2008	2009	2010	2011
Debt Limit	\$ 442,367,652	\$ 454,114,207	\$ 480,457,607	\$ 472,060,055
Total net debt applicable to limit	299,035,000	391,990,000	465,295,000	451,865,000
Legal debt margin	<u>\$ 143,332,652</u>	<u>\$ 62,124,207</u>	<u>\$ 15,162,607</u>	<u>\$ 20,195,055</u>
Total net debt applicable to the limit as a percentage of debt limit	67.6%	86.3%	96.8%	95.7%

Fiscal Year 2016 Calculation

Under the Colorado Public School Finance Act of 1994, per Colorado Revised Statute 22-42-104, the limitation on bonded indebtedness is the greater of 20 percent** of assessed value or 6 percent of actual value.

	Assessed Value	Actual Value
Assessed or Estimated Actual Value	\$ 2,986,721,795 (1)	\$ 22,561,108,850
Debt Limit Percentage **	<u>20.00% (2)</u>	<u>6.00%</u>
Legal debt limit	597,344,359	1,353,666,531
Amount of debt applicable to debt limit: Total bonded debt as of June 30, 2016	<u>555,565,000</u>	<u>555,565,000</u>
Legal debt margin	<u>\$ 41,779,359</u>	<u>\$ 798,101,531</u>

** Per section 1.3, in years of high growth as defined in the statute, the debt limit can be raised to 25%

Note 1: The assessed valuation shown here includes \$55,361,693 of assessed valuation attributable to tax increment financing districts (including, but not limited to, Longmont Downtown Development Authority, Broomfield URA, Erie URA, Firestone URA and Mead URA) located within the District. An additional slight difference is due to adjustment to the various County Assessors' compilations of the above information.

Note 2: Although the District qualifies for the legal debt margin based on 6% of the actual value, it has taken a conservative posture by limiting its debt based on 20% (or 25% as applicable) of the assessed value.

Source: Assessors' Offices of Boulder, Larimer, and Weld Counties,
City and County of Broomfield, and St. Vrain Valley School District RE-1J

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 471,961,545	\$ 492,142,370	\$ 484,070,694	\$ 477,792,210	\$ 727,084,991	\$ 597,344,359
438,795,000	424,925,000	411,565,000	391,800,000	375,995,000	555,565,000
<u>\$ 33,166,545</u>	<u>\$ 67,217,370</u>	<u>\$ 72,505,694</u>	<u>\$ 85,992,210</u>	<u>\$ 351,089,991</u>	<u>\$ 41,779,359</u>
93.0%	86.3%	85.0%	82.0%	51.7%	93.0%

St. Vrain Valley School District RE-1J
Demographic and Economic Information
Last Ten Years (as available)
(Unaudited)

Population District-wide

	2008	2009	2010	2011
	148,920	150,949	153,967	157,047

Source: Estimates compiled by District Planning Office using data from the Colorado Department of Local Affairs, Denver Regional Council of Governments, US Census Bureau, and various local governments.

Personal Income (expressed in thousands) by County

	2008	2009	2010	2011
Boulder	\$ 15,039,895	\$ 14,584,246	\$ 14,786,545	\$ 15,535,659
Broomfield	2,023,405	2,079,193	2,115,979	2,345,227
Larimer	11,378,132	11,291,870	11,585,090	12,149,896
Weld	7,067,989	6,925,906	7,326,422	7,755,562
Average	\$ 8,877,355	\$ 8,720,304	\$ 8,953,509	\$ 9,446,586

Source: United States Department of Commerce, Bureau of Economic Analysis
Data subject to revision; not available for 2015 and beyond.

Annual Per Capita Personal Income by County

	2008	2009	2010	2011
Boulder	\$ 50,058	\$ 48,056	\$ 50,095	\$ 51,893
Broomfield	36,915	37,135	37,709	40,892
Larimer	38,848	37,844	38,546	39,767
Weld	28,402	27,186	28,817	29,986
Average	\$ 38,556	\$ 37,555	\$ 38,792	\$ 40,635

Source: United States Department of Commerce, Bureau of Economic Analysis
Data subject to revision; not available for 2015 and beyond.

Note: Prior years' income has been modified by the Bureau based on updated information and can substantially change from one year to the next. However, data above is shown as it was reported in previous CAFRs.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
159,000	162,579	163,400	164,205	167,182	169,500

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 16,417,561	\$ 17,043,764	\$ 18,369,741	\$ 19,232,516
2,701,856	2,906,192	4,786,503	4,756,725
12,826,581	13,545,018	14,126,667	15,116,879
8,347,637	9,008,919	10,735,917	12,201,617
<u>\$ 10,073,409</u>	<u>\$ 10,625,973</u>	<u>\$ 12,004,707</u>	<u>\$ 12,826,934</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 53,772	\$ 54,968	\$ 58,627	\$ 60,220
46,346	48,867	77,030	73,107
41,311	42,866	43,584	45,318
31,657	33,393	38,664	42,787
<u>\$ 43,272</u>	<u>\$ 45,024</u>	<u>\$ 54,476</u>	<u>\$ 55,358</u>

St. Vrain Valley School District RE-1J
Demographic and Economic Information (continued)
Last Ten Years
(Unaudited)

Median Age by County

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Boulder	36.1	36.3	37.0	37.3	36.5
Broomfield	34.9	35.5	35.8	36.1	36.9
Larimer	35.2	35.5	36.3	36.7	35.8
Weld	31.7	31.8	32.4	32.6	33.6

Source: Colorado Department of Local Affairs, Division of Local Government

Annual Unemployment Rate by County (1)

		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Boulder	(2)	4.8%	6.6%	7.1%	6.6%	6.1%
Broomfield	(3)	5.4%	7.5%	7.9%	7.7%	7.1%
Larimer	(4)	4.7%	6.6%	7.4%	6.9%	6.4%
Weld	(5)	5.6%	8.8%	10.2%	9.7%	8.7%

Note 1: Figures for the Counties are not seasonally adjusted

Note 2: Boulder County includes Boulder-Longmont Metropolitan Statistical Area (MSA)

Note 3: Broomfield County, which was formed in November 2001, includes City of Broomfield

Note 4: Larimer County includes the Ft Collins/Loveland MSA

Note 5: Weld County includes the Greeley MSA

Note 6: Information is based on mid-calendar year calculation, not annual averages

Source: U.S. or Colorado Department of Labor & Employment, Labor Force Averages

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
36.6	37.2	37.5	37.7	38.0
37.0	37.3	37.5	37.6	37.4
35.9	36.4	36.8	36.8	36.9
33.8	33.9	34.0	33.8	33.9

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 (6)</u>	<u>2017 (6)</u>
6.1%	4.1%	3.2%	3.4%	2.3%
7.1%	4.3%	3.3%	3.6%	2.4%
6.2%	4.3%	3.3%	3.4%	2.1%
8.3%	4.5%	3.8%	4.2%	2.5%

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**St. Vrain Valley School District RE-1J
Demographic and Economic Information
Major Private and Public Employers (1)
Northern Colorado
Current Year and Nine Years Ago
(Unaudited)**

Employer	Product of Service	2008		2017	
		Estimated Number of Employees (2)	Rank	Estimated Number of Employees (2)	Rank
St. Vrain Valley School District	Public education			4,727	1
Vestas	Wind turbine manufacturing			2,400	2
Level 3 Communications Inc.	Communication/fiber optic network	2,000	4	2,360	3
Boulder Community Hospital	Healthcare			2,310	4
Medtronic PLC	Medical devices and products			2,150	5
Oracle Corp.	Network computer systems/software	2,593	3	2,000	6
Ball Aerospace & Technologies Corp.	Aerospace instruments and data systems	2,800	2	1,980	7
Centura Health: Longmont United and Avist Adventist Hospitals	Healthcare			1,910	8
IBM Corp.	Computer systems and services	3,000	1	1,900	9
Covidien (parent of Valleylab)	Surgical solution products	1,775	5		
Seagate Technology	Computer hard disc drives	1,600	6	1,600	10
Wal-Mart Stores Inc.	Discount retail chain	1,300	7		
Safeway Inc.	Food and drug retail	1,250	8		
Hunter Douglas Window Fashions	Window louvers	968	9		
Amgen, Inc.	Human Therapeutics	950	10		
		<u>18,236</u>		<u>23,337</u>	

Note 1: Data in prior year may only include private sector employers

Note 2: Figures reflect early or mid-year calendar year employment data and are not restricted to full-time employees only.

Source: 2017 data from Development Research Partners & Longmont Economic Development Partnership
2008 data from The Daily Camera, "Top 50 Local Businesses 2008", July 13, 2008

St. Vrain Valley School District RE-1J
Operating Information
Full-Time Equivalent (FTE) District Employees by Function (1)
Last Ten Fiscal Years
(Unaudited)

<u>Function</u>	<u>Description</u>	<u>2008</u>	<u>2009</u>	<u>2010 (2)</u>
Direct Instruction	Classroom teachers, special education and English as a Second Language teachers, teachers' aides, librarians (3), counselors (3)	1,753	1,514	1,612
Classroom Support	Librarians (3), counselors (3), school principals and assistant principals, support staff including speech services, attendance, and extra-curricular activities	441	381	366
Building Support	Student transportation, utilities, maintenance, custodial services, printing, purchasing, technology services, etc.	356	307	336
Central Support/ Administration	Human resources, finance, payroll, budgeting, legal, clerical support, supervision of instruction, public information, superintendent's office, etc.	34	30	32
Total FTE		<u>2,584</u>	<u>2,232</u>	<u>2,346</u>

Note 1: Numbers above are from the Employee Management System for the General Fund as of June 30 and do not take into account staffing fluctuations during the year or vacancies at year-end. However, beginning with fiscal year 2014, a mid-year approach was deemed more accurate and stable than a year end calculation.

Note 2: The District changed human resources and payroll systems during fiscal year 2010 and, thus, changed the methodology by which it compiles and reports employee FTE.

Note 3: Based on the District Board of Education's goals, librarians and counselors were reclassified from classroom support to direct instruction effective fiscal year 2010.

Note 4: Although the above table represents FTE for the General Fund only, additional FTE were supported by federally funded grants as follows: 62, 49, 56, and 56 FTE for direct instruction; 36, 44, 34, and 41 FTE for classroom support; and 2 for building support for fiscal years 2010, 2011, 2012, and 2013, respectively. In addition to grants funds, all other funds supported additional FTE of 364, 399, 427 and 401 for fiscal years 2014, 2015, 2016 and 2017, respectively.

Source: District's Human Resources Department

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1,589	1,535	1,549	1,813 (4)	1,844 (4)	1,892 (4)	1,927 (4)
388	406	382	401 (4)	430 (4)	444 (4)	474 (4)
338	354	374	386 (4)	398 (4)	416 (4)	432 (4)
34	36	37	36	38	38	38
<u>2,349</u>	<u>2,331</u>	<u>2,342</u>	<u>2,636</u>	<u>2,710</u>	<u>2,790</u>	<u>2,871</u>

**St. Vrain Valley School District RE-1J
Operating Information
Student Count
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Student Membership/ Enrollment (1)	Student Funded Pupil Count (FPC) As of October 1 (2)
2008	24,582.0	22,836.5
2009	25,751.0	23,901.1
2010	26,724.0	24,905.9
2011	27,379.0	25,493.3
2012	28,109.0	26,120.2
2013	29,382.0	27,207.8
2014	30,195.0	28,011.8
2015	31,076.0	28,740.5
2016	31,777.0	29,373.5
2017	32,171.0	29,821.6

Note 1: Student membership/enrollment represents the actual number of students attending St. Vrain Valley School District RE-1J.

Note 2: Student Funded Pupil Count (FPC) represents the eligibility of funding based on students' individual academic schedules. For example, students considered part time are 0.5 FPC, full time are 1.0 FPC, and Kindergarten are 0.58 FPC.

Source: District's Records Management

St. Vrain Valley School District RE-1J
Operating Information
Other Student Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Expenses (1)	Enrollment (2)	Cost per Pupil	Pupil Teacher Ratio (3)	Number of Free and Reduced Students (4)	Percent of Free and Reduced Students in Lunch Program
2008	\$ 198,371,203	24,582.0	\$ 8,070	24.1:1	7,325	29.8%
2009	213,273,301	25,751.0	8,282	24.8:1	7,877	30.6%
2010	262,801,983	26,724.0	9,834	24.0:1 (5)	9,083	34.0%
2011	267,863,940	27,379.0	9,784	24.0:1 (5)	9,358	34.2%
2012	264,927,937	28,109.0	9,425	25.0:1 (5)	9,586	34.1%
2013	265,552,890	29,382.0	9,038	25.4:1 (5)	9,433	32.1%
2014	301,153,988	30,195.0	9,974	25.4:1 (5)	10,879	36.0%
2015	337,962,017	31,076.0	10,875	25.4:1 (5)	8,937	28.8%
2016	355,396,768	31,777.0	11,184	25.4:1 (5)	9,701	30.5%
2017	526,982,016	32,171.0	16,381	25.4:1 (5)	9,651	30.0%

- Note 1: Expenses for governmental activities from Changes in Net Position schedule
Note 2: Enrollment (total membership) from the Student Count schedule
Note 3: Provided by the Human Resources Department
Note 4: Provided by Nutrition Services / Student Count schedule
Note 5: Ratio based on an average standard which can be further impacted by other variables including the number of free & reduced students, literacy programs, focus programs, academic assistance, and Title schools

Source: District's financial records

St. Vrain Valley School District RE-1J
Operating Information
District Buildings
Last Ten Fiscal Years
(Unaudited)

	2008	2009	2010	2011	2012
Elementary schools (2)	22	25	25	26	26
Total square feet	1,072,642	1,228,045	1,232,741	1,305,337	1,305,337
Total program capacity	10,411	11,505	11,641	12,291	12,336
Enrollment	10,810	11,479	11,776	11,996	12,045
Percent capacity	104%	100%	101%	98%	98%
<hr/>					
(P)K-8 schools (3)					
Total square feet					
Total program capacity					
Enrollment					
Percent capacity					
<hr/>					
Middle schools	9	9	9	9	9
Total square feet	905,153	905,153	908,105	908,105	908,105
Total program capacity	6,331	6,331	6,331	6,392	5,740
Enrollment	4,992	4,901	5,065	5,081	5,122
Percent capacity	79%	77%	80%	79%	89%
<hr/>					
High schools	7	7	8	8	9
Total square feet	1,083,994	1,083,994	1,246,227	1,301,849	1,492,200
Total program capacity	6,995	6,995	7,721	8,413	8,738
Enrollment	7,019	7,034	7,175	7,288	7,463
Percent capacity	100%	101%	93%	87%	85%
<hr/>					
Alternative schools (1)	2	2	2	2	2
Total square feet	97,032	97,032	152,516	152,516	152,516
Enrollment	276	365	306	281	328
<hr/>					
Charter schools	3	4	5	5	6
Enrollment	1,485	1,972	2,402	2,733	3,151
<hr/>					
Other District Facilities					
Total square feet	144,106	144,106	169,672	169,672	185,720

Note 1: Includes alternative programs in addition to alternative schools. In 2013, the District reassessed which programs to include. In 2014, one program closed. In 2015, the District included the online academy and homeschool.

Note 2 : Elementary school square feet include a standalone preschool which opened during fiscal year 2014.

Note 3 : A PreK-8 school and a K-8 school were operational as of July 1, 2013 and converted from existing elementary and middle schools.

Source: District's Planning, Operations & Maintenance, and Records Management Departments

2013	2014	2015	2016	2017
26	23	23	23	23
1,305,337	1,227,732	1,240,032	1,238,072	1,238,072
12,065	11,068	11,068	11,068	11,277
12,256	11,335	11,507	11,693	11,662
102%	102%	104%	106%	103%
	2	2	2	2
	284,649	284,649	284,649	284,649
	2,150	2,150	2,150	2,150
	1,760	1,810	1,844	1,829
	82%	84%	86%	85%
9	8	8	8	8
922,105	828,025	828,025	831,766	830,846
6,200	5,558	5,640	5,640	5,640
5,365	5,075	5,241	5,453	5,514
87%	91%	93%	97%	98%
8	8	8	8	8
1,372,591	1,379,891	1,379,891	1,381,331	1,382,771
8,834	8,834	8,890	8,890	8,890
7,719	7,929	8,169	8,381	8,790
87%	90%	92%	94%	99%
2	1	3	3	3
152,516	81,600	81,600	81,600	81,600
667	678	864	1,009	1,011
6	6	6	6	6
3,375	3,418	3,485	3,397	3,365
305,329	271,318	272,482	272,482	271,042

St. Vrain Valley School District RE-1J
Operating Information
Capital Assets by Type
Last Ten Fiscal Years
(Unaudited)

	2008	2009	2010	2011
General Capital Assets Group / Governmental Activities				
Land/Sites	\$ 19,792,539	\$ 19,792,539	\$ 19,792,539	\$ 20,073,379
Projects in progress	58,980,808	1,811,297	25,144,438	70,274,929
Water rights	4,122,407	4,340,807	4,943,227	1,095,578
Capital assets not depreciated	<u>82,895,754</u>	<u>25,944,643</u>	<u>49,880,204</u>	<u>91,443,886</u>
Land Improvements	19,261,023	20,163,514	20,178,134	23,402,497
Buildings	178,624,762	245,874,910	246,727,350	249,187,029
Building Improvements	99,725,058	99,876,713	100,398,102	112,542,642
Equipment	26,120,496	27,199,661	29,210,118	30,357,183
Capital assets depreciated	<u>323,731,339</u>	<u>393,114,798</u>	<u>396,513,704</u>	<u>415,489,351</u>
Less: accumulated depreciation				
Land Improvements	7,477,099	8,409,521	9,298,853	10,271,324
Buildings	42,877,045	46,979,138	51,412,991	56,207,902
Building Improvements	29,472,391	32,574,831	35,740,474	39,379,006
Equipment	16,644,245	18,731,165	20,548,985	22,192,475
Total accumulated depreciation	<u>96,470,780</u>	<u>106,694,655</u>	<u>117,001,303</u>	<u>128,050,707</u>
Capital assets depreciated, net	<u>227,260,559</u>	<u>286,420,143</u>	<u>279,512,401</u>	<u>287,438,644</u>
Total capital assets, General Capital Assets Group / Governmental Activities				
	<u>\$ 310,156,313</u>	<u>\$ 312,364,786</u>	<u>\$ 329,392,605</u>	<u>\$ 378,882,530</u>
Enterprise Fund / Business-type Activities				
Equipment	\$ 2,324,322	\$ 2,634,246	\$ 2,756,630	\$ 2,823,299
Less: accumulated depreciation	1,397,420	1,558,615	1,714,277	1,914,487
Total	<u>\$ 926,902</u>	<u>\$ 1,075,631</u>	<u>\$ 1,042,353</u>	<u>\$ 908,812</u>

Note 1: Due to change in accounting effective July 1, 2014, Nutrition Services was no longer reported as a business-type activity but, rather, included in governmental activities.

Source: District's financial records

	2012	2013	2014	2015 (1)	2016	2017
\$	20,073,379	\$ 20,073,379	\$ 20,053,379	\$ 20,053,379	\$ 20,846,495	\$ 20,846,495
	23,008,224	46,882,404	6,542,968	12,080,092	554,037	24,831,369
	1,095,578	1,095,578	1,083,578	1,083,578	1,083,578	1,083,578
	<u>44,177,181</u>	<u>68,051,361</u>	<u>27,679,925</u>	<u>33,217,049</u>	<u>22,484,110</u>	<u>46,761,442</u>
	23,402,497	24,051,471	24,106,959	24,106,959	24,106,959	24,217,045
	300,679,143	301,587,741	301,936,554	302,473,799	303,749,153	304,012,383
	130,861,657	135,461,032	183,639,236	185,061,854	198,300,747	198,300,747
	24,868,107	25,752,447	27,311,492	32,364,256	34,863,265	40,602,430
	<u>479,811,404</u>	<u>486,852,691</u>	<u>536,994,241</u>	<u>544,006,868</u>	<u>561,020,124</u>	<u>567,132,605</u>
	11,308,292	12,366,859	13,412,046	14,460,119	15,501,629	16,544,368
	61,282,240	66,768,318	71,843,136	77,325,154	83,118,454	88,610,850
	43,833,351	48,617,140	54,690,125	61,727,094	68,838,373	76,468,106
	18,069,528	17,801,645	19,292,822	22,781,556	24,558,788	26,272,425
	<u>134,493,411</u>	<u>145,553,962</u>	<u>159,238,129</u>	<u>176,293,923</u>	<u>192,017,244</u>	<u>207,895,749</u>
	<u>345,317,993</u>	<u>341,298,729</u>	<u>377,756,112</u>	<u>367,712,945</u>	<u>369,002,880</u>	<u>359,236,856</u>
\$	<u>389,495,174</u>	<u>409,350,090</u>	<u>405,436,037</u>	<u>400,929,994</u>	<u>391,486,990</u>	<u>405,998,298</u>
\$	3,291,862	\$ 3,377,603	\$ 3,402,259	\$ -	\$ -	\$ -
	2,089,989	2,239,803	2,355,922	-	-	-
\$	<u>1,201,873</u>	<u>1,137,800</u>	<u>1,046,337</u>	<u>-</u>	<u>-</u>	<u>-</u>



COMPLIANCE SECTION

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**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
St. Vrain Valley School District RE-1J
Longmont, 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 St. Vrain Valley School District RE-1J (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2017. Our report includes a reference to other auditors, who audited the financial statements of Aspen Ridge Preparatory School, Carbon Valley Academy, Flagstaff Academy, Imagine Charter School at Firestone, St. Vrain Community Montessori School and Twin Peaks Charter Academy, as described in our report on the District's financial statements. This report does not include the results of Aspen Ridge Preparatory School, Carbon Valley Academy, Flagstaff Academy, Imagine Charter School at Firestone, St. Vrain Community Montessori School and Twin Peaks Charter Academy auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Aspen Ridge Preparatory School, Carbon Valley Academy, Flagstaff Academy, Imagine Charter School at Firestone, St. Vrain Community Montessori School and Twin Peaks Charter Academy were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

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

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

RubinBrown LLP

November 1, 2017



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**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
St. Vrain Valley School District RE-1J
Longmont, Colorado

Report On Compliance For Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards 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* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion On Each Major Federal Program

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

Report On Internal Control Over Compliance

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

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

This report is intended solely for the information and use of those charged with governance, others within the entity, and federal awarding agencies. Accordingly, this report is not intended to be, and should not be, used by anyone other than those specific parties.

RubinBrown LLP

November 1, 2017

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program of Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Cluster Subtotal	Federal Expenditures	Expenditures To Subrecipients
U.S. Department Of Education					
<i>Direct award from the federal government</i>					
Race to the Top - District Grants	84.416	5416		\$ 2,811,794	\$ --
<i>Passed through State of Colorado Department of Education</i>					
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	4010, 92xx		3,282,646	--
Special Education - Grants to States (IDEA, Part B)	84.027	4027, 5027	\$ 3,954,676		--
Special Education - Preschool Grants (IDEA Preschool)	84.173	4173	59,384		--
<i>Total of Special Education Cluster (IDEA)</i>				4,013,969	--
Education for Homeless Children and Youth	84.196	5196		30,570	--
Charter Schools (Title V, Part B of ESEA)	84.282	5282		73,101	--
Advanced Placement for Disadvantaged Students: Advanced Placement Fees	84.330	5330		1,960	--
English Language Acquisition State Grants (Title III, Part A of ESEA)	84.365	4365		293,611	--
Improving Teacher Quality State Grants (Title II, Part A of ESEA)	84.367	4367		376,116	--
<i>Passed through Colorado Community Colleges & Occupational Education System</i>					
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	4048		164,269	--
Total U.S. Department Of Education				11,048,044	--
U.S. Department Of Agriculture					
<i>Passed through State of Colorado Department of Public Health & Environment</i>					
Child and Adult Care Food Program	10.568	4568		35,287	--
<i>Passed through State of Colorado Department of Human Services</i>					
National School Lunch Program (non-cash commodity entitlement)	10.555	4555	773,929		--
<i>Passed through State of Colorado Department of Education</i>					
School Breakfast Program	10.563	4563	1,207,381		--
National School Lunch Program	10.556	4556	3,805,667		--
Summer Food Service Program for Children	10.559	4559	163,676		--
<i>Total of Child Nutrition Cluster</i>				5,980,343	--
Total U.S. Department Of Agriculture				6,965,830	--
Total Expenditures Of Federal Awards				\$ 17,033,874	\$ --

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2017

1. **Basis Of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of the St. Vrain Valley School District RE-1J (the District) for the fiscal year ended June 30, 2017. The accompanying Schedule is presented on the modified accrual basis of accounting for governmental funds as defined in footnote 1 of the District's basic financial statements. The federal financial reports that are submitted to the grantors are prepared on the cash basis and may not agree on this schedule.

2. **Noncash**

Commodities donated to the District by the U.S. Department of Agriculture (USDA) of \$773,829 are valued based on the USDA's Donated Commodity Price List. These are shown as part of the National School Lunch program (CFDA #10.555).

3. **Indirect Costs**

The District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance, section 414.

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes ✓ no
- Significant deficiency(ies) identified? ___ yes ✓ none reported
- Noncompliance material to financial statements noted? ___ yes ✓ no

Federal Awards

Internal control over major programs:

- **Material weakness(es) identified?** ___ yes ✓ no
- **Significant deficiency(ies) identified?** ___ yes ✓ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes ✓ no

Identification of major programs:

CFDA No.	Name Of Federal Program Or Cluster
84.010	Title 1 Grants to Local Education Agencies
84.027, 84.173	Special Education Cluster (IDEA)
84.367	Improving Teacher Quality State Grants
84.416	Race to the Top - District Grants

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

Auditee qualified as low-risk auditee? ___ yes ✓ no

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)

For The Year Ended June 30, 2017

Section II - Financial Statement Findings

There were no findings related to the District's financial statements for the year ended June 30, 2017.

Section III - Federal Award Findings And Questioned Costs

There are no findings relating to the District's federal awards that are required to be reported.





Colorado Department of Education

Auditors Integrity Report

District: 0470 - ST VRAIN VALLEY RE 1J

Fiscal Year 2016-17

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	90,856,157	252,737,945	236,207,499	107,386,603
18 Risk Mgmt Sub-Fund of General Fund	4,296,018	4,917,062	6,574,450	2,638,630
19 Colorado Preschool Program Fund	578,708	1,556,278	1,558,037	576,949
Sub- Total	95,730,884	259,211,285	244,339,987	110,602,182
11 Charter School Fund	9,800,637	28,903,628	28,840,125	9,864,140
20,26-29 Special Revenue Fund	9,815,695	9,214,427	8,281,904	10,748,219
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	2,407,840	9,556,220	9,507,300	2,456,760
22 Govt Designated-Purpose Grants Fund	0	12,281,353	12,281,353	0
23 Pupil Activity Special Revenue Fund	5,590,383	7,909,945	7,329,708	6,170,621
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	43,375,929	69,121,253	57,301,796	55,195,385
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	7,444,682	224,854,084	29,177,520	203,121,246
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	6,867,231	6,767,811	7,092,579	6,542,464
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	181,033,282	627,820,006	404,152,270	404,701,017
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	754,476	1,185,946	393,124	1,547,298
Totals	754,476	1,185,946	393,124	1,547,298
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	219,763	36,101	32,352	223,512
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	177,575	210,499	187,376	200,698
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	397,338	246,601	219,728	424,210

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and 11/1/17

