


ST. VRAIN VALLEY SCHOOLS
academic excellence by design

Student Achievement • Well-Being • Partnerships

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended June 30, 2018



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Office of the State Auditor

November 15, 2018



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, 2018

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Superintendent of Schools

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Gregory A. Fieth
Chief Financial Officer

Jane Frederick, CPA
Comptroller

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St. Vrain Valley School District RE-1J

TABLE OF CONTENTS

June 30, 2018

INTRODUCTORY SECTION	Page
Vision and Mission Statements	x
Members of the Board of Education	xi
Letter of Transmittal	xiii
Strategic Priorities Hierarchy	xxiii
ASBO International Certificate of Excellence in Financial Reporting.....	xxiv
GFOA Certificate of Achievement for Excellence in Financial Reporting	xxv
Organizational Chart	xxvi
Elected and Appointed Officials.....	xxviii
 FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis.....	5
 Basic Financial Statements	
Government -wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Fund Net Position – Proprietary Fund.....	27
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	28
Statement of Cash Flows – Proprietary Fund.....	29
Statement of Fiduciary Net Position – Fiduciary Funds.....	30
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	31
Notes to Financial Statements.....	33

St. Vrain Valley School District RE-1J
 TABLE OF CONTENTS (CONTINUED)
 June 30, 2018

FINANCIAL SECTION (Continued)	Page
Required Supplementary Information	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Colorado Preschool Program, and Risk Management Funds.....	84
Schedule of District’s Proportionate Share of the Net Pension Liability	86
Schedule of District Pension Contributions	87
Schedule of District’s Proportionate Share of the Net OPEB Liability	88
Schedule of District OPEB Contributions	89
Notes to Required Supplementary Information	90
 Supplementary Information	
Supplementary Schedules – Major Governmental Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –	
Bond Redemption Fund.....	92
Building Fund.....	93
Combining Nonmajor Fund Financial Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	98
Supplementary Schedules – Nonmajor Governmental Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –	
Capital Reserve Capital Projects Fund.....	101
Community Education Fund.....	102
Fair Contributions Fund.....	103
Governmental Designated-Purpose Grants Funds.....	104
Nutrition Services Fund.....	105
Student Activity Fund.....	106
Supplementary Schedules – Proprietary Fund	
Schedule of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual –	
Self Insurance Fund.....	108

St. Vrain Valley School District RE-1J
 TABLE OF CONTENTS (CONTINUED)
 June 30, 2018

FINANCIAL SECTION (Continued)	Page
Supplementary Information (Continued)	
Supplementary Schedules – Fiduciary Funds	
Schedule of Additions, Deductions and Changes in Fiduciary Net Position – Budget and Actual – Student Scholarship Fund.....	110
Statement of Changes in Assets and Liabilities – Agency Fund	111
Schedule of Additions, Deductions and Changes in Undistributed Monies – Budget and Actual – Student Activity Fund.....	112
Supplementary Schedules – Component Units	
Combining Statement of Net Position – Component Units – Charter Schools.....	114
Combining Statement of Activities – Component Units – Charter Schools	116
 STATISTICAL SECTION (Unaudited)	
Net Position by Component – Accrual Basis of Accounting	122
Changes in Net Position – Accrual Basis of Accounting	124
Colorado Public School Finance Act Revenues by Source – Accrual Basis of Accounting	126
Fund Balances of Governmental Funds – Modified Accrual Basis of Accounting.....	128
Changes in Fund Balances of Governmental Funds – Modified Accrual Basis of Accounting	130
Colorado Public School Finance Act Revenues by Source – Modified Accrual Basis of Accounting	132
Assessed Value and Estimated Actual Value of Taxable Property.....	134
Property Tax Rates – Direct and Overlapping Governments	136
Principal Taxpayers of the Boulder/Longmont Area.....	137
Property Tax Levied and Collected – All Funds	138
Ratios of Outstanding Debt by Type	139
Ratios of General Bonded Debt Outstanding.....	140
Direct and Overlapping Governmental Activities Debt	141
Legal Debt Margin	142
Demographic and Economic Information	144
Major Private and Public Employers – Northern Colorado	149
Full-Time Equivalent (FTE) District Employees by Function	150
Student Count	152
Other Student Statistics	153
District Buildings.....	154
Capital Assets by Type.....	156

St. Vrain Valley School District RE-1J
TABLE OF CONTENTS (CONTINUED)
June 30, 2018

COMPLIANCE	Page
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 <i>Governmental Auditing Standards</i>	161
Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by The Uniform Guidance.....	163
Schedule of Expenditures of Federal Awards	166
Notes to the Schedule of Expenditures of Federal Awards	167
Schedule of Findings and Questioned Costs.....	168
Corrective Action Plan	171
Electronic Financial Data Integrity Check Figures	173

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
2017-2018**



Pictured from left to right:

(Row 1) President Bob Smith, Vice President Joie Siegrist,
Secretary Amory Siscoe, Treasurer Paula Peairs,

(Row 2) Assistant Secretary John Ahrens, and
Members Ms. Karen Ragland and Dr. Richard Martyr

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October 18, 2018

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, 2018. 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, 2018.

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, 2018, 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, 2018, 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 14 education in elementary, middle, and high schools; P-TECH program; 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 2017-18 District Ranking by Pupil Membership. St. Vrain Valley operates 57 schools and programs that are spread over 411 square miles. The makeup includes: 1 standalone early childhood learning center, 24 elementary, 2 PK-8, 1 K-8, 8 middle, 1 middle/senior, 7 high, 1 alternative high, 1 online high, 1 homeschool enrichment school, 1 P-TECH program, 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 172,614 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 2018 is Dr. Don Haddad's tenth 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 eight years of experience with St. Vrain Valley Schools. Other key staff members include Executive Director of Budget and Finance Tony Whiteley who has eight years of experience with the District and Comptroller Jane Frederick who has been with the District almost 15 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, 2018 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, 2018, 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, 2018. 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 2018.

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 Overview of The 2018 Budget and Economic Outlook, An Update to the Economic Outlook: 2018 to 2028*.

In 2018, real gross domestic product (GDP) is projected to grow by 3.1 percent. In 2019, the pace of GDP is expected to slow to 2.4 percent as growth in business and government purchases slows. From 2023 to 2028, real GDP is projected to grow by 1.7 percent each year when some of the major provisions of the 2017 tax act are scheduled to expire.

Economic growth is expected through the rest of 2018 and 2019 creating excess demand in the economy. Growth in actual output leads to continued lower unemployment rates and higher income, but also creates demand for goods, services and labor that exceeds the economy's long-run capacity to supply them. By 2022, the excess demand in the economy is expected to disappear.

Projected federal debt held by the public over the next 30 years would grow sharply, reaching unprecedented levels if current laws generally remain unchanged. Total spending is projected to outpace growth in total revenues which would result in larger budget deficits and an increase in federal debt. The CBO projects the percentage of debt to the GDP may exceed 150% by 2048. Federal spending is projected to grow from 21 percent of GDP today to 29 percent in 2048.

Increases in federal outlays that result from the Bipartisan Budget Act of 2018 and the consolidated Appropriates Act of 2018 add to the existing excess demand and inflationary pressures in the near term. The increase in federal outlays will result in higher interest rates and greater federal borrowing. Demand for goods and services exceeds the amount that the economy can sustainably supply and is projected to drive the growth in the price index for personal consumption expenditures. Spending would increase, as a percentage of GDP, for interest on the government's debt, the major health care programs and Social Security.

If current laws generally remained unchanged, federal revenues would also increase, from 16.6 percent of GDP in 2018 to 19.8 percent in 2048. In total, deficits would rise from 3.9 percent of GDP in 2018 to 9.56 percent in 2048 as spending outpaces revenues.

CBO expects the Federal Reserve to continue increasing the federal funds rate through 2021 to eliminate excess demand in the economy. The federal funds rate is the interest rate that financial institutions charge each other for overnight loans of their monetary reserves.

In addition to an increase in the federal funds rate, the CBO projects that the interest rates on Treasury securities will also rise. The CBO projects that by 2021 the 10-Year Treasury Note will near 4%, up from a near term low of 1.37% in July of 2016.

State Economy

The Colorado Outlook – September 2018 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.

Colorado's economic growth accelerated in the first half of 2018. Wage growth has risen above inflation in recent months and Colorado's employment growth has been robust and widespread across all industries and most regions. Oil and gas production has recovered from the mid-decade downturn but with lower

levels of employment. Business formation is strong. However, slower labor force growth and tight housing market conditions are expected to limit growth in the later years of the forecast.

Colorado's strong economy is driving accelerated job growth across the state. All job industries are currently experiencing job growth, with most experiencing faster growth than a year ago. Mining and logging grew at the fastest rate in the last 12 months while Professional and Business Services added the most jobs.

The Leeds Business Confidence Index, published by the University of Colorado at Boulder's Leeds School of Business, measures business expectations for the two upcoming quarters. Positive expectations for Colorado's economic growth have declined slightly in recent quarters, but remains firmly optimistic. Employment and personal income growth combined with real GDP expansion have contributed to the confidence seen in 2018. This confidence has been tempered in more recent quarters by concerns regarding labor shortages, affordable housing and U.S. trade policy. When expectations for the economy are positive, businesses are more likely to hire and invest, which in turn facilitates economic growth. The recent trend in the index suggests that economic growth will likely remain positive in Colorado in the near term.

New business filings with the Colorado Secretary of State's office grew 8.1 percent in the first half of 2018 compared to the same period a year earlier. Increased levels of business formation indicate an optimism in the stability and growth of the economy. Business formation is also an important indicator of future job growth, since most new jobs are created by new businesses.

Stronger beef and grain prices have boosted agriculture in the first half of 2018, but drought and tariffs threaten continued growth. Colorado's rural economies, as measured by Colorado's Rural Mainstreet Index published by Creighton University, have experienced improving economic conditions since the beginning of 2018. Colorado oil production is at record highs, driven by stable oil prices, new drilling techniques, and more efficient operations. The oil industry employment remains nearly 20 percent below previous highs. Improved drilling techniques have reduced the time required to drill a well by more than 50 percent since 2014, allowing producers to remain profitable at lower price levels but also resulting in lower demand for labor.

Manufacturing growth has slowed, but industry expectations remain strong. Strong global economic growth and stable oil and gas prices have driven solid growth in regional manufacturing activity over the last two years. Tariffs, especially those on steel and aluminum, are contributing to rising input costs which is reducing manufacturer profit margins. Expectations for future manufacturing activity and hiring remain strong.

Colorado wage and salary growth is expected to increase at a slightly faster pace in 2018 compared with 2017, rising 5.8 percent. Wage and salary growth for Colorado is expected to moderate to 5.2 percent in 2019 and 2020.

Colorado housing permits are projected to increase 15.2 percent to 48,300 in 2018 driven by the continued demand for new housing construction. Housing permit growth is expected to level off in 2019 and 2020, growing 2.21 and 3.8 percent, respectively.

After a strong 14.1 percent increase in Fiscal Year (FY) 17-18, General Fund revenue is forecast to increase at a more moderate rate of 5.6 percent in FY 18-19. General Fund revenues are projected to increase at a rate of 5.9 percent in FY 19-20 with continued economic growth. The General Fund reserve is estimated to be a preliminary \$556.3 million above the required statutory reserve amount of 6.5 percent of appropriations in FY 17-18. Senate Bill 18-276 increased the reserve requirement to 7.25 percent beginning in FY 18-19. The General Fund reserve is projected to be \$212.7 million above the higher required reserve amount under this forecast and FY 18-19's budgeted expenditures.

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 2008, enrollment growth has averaged just over 784 student per year with an annual average growth rate of 2.81%. This totals an increase of 7,839 students in the district since 2008. The Planning Department projects that enrollment will continue to increase by an average of approximately 773 students per year over the next three years, to nearly 35,635 by the fall of 2022.

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 83% of the District's Government wide general revenues for fiscal year 2017-2018.

The District received \$7,492 per pupil FTE as per pupil revenue (PPR) for FY18. This compares to \$7,257 for FY17, an increase of \$235. 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. The most recent adjustment to the residential rate was to set the rate to 7.20%. The Colorado Legislative staff project the residential assessed valuation rate to decrease from 7.20% to 6.11% 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.

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 \$260.34 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 addressing 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. The District has completed approximately 65% of the identified projects, including a new elementary school, a pre-k through 8 school, and a new state of the art innovation center.

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; outstanding teachers and staff; student and staff well-being; districtwide safety and security; cutting-edge technology and innovation; outstanding communication and collaboration with community and corporate partners; rigorous well-aligned standards, curriculum, instruction and assessment; and a portfolio of 21st century instructional focus schools and robust co-curricular opportunities. 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. Since the 2015-2016 school year, the starting base salary was increased from \$35,000 to \$40,000 for the 2018-2019 school year.

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 received a set of ten 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. In January 2018, a third plan option that offered employees access to direct care physicians with no co-pays was introduced. To date, it appears to have been successful in both employee satisfaction and reduced costs.

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 773 students per year over the next three years, to nearly 35,635 by the fall of 2022.

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 was 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 \$260.34 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 addressing 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. To date, one elementary school, the pre-K through 8th grade school, and the Innovation Center opened in the Fall of 2018, and major additions and renovations to many schools have been completed.

Approximately 64% of district buildings are 30 years or older.

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, 2018, the District had a fund balance of \$120.6 million in the General Fund (including its sub-funds). The increase of \$10.0 million is primarily the result increased revenues and conservative budgeting. As a result of the various classifications of fund balance, the ending unassigned General Fund balance is \$27.5 million.

Accounting Policies: Detailed descriptions of the District's accounting policies are contained in the Notes to Financial Statements on pages 33-81, 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, 2017. 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 Comptroller Jane Frederick, CPA; Executive Director of Budget and Finance Tony Whiteley, CPA; and District Accountants 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.

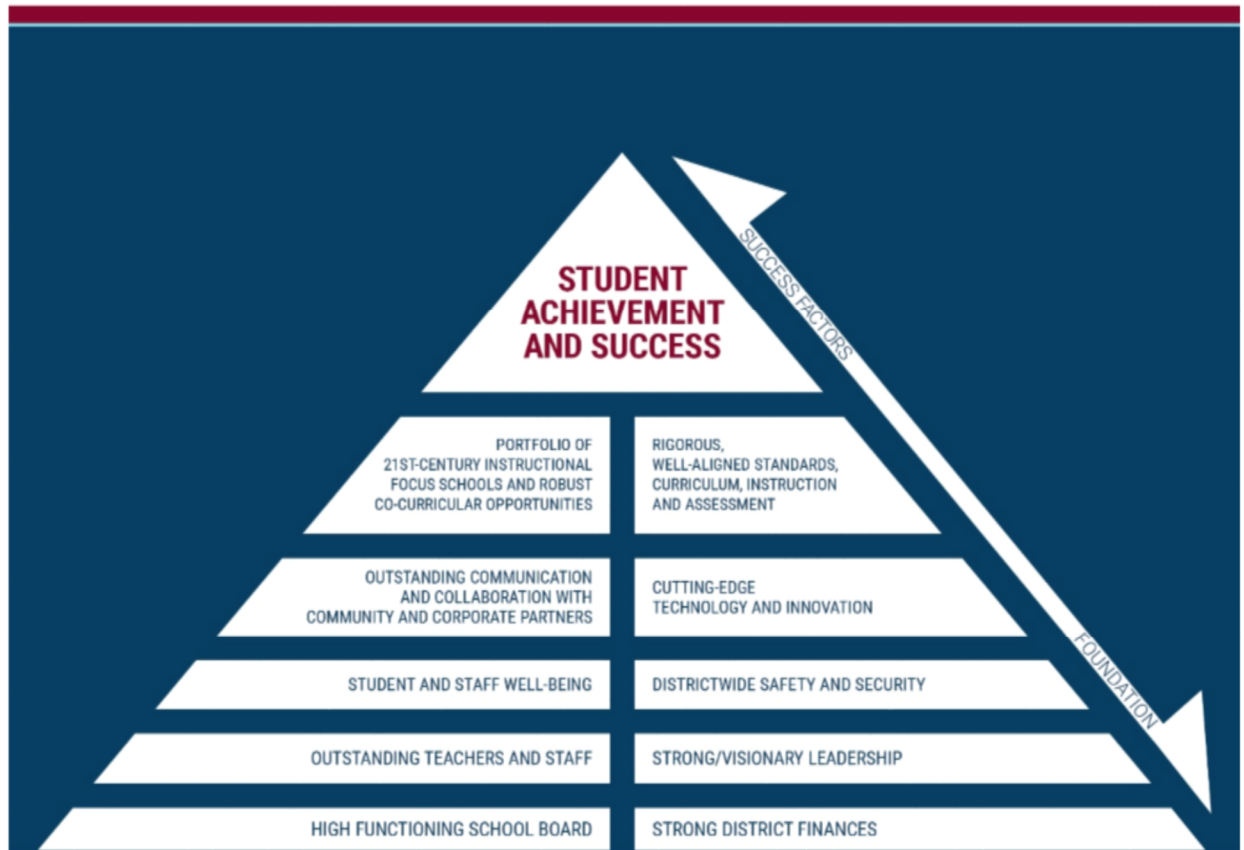
Respectfully submitted,

(signatures omitted in this publicly available document)

Don Haddad, Ed.D.
Superintendent of Schools

Gregory A. Fieth
Chief Financial Officer

STRATEGIC PRIORITIES FOR STUDENT ACHIEVEMENT AND SUCCESS




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, 2017.**

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



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

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

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

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

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

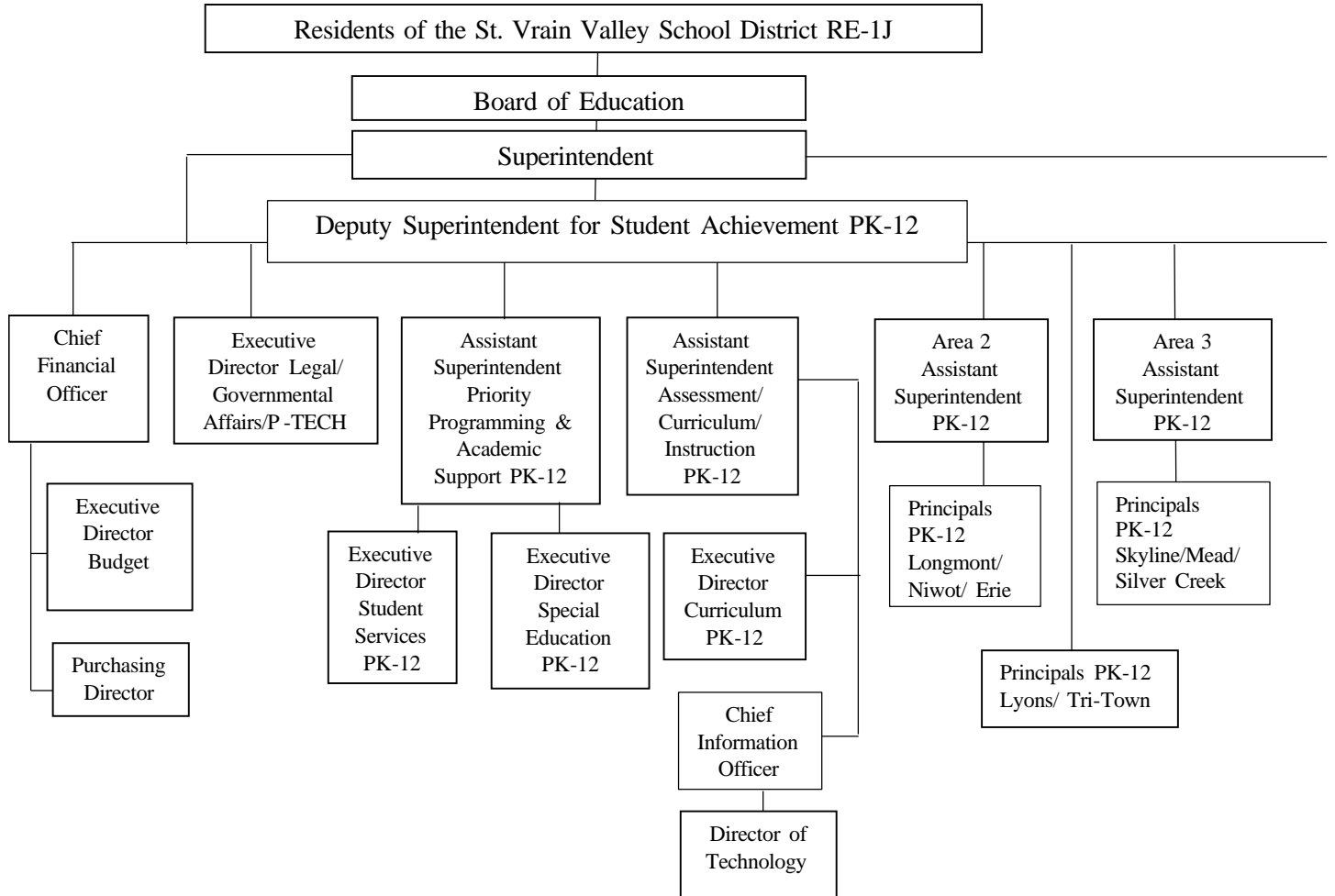
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

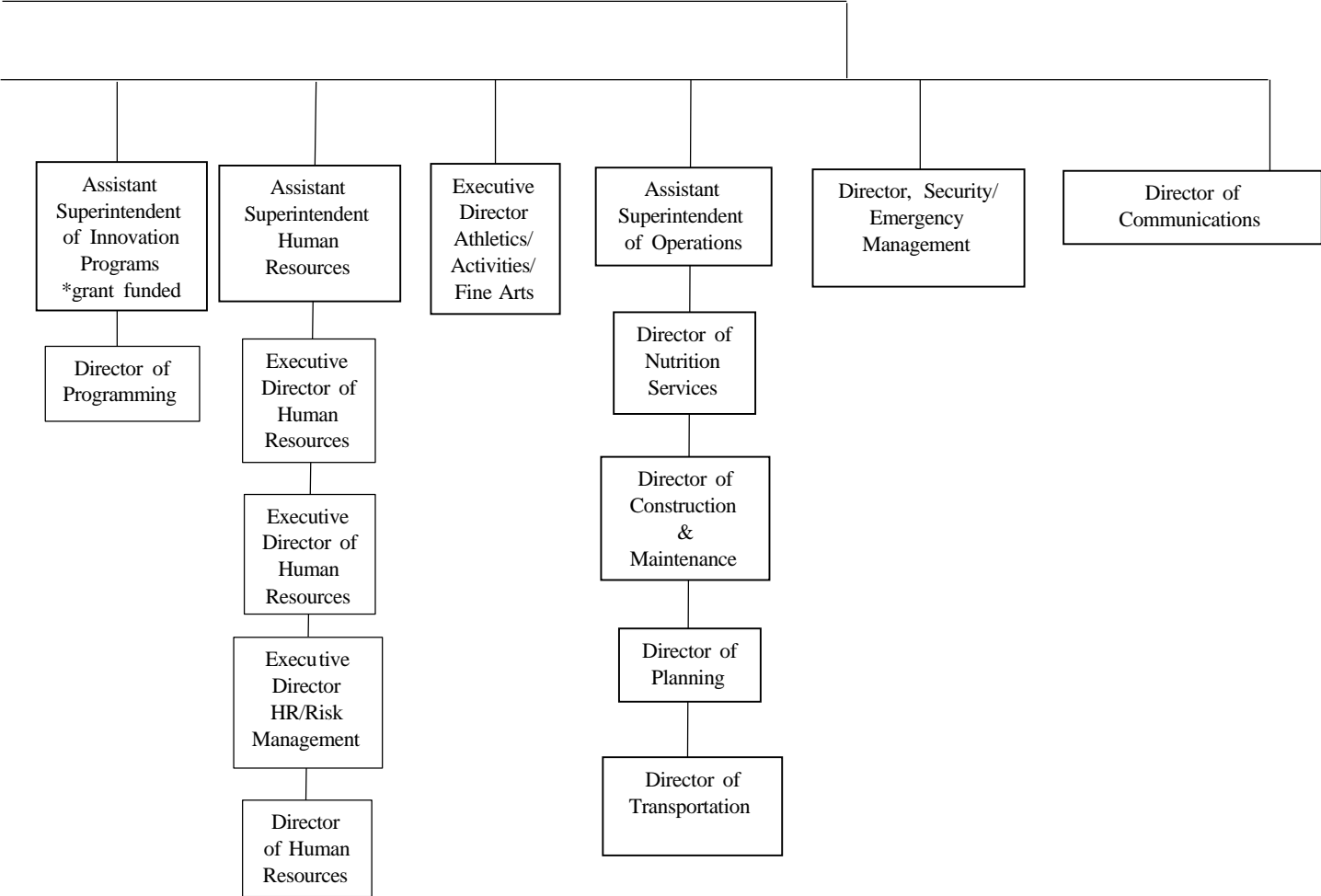
St. Vrain Valley School District RE-1J
 ORGANIZATIONAL CHART
 June 30, 2018



Revised: October 11, 2017

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, 2018

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, Karen Ragland, Member	11/17 - 11/21
District C, Bob Smith, President	11/09 - 11/19 (Appointed 11/07)
District D, John Ahrens, Assistant Secretary	11/13 - 11/21
District E, Dr. Richard Martyr, Member	11/15 - 11/19
District F, Paula Peairs, Treasurer	11/13 - 11/21
District G, Amory Siscoe, Secretary	11/15 - 11/19

Appointed Officials

District Leadership Team

Don Haddad	Superintendent
Jackie Kapushion	Deputy Supt for Student Achievement PK-12
Greg Fieth	Chief Financial Officer
Tony Whiteley	Executive Director of Budget and Finance
Brandon Shaffer	Exec Director of Legal/Govt'l Affairs/P-TECH
Diana Lauer .	Asst Supt of Priority Programs & Academic Support
Bryan Krause	Executive Director of Student Services
Laura Hess	Executive Director of Special Education
Tori Teague	Assistant Supt of Assessment & Curriculum
Kahle Charles	Executive Director of Curriculum
Joe McBreen	Chief Information Officer
Mark Mills	Area 2 Asst Superintendent PK-12
Dina Perfetti-Deany	Area 3 Asst Superintendent PK-12
Patty Quinones	Assistant Supt of Innovative Programs
Ella Padilla	Assistant Superintendent of Human Resources
Mary Miner	Executive Director of Human Resources
Sarah James.....	Executive Director of Human Resources
Damon Brown	Executive Director of HR/Risk Management
Rob Berry	Exec Director of Athletics, Activities & Fine Arts
Brian Lamer	Assistant Superintendent of Operations

FINANCIAL SECTION



Taking Education by #StVrainStorm



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& 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matters

As discussed in Note 16, the District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions were not modified with respect to these matters.

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, schedule of District contributions, schedule of the District's proportionate share of the net other postemployment benefit (OPEB) liability and schedule of District contributions (OPEB) on pages 5 through 17, pages 84 through 85, page 86, page 87, page 88 and page 89, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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 October 18, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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

October 18, 2018

St. Vrain Valley School District RE-1J
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2018

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, 2018. 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 \$654.5 million at June 30, 2018, compared to the prior year's deficit net position of \$439.7 million, primarily due to its implementations of Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, and recognizing its increasing proportionate share of net pension and OPEB liabilities – \$1.188 billion at June 30, 2018 – an increase of just over \$133 million dollars.
- Total net position of the District decreased \$189.5 million during the year ended June 30, 2018, primarily due to recognizing \$251.9 million of its proportionate share of the pension and OPEB expenses under GASB Statements No. 68 and 75.
- Fund balance of the District's governmental funds decreased from an ending fund balance of \$392.8 million at June 30, 2017 to \$308.6 million for fiscal year ended June 30, 2018. The decrease is primarily due to the \$104.2 million of project expenditures during the fiscal year related to 2016 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 \$10.0 million leaving an ending fund balance of \$120.6 million. Despite a planned spend down of fund balance, the increase is primarily due to the out performance of the budget as well as a change in an estimate related to a prior year claim payable.
- During the fiscal year, the District constructed a new elementary school and a new PK-8 school to accommodate student growth, and a state-of-the-art Innovation Center to serve the District's more than 32,000 students with rigorous extended learning and mentorship opportunities.

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 19-81 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*, 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, 2018 are the *General 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 has been the fiduciary for assets that belong to student/parent groups or assets held in trust and administered by an agreement. 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 33-81 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* 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 Statements No. 68 and No. 75. The remaining governmental funds budgetary comparisons are reported as other supplemental information. Combining and individual fund statements and schedules can be found on pages 84-117 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-six 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 2019.

Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2019. Also included in noncurrent liabilities are the District's proportionate shares of the net pension and OPEB liabilities. Although multiple participating employers are required to report their proportionate shares of these liabilities, Senate Bill 18-200 was enacted in June 2018, restructuring contributions, benefits and future eligibility requirements which, thereby, will restore the full funding of these plans within 30 years.

Due to the implementation of GASB Statements No. 68 and No. 75, 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 and OPEB liabilities, 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, 2018, the liabilities plus deferred inflows exceed assets plus deferred outflows of the primary government's governmental activities by \$654.5 million with an unrestricted deficit net position of \$867.5 million. For seven of the twelve prior fiscal years, the District was able to report positive balances in all three categories of net position. In the previous two and current fiscal years, due to the implementation of GASB Statements No. 68 and No. 75, the District reported a negative unrestricted net position.

The construction of two new schools and an Innovation Center from 2016 voter approved bonds contributed to the \$11.5 million increase in "net investment in capital assets" – from \$11.8 million to \$23.3 million – for the primary government's governmental activities. The combined increase in capital assets (\$94.1 million) with the decrease in long term debt (\$20.5 million) exceeded the combined decrease of the *Building Fund's* cash and investments (\$94.5 million) with the increase of deferred outflow of resources related to debt (\$1.7 million) and other related liabilities (\$6.9 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 \$830 thousand as of June 30, 2018. Net position restricted for debt service increased \$7.5 million resulting in a total of \$64.3 million. With the passage of voter-approved 2016 building bonds, \$101.4 million net position is restricted for those projects.

The \$187.0 million increase in liabilities plus deferred inflows is attributable to the District recognizing its increased proportionate share of a net pension liability of \$1.162 billion as well as the net OPEB liability of \$26.5 million. Refer to Note 9 (Defined Benefit Pension Plan) and Note 10 (Defined Benefit OPEB Plan).

Table 1 provides a summary of the District's net position as of June 30, 2018 compared to June 30, 2017.

Table 1
Comparative Summary of Net Position
As of June 30, 2018 and 2017
(in Thousands)

	Governmental	Activities	Total Dollar	Total
	2018	2017	Change	Percentage
			2017 - 2018	Change
				2017 - 2018
Assets				
Current assets	\$ 300,724	\$ 384,191	\$ (83,467)	-21.73%
Noncurrent assets excluding capital assets	65,805	58,424	7,381	12.63%
Capital assets	500,098	405,999	94,099	23.18%
Total assets	866,627	848,614	18,013	2.12%
Deferred outflows of resources	386,801	432,587	(45,786)	-10.58%
Liabilities				
Current liabilities	49,192	41,046	8,146	19.85%
Long-term liabilities	599,313	619,820	(20,507)	-3.31%
Pension liability	1,161,892	1,055,347	106,545	10.10%
OPEB liability	26,533	-	26,533	n/a
Total liabilities	1,836,930	1,716,213	120,717	5.49%
Deferred inflows of resources	70,989	4,701	66,288	1410.08%
Net Position				
Net investment in capital assets	23,251	11,776	11,475	97.44%
Restricted for				
TABOR	9,887	9,057	830	9.16%
Debt service	64,267	56,804	7,463	13.14%
Voter approved projects	101,364	203,044	(101,680)	n/a
Specific federal contract	3,177	2,574	603	n/a
Colo Preschool	667	577	90	15.60%
Other	10,425	9,545	880	9.22%
Unrestricted	(867,529)	(733,090)	(134,439)	18.34%
Total net position	\$ (654,491)	\$ (439,713)	\$ (214,778)	72.62%

Government-wide Activities

Governmental activities decreased the net position of the District \$189.5 million during the year ended June 30, 2018. While general revenues increased \$19.5 million and program revenues decreased \$1.9 million, construction costs and the District's recognition of its increased proportionate share of the pension and OPEB expenses under GASB Statements No. 68 and No. 75 primarily contributed to overall decrease in net position. Table 2 provides a summary of the District's change in net position for 2018 compared to 2017.

Table 2
Comparative Schedule of Changes in Net Position
For the Years Ended June 30, 2018 and 2017
(in Thousands)

	Governmental Activities		Total Dollar	Total
	2018	2017	Change	Percentage
			2017 - 2018	2017 - 2018
Revenues				
Program revenues				
Charges for services	\$ 24,326	\$ 23,478	\$ 848	3.61%
Grants & contributions:				
Operating	30,979	34,163	(3,184)	-9.32%
Capital	1,601	1,157	444	38.38%
General revenues				
Property, specific ownership, and mill levy override taxes	194,141	180,373	13,768	7.63%
State revenue	139,727	137,977	1,750	1.27%
Other	11,369	7,402	3,967	53.59%
Total revenues	<u>402,143</u>	<u>384,550</u>	<u>17,593</u>	4.57%
Expenses				
Instruction	397,861	347,825	50,036	14.39%
Supporting services	169,477	158,628	10,849	6.84%
Interest expense	24,293	20,529	3,764	18.34%
Total expenses	<u>591,631</u>	<u>526,982</u>	<u>64,649</u>	12.27%
Increase (decrease) in net position	(189,488)	(142,432)	(47,056)	-33.04%
Net position - 7/1	(439,713)	(297,281)	(142,432)	47.91%
Restatement **	(25,290)	-	(25,290)	n/a
Net position, restated	<u>(465,003)</u>	<u>(297,281)</u>	<u>(167,722)</u>	56.42%
Net position - 6/30	<u>\$ (654,491)</u>	<u>\$ (439,713)</u>	<u>\$ (214,778)</u>	48.85%

** The restatement above includes the change in accounting principle due to the implementation of GASB Statement No. 75, *Defined Benefit OPEB Plan*. Refer to Note 16 for more details.

The governmental activities' total assets increased by \$18.0 million and deferred outflows of resources decreased \$45.8 million attributed to the following elements:

Table 3
Comparative Schedule of Assets & Deferred Outflows of Resources
of Governmental Activities
As of June 30, 2018 and 2017

	2018	2017	Increase (Decrease)
Cash and investments	\$ 353,317,186	\$ 429,722,854	\$ (76,405,668)
Accounts receivable	1,018,732	990,187	28,545
Due from component units	28,987	82,215	(53,228)
Grants receivable	3,132,021	3,916,357	(784,336)
Interest receivable	40	17,889	(17,849)
Taxes receivable	7,077,432	6,617,322	460,110
Prepaid expenses	435,451	100,085	335,366
Deposits	77,550	77,884	(334)
Inventories	1,442,067	1,090,528	351,539
Capital assets			
Non-depreciable	109,407,742	46,761,442	62,646,300
Depreciable, net	390,690,623	359,236,856	31,453,767
Total assets	<u>\$ 866,627,831</u>	<u>\$ 848,613,619</u>	<u>\$ 18,014,212</u>
Deferred outflows of resources			
Related to debt	\$ 17,713,893	\$ 19,436,997	\$ (1,723,104)
Related to pensions	367,796,197	413,149,831	(45,353,634)
Related to OPEBs	1,290,893	-	1,290,893
Total deferred outflows	<u>\$ 386,800,983</u>	<u>\$ 432,586,828</u>	<u>\$ (45,785,845)</u>

The \$76.4 million decrease in cash and investments (which includes unrestricted and restricted cash and investments) is primarily due to the following: use of proceeds from the issuance of 2016 voter-approved bonds for capital construction offset by increased property tax revenues, improved operations, and conservative spending in the *General Fund* budget.

The \$809 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. The decrease in interest receivable is due to the change in paying agent for the District's bonded debt during the fiscal year and the timing of interest receipts in the custodial account. Taxes receivable increased \$460 thousand due to increased property tax activity and the resulting tax revenues due to the District at year-end. The net \$335 thousand increase in prepaid expenses and deposits is the result of a new prepaid maintenance agreement offset by the current year's portion of expenses incurred. The \$352 thousand increase in inventories is primarily due to the expansion of Operation's inventory to meet its maintenance needs. The \$62.6 million increase in non-depreciable capital assets reflects the net additions of construction projects in progress through year end. Depreciable capital assets increased \$31.5 million primarily due to the completion of one of three newly constructed buildings just prior to fiscal year end.

Deferred outflows of resources are due to two factors: debt defeasance and the pension and OPEB liabilities. The \$1.7 million decrease is the current year amortization related to debt. The difference between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension and OPEB 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 combined decrease of deferred outflows of \$44.1 million.

The governmental activities' total liabilities increased by \$120.7 million and deferred inflows of resources increased \$66.3 million as follows:

Table 4
Comparative Schedule of Liabilities & Deferred Inflows of Resources
of Governmental Activities
As of June 30, 2018 and 2017

	2018	2017	Increase (Decrease)
Accounts payable	\$ 19,488,278	\$ 11,936,118	\$ 7,552,160
Retainage payable	4,585,997	899,994	3,686,003
Accrued salaries, benefits, withholdings	21,121,938	20,653,501	468,437
Accrued interest payable	1,023,539	1,066,151	(42,612)
Claims payable	2,553,292	6,131,684	(3,578,392)
Unearned revenues	419,244	358,461	60,783
Noncurrent liabilities			
Due within one year	30,677,880	26,454,391	4,223,489
Due in more than one year	568,635,055	593,365,774	(24,730,719)
Pension liability	1,161,892,447	1,055,346,922	106,545,525
OPEB liability	26,532,775	-	26,532,775
Total liabilities	<u>\$ 1,836,930,445</u>	<u>\$ 1,716,212,996</u>	<u>\$ 120,717,449</u>
Deferred inflows of resources			
Related to pensions	\$ 70,545,233	\$ 4,700,600	\$ 65,844,633
Related to OPEBs	443,895	-	443,895
	<u>\$ 70,989,128</u>	<u>\$ 4,700,600</u>	<u>\$ 66,288,528</u>

Accounts payable increased by \$7.6 million and retainage payable increased by \$3.7 million, 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 \$468 thousand due to salary increases, benefit increases, and growth in the number of employees. The \$43 thousand decrease in accrued interest reflects the decreased bond interest due by the District because of the pay down of debt. The \$3.6 million net decrease in claims payable is due to a change in estimate of a prior year legal claim within the *Risk Management Fund* and the reduced lag time and resulting decreased medical and dental insurance claims liability within the internal service fund. Refer to Note 8 (Risk Financing). The \$61 thousand increase in unearned revenues is due to the increased collection of next year's fees and registrations prior to fiscal year end. The net decrease of \$20.5 million in noncurrent liabilities due within one year and due in more than one year are primarily due to debt payments during the year. Refer to Note 7 (Long-Term Debt). The increase in pension and OPEB liabilities is due to recognizing the District's increased proportionate share of the net pension and OPEB liabilities. Refer to Note 9 (Defined Benefit Pension Plan) and Note 10 (Defined Benefit OPEB Plan).

Deferred inflows of resources related to pensions and OPEBs increased \$66.3 million primarily due to the net difference between projected and actual earning on plan investments under GASB Statements No. 68 and No. 75.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA, after the budget stabilization 'negative' factor was applied, the District received \$7,492 per funded pupil. For the fiscal year ended June 30, 2018, the funded pupil count was 30,032.3, a growth rate of 0.7% 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 2018, SFA per pupil funding increased by \$235 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, 2018 and 2017
(in Thousands)

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction	\$ 397,861	\$ 347,825	\$ 358,048	\$ 307,684
Supporting services	169,477	158,628	152,384	139,971
Interest expense	24,293	20,529	24,293	20,529
	<u>\$ 591,631</u>	<u>\$ 526,982</u>	<u>\$ 534,725</u>	<u>\$ 468,184</u>

Key elements of the governmental activities are as follows:

- The cost of all governmental activities this year was \$591.6 million compared to \$527.0 million last year. Interest expense increased by \$3.8 million primarily due to the issuance of new debt from the general obligation building bond Series 2016C.
- About \$24.3 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 \$848 thousand from 2017. The increase combines the increased participation in tuition and fee based program activities and an increase in food service participation .
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$32.6 million, a decrease of \$2.7 million from fiscal year 2017. The conclusion of the Race to the Top (RttT) federal grant program caused the decrease, even though state and federal grant revenues within the *General Fund* increased slightly.
- The majority of the District's net cost of services, \$534.7 million, was financed by State and District taxpayers.
- General revenues accounted for \$345.2 million in revenue which was 85.8% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$56.9 million or 14.2% of total revenues of \$402.1 million. These percentages reflect a shift of 1.1% of total revenue from program specific to general revenues.
- The *Building Fund* expenditures of \$104.2 million primarily contributed to the decrease 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 \$308.6 million, a decrease from the prior year ending balance of \$392.8 million. As noted earlier, the fund balance decrease occurred because of the fund balance decrease in the *Building Fund*.

Among major funds, the *General Fund* is the chief operating fund of the District. The *General Fund* had \$297.6 million in revenues, and \$297.9 million in expenditures. The *General Fund's* fund balance increased from \$110.6 million to \$120.6 million. The increase of \$10.0 million is primarily the result of increased revenues, conservative budgeting and proceeds from a capital lease arrangement. The *General Fund* received more revenue than anticipated when the budget was originally adopted due to increased assessed property values, specific ownership revenue, investment income, a revised estimate on claims, 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. A generally conservative budget approach to personnel, growth, and planning, also helped to increase *General Fund* balance.

Significant differences between the *General Fund's* adopted and amended budgets are due to a \$1.7 million increase in mill levy override dollars due to increased property values; \$1.1 million increase in state categorical revenues; \$1 million increase due to higher than projected Specific Ownership Taxes; \$800 thousand increase in total program funding resulting from increased per pupil revenue and student growth; \$2.3 million increase in investment income, E-rate revenue and other miscellaneous revenue; offset by an increase of a one-time \$3.3 million in allocation to other funds, and a decrease in the abatement levy of \$1.5 million. Significant changes in Expenditures include \$2.5 million for the addition of new staff to address growth needs; \$1.8 million net decrease in salaries and benefits primarily due to vacancies that were filled at a lower cost than anticipated; and \$1.4 million increase in special education tuition costs due to increased student numbers and tuition rates.

For seven of the past ten fiscal years, the *Governmental Designated-Purpose Grants Fund* met the minimum criteria to be reported as a major special revenue fund. The fund did not meet this criteria in fiscal year 2018 and, unlike previous years, the District elected not to continue reporting it as major. The *Governmental Designated-Purpose Grants Fund* is combined with the other four special revenue funds.

The fund balance of the *Bond Redemption Fund* had an increase of \$7.4 million, resulting in a balance of \$62.6 million as of June 30, 2018. 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 2018 principal and interest payments. The mill levy to accumulate resources for the June 2019 interest payment will be certified in December 2018. 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 decreased \$101.7 million due to major capital construction projects. The District completed the construction of one new school prior to June 30, 2018, and had the majority of the construction completed on a second school and the Innovation Center. In addition, the District completed a majority of the construction on major additions/renovations at three high schools, additions at numerous elementary schools, and safety and programming upgrades at multiple schools.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2018 is \$500.1 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 \$94.1 million. Major capital events during the year included the completion of construction on one new school, and the majority of construction of another school and an Innovation Center in the District that are both scheduled to open in the fall of 2018. In addition, renovation or refurbishment projects have been initiated, and in some cases completed on many other district schools as part of the recently authorized voter-approved bond.

Table 6 shows fiscal year 2018 capital assets compared to 2017.

Table 6
Comparative Schedule of Capital Assets
As of June 30, 2018 and 2017
(Net of Depreciation, in Thousands)

	Governmental Activities		Total Dollar Change	Total Percentage Change
	2018	2017	2017 - 2018	2017 - 2018
Land	\$ 20,846	\$ 20,846	\$ -	0.00%
Water rights	1,084	1,084	-	0.00%
Projects in progress	87,478	24,831	62,647	252.29%
Land improvements	11,023	7,673	3,350	43.66%
Buildings	232,571	215,401	17,170	7.97%
Building improvements	120,881	121,833	(952)	-0.78%
Equipment	26,217	14,330	11,887	82.95%
Totals	<u>\$ 500,100</u>	<u>\$ 405,998</u>	<u>\$ 94,102</u>	23.18%

Additional information on the District's total capital assets can be found in Note 5 beginning on page 47.

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 UMB Bank in Denver, Colorado. Total long-term debt outstanding as of June 30, 2018 as compared to June 30, 2017 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 \$646 million and the legal debt margin was \$115 million.

Table 7
Comparative Schedule of Outstanding Debt
As of June 30, 2018 and 2017
(in Thousands)

	2018	2017	Increase (Decrease)
General obligation bonds	\$ 531,080	\$ 555,565	\$ (24,485)
Deferred bond premium	58,010	60,894	(2,884)
Capital leases	6,835	240	6,595
Benefits payable	3,388	3,121	267
Total debt	<u>\$ 599,313</u>	<u>\$ 619,820</u>	<u>\$ (20,507)</u>

Additional information on the District's total bonded debt can be found in Note 7 beginning on page 49 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 multiyear 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 about \$47 million in fiscal year 2018-2019. This amounts to more than \$1,500 per student. These mill levy overrides are fixed mills so the revenues grow as assessed valuation increases. In addition, there is no end date so the revenues will go in perpetuity.

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. Based on the District's current spend down plan on the 2016 constructions projects, and the need for additional funding, the District sold the remaining \$60.34 million on September 19, 2018. The sale on September 19 was for a 5-year bond maturity, shortened from what was initially planned to be a 14-year schedule. The Series 2018 bonds carried yields of 1.72 percent to 2.21 percent, which combined with the rates locked in at the time of the sale of the initial \$200 million in December 2016, provided a net interest cost of 3.57 percent for the full issue. The final piece of the 2016 bond authorization has been sold, and compared to the ballot numbers that voters approved the total amount of principal and interest to be repaid on these bonds is over \$21 million less than voters approved in 2016.

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 2009 through 2018, ranging from 0.78% to 4.76%. The October 2017 headcount was 250 more students than the previous year, a 0.78% increase. Current projections reflect an estimated annual growth rate of between 1.10% and 2.53% 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. Since the 2015-2016 school year, the starting base salary was increased from \$35,000 to \$40,000 for the 2018-2019 school year. 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 2018-2019, that number is estimated to be more than 830 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 provided \$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). The most recent adjustment to the residential rate was to set the rate to 7.20%. The Colorado Legislative staff project the residential assessed valuation rate to decrease from 7.20% to 6.11% in future years.

The fiscal year 2018 is Dr. Don Haddad's tenth 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 2018 is the District's tenth 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

St. Vrain Valley School District RE-1J

**Statement of Net Position
June 30, 2018**

	<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	\$ 287,512,180	\$ 13,865,988
Accounts receivable	1,018,732	76,652
Due from component units	28,987	-
Grants receivable	3,132,021	-
Interest receivable	40	-
Taxes receivable	7,077,432	-
Prepaid expenses	435,451	197,004
Deposits	77,550	13,841
Inventories	1,442,067	-
Restricted cash and investments for		
Bond Redemption Fund	62,112,288	-
Building Corporations	-	5,668,473
Self Insurance Fund	3,692,718	-
Capital assets,		
Non-depreciable	109,407,742	9,167,483
Depreciable, net	390,690,623	39,712,881
Total assets	<u>866,627,831</u>	<u>68,702,322</u>
Deferred outflows of resources		
Related to debt	17,713,893	4,242,848
Related to pensions	367,796,197	32,134,479
Related to OPEBs	1,290,893	168,376
Total deferred outflow of resources	<u>386,800,983</u>	<u>36,545,703</u>
Liabilities		
Accounts payable	19,488,278	327,222
Due to primary government	-	32,057
Retainage payable	4,585,997	-
Accrued salaries and benefits	12,731,698	1,256,100
Payroll withholdings	8,390,240	-
Accrued interest payable	1,023,539	710,839
Claims payable	2,553,292	-
Unearned revenues	419,244	239,516
Noncurrent liabilities		
Due within one year	30,677,880	1,016,653
Due in more than one year	568,635,055	53,778,663
Pension liability	1,161,892,447	98,428,060
OPEB liability	26,532,775	2,247,709
Total liabilities	<u>1,836,930,445</u>	<u>158,036,819</u>
Deferred inflows of resources		
Related to pensions	70,545,233	4,240,355
Related to OPEBs	443,895	39,983
Total deferred inflow of resources	<u>70,989,128</u>	<u>4,280,338</u>
Net Position		
Net investment in capital assets	23,251,521	(3,760,558)
Restricted for		
TABOR	9,886,636	961,217
Debt service	64,267,574	1,186,343
Voter approved capital projects	101,364,045	-
Specific federal contract	3,177,133	-
Colorado Preschool Fund	666,704	-
Extracurricular, community programs	10,424,940	-
Unrestricted	(867,529,312)	(55,456,134)
Total net position	<u>\$ (654,490,759)</u>	<u>\$ (57,069,132)</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, 2018**

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
Instruction	\$ 397,860,921	\$ 20,738,441	\$ 19,074,087	\$ -
Supporting services	169,476,857	3,587,104	11,905,360	1,600,684
Interest expense	24,293,242	-	-	-
Total governmental activities	<u>\$ 591,631,020</u>	<u>\$ 24,325,545</u>	<u>\$ 30,979,447</u>	<u>\$ 1,600,684</u>
COMPONENT UNITS				
Instruction	\$ 31,056,863	\$ 2,823,802	\$ 896,394	\$ -
Supporting services	18,990,607	-	-	5,202,606
Interest expense	2,610,804	-	-	-
Total component units	<u>\$ 52,658,274</u>	<u>\$ 2,823,802</u>	<u>\$ 896,394</u>	<u>\$ 5,202,606</u>

General Revenues

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

Total general revenues

Change in net position

Net position, beginning

Restatement, change in accounting principle

Net position, restated

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
\$ (358,048,393)	\$ -
(152,383,709)	-
(24,293,242)	-
<u>(534,725,344)</u>	<u>-</u>
-	(27,336,667)
-	(13,788,001)
-	<u>(2,610,804)</u>
-	<u>(43,735,472)</u>
139,219,380	-
11,588,740	-
139,726,941	-
-	23,106,618
43,332,885	4,088,743
4,866,216	122,152
6,503,076	616,493
<u>345,237,238</u>	<u>27,934,006</u>
(189,488,106)	(15,801,466)
(439,713,149)	(39,191,498)
<u>(25,289,504)</u>	<u>(2,076,168)</u>
<u>(465,002,653)</u>	<u>(41,267,666)</u>
<u>\$ (654,490,759)</u>	<u>\$ (57,069,132)</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, 2018**

	General	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash & investments - unrestricted	\$ 140,892,286	\$ -	\$ 118,469,586	\$ 26,076,836	\$ 285,438,708
Cash & investments - restricted	-	62,112,288	-	-	62,112,288
Accounts receivable	405,859	-	-	88,217	494,076
Due from other funds	2,917,989	-	-	-	2,917,989
Due from component units	25,744	-	-	3,243	28,987
Grants receivable	14,130	-	-	3,117,891	3,132,021
Interest receivable on investments	-	40	-	-	40
Taxes receivable	4,922,019	2,155,413	-	-	7,077,432
Prepays	435,451	-	-	-	435,451
Deposits	-	-	77,270	280	77,550
Inventories	983,067	-	-	459,000	1,442,067
Total assets	\$ 150,596,545	\$ 64,267,741	\$ 118,546,856	\$ 29,745,467	\$ 363,156,609
Liabilities					
Accounts payable	\$ 5,297,137	\$ 167	\$ 12,600,226	\$ 1,463,192	\$ 19,360,722
Due to other funds	45,230	-	-	2,872,759	2,917,989
Retainage payable	1,874	-	4,505,315	78,808	4,585,997
Accrued salaries and benefits	11,619,153	-	-	1,112,545	12,731,698
Payroll withholdings	8,390,240	-	-	-	8,390,240
Claims payable	588,355	-	-	-	588,355
Unearned revenues	177,926	-	-	241,318	419,244
Total liabilities	26,119,915	167	17,105,541	5,768,622	48,994,245
Deferred inflows of revenue					
Unavailable property tax revenue	3,910,720	1,694,726	-	-	5,605,446
Fund Balances					
Nonspendable:					
deposits, inventories, prepaids	1,418,518	-	77,270	459,280	1,955,068
Restricted: TABOR	9,886,636	-	-	-	9,886,636
Restricted: Colorado Preschool	666,704	-	-	-	666,704
Restricted: debt service	-	62,572,848	-	-	62,572,848
Restricted: special revenue funds	-	-	-	10,424,940	10,424,940
Restricted: specific federal contract	3,177,133	-	-	-	3,177,133
Restricted: voter approved projects	-	-	101,364,045	-	101,364,045
Committed: capital projects	-	-	-	7,713,909	7,713,909
Committed: contingencies	6,591,091	-	-	-	6,591,091
Committed: Board allocations	10,577,852	-	-	-	10,577,852
Committed: risk management	5,966,417	-	-	-	5,966,417
Committed: special revenue fund	-	-	-	5,378,716	5,378,716
Assigned: Mill Levy Override	44,396,663	-	-	-	44,396,663
Assigned: subsequent year expenditures reported in					
General Fund	10,354,915	-	-	-	10,354,915
Unassigned reported in					
General Fund	27,529,981	-	-	-	27,529,981
Total fund balances	120,565,910	62,572,848	101,441,315	23,976,845	308,556,918
Total liabilities, deferred inflows, and fund balances	\$ 150,596,545	\$ 64,267,741	\$ 118,546,856	\$ 29,745,467	\$ 363,156,609

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, 2018**

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

Governmental funds total fund balances	\$ 308,556,918
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	500,098,365
Deferred outflows from refunding debt are not considered current financial resources and, therefore, not reported in the governmental funds	17,713,893
Premium (\$58,009,761) on issuance of bonds, is recognized as other financing source in the governmental funds but are deferred in the statement of net position.	(58,009,761)
Long-term liabilities, including capital leases (\$6,835,021), compensated absences (\$3,388,153), bonds payable (\$531,080,000), related accrued interest (\$1,023,539) and claims payable (\$248,937) are not due and payable in the current period and, therefore, are not reported in the funds.	(542,575,650)
Pension liability (\$1,161,892,447), OPEB liability (\$26,532,775) and related deferred inflows (\$70,989,128) and deferred outflows \$369,087,090 are not considered current and, therefore, not reported in the funds.	(890,327,260)
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.	5,605,446
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.	4,447,290
Net position of governmental activities	<u>\$ (654,490,759)</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, 2018**

	General	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 82,112,929	\$ 56,873,293	\$ -	\$ -	\$ 138,986,222
Specific ownership taxes	11,588,740	-	-	-	11,588,740
Mill levy override	43,332,885	-	-	-	43,332,885
Investment income	1,519,111	493,250	2,454,786	317,221	4,784,368
Charges for services	6,264,809	-	-	10,579,732	16,844,541
Pupil activities	-	-	-	7,481,004	7,481,004
Miscellaneous	6,171,336	-	46,750	1,779,629	7,997,715
State intergovernmental	143,206,731	-	-	9,413,516	152,620,247
Federal intergovernmental	3,391,143	-	-	14,694,998	18,086,141
Total revenues	297,587,684	57,366,543	2,501,536	44,266,100	401,721,863
Expenditures					
Current					
Instruction	175,229,554	-	6,391	16,392,587	191,628,532
Supporting services	108,036,901	-	12,131,167	9,234,690	129,402,758
Food service operations	-	-	-	9,774,731	9,774,731
Capital outlay	10,921,614	-	92,043,910	8,821,355	111,786,879
Debt service					
Principal	3,731,886	24,485,000	-	21,828	28,238,714
Interest	-	25,494,214	-	2,478	25,496,692
Fiscal charges	-	9,867	-	-	9,867
Total expenditures	297,919,955	49,989,081	104,181,468	44,247,669	496,338,173
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(332,271)</u>	<u>7,377,462</u>	<u>(101,679,932)</u>	<u>18,431</u>	<u>(94,616,310)</u>
Other Financing Sources (Uses)					
Proceeds from capital lease	10,348,651	-	-	-	10,348,651
Transfers in	-	-	-	63,365	63,365
Transfers out	<u>(52,654)</u>	-	-	<u>(10,711)</u>	<u>(63,365)</u>
Total other financing sources (uses)	10,295,997	-	-	52,654	10,348,651
Net change in fund balances	9,963,726	7,377,462	(101,679,932)	71,085	(84,267,659)
Fund balances, beginning	<u>110,602,184</u>	<u>55,195,386</u>	<u>203,121,247</u>	<u>23,905,760</u>	<u>392,824,577</u>
Fund balances, ending	<u>\$ 120,565,910</u>	<u>\$ 62,572,848</u>	<u>\$ 101,441,315</u>	<u>\$ 23,976,845</u>	<u>\$ 308,556,918</u>

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, 2018**

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

Net change in fund balances of governmental funds \$ (84,267,659)

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.

Depreciation expense, net of deletions and adjustments	(15,942,288)	
Capital outlay - capitalized, net of deleted assets	<u>110,042,355</u>	94,100,067

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.

Current year amortization of premium on bond issue	2,883,942	
Current year amortization of deferred outflows	(1,723,104)	
Long term portion of claims payable	(32,125)	
Change in deferred property tax accrual	<u>233,158</u>	1,361,871

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:

Accrued annual leave earned during the year	(471,558)	
Accrued vacation earned during the year	(345,940)	
Amount paid during the year	<u>550,723</u>	(266,775)

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.

Bond principal payments	24,485,000	
Accrued interest expense on bonds	42,612	
Long-term lease additions	(10,348,651)	
Long-term lease payments	<u>3,753,714</u>	17,932,675

Pension and OPEB expenses 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.

Pension expense, net	(249,816,659)	
Pension contributions	32,072,868	
OPEB expense	(2,128,816)	
OPEB contributions	<u>1,732,542</u>	(218,140,065)

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.

(208,220)

Change in net position of governmental activities \$ (189,488,106)

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

St. Vrain Valley School District RE-1J

**Statement of Fund Net Position
Proprietary Fund
June 30, 2018**

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 2,073,472
Accounts receivable	524,656
Total current assets	<u>2,598,128</u>
Noncurrent assets	
Restricted cash and cash equivalents	<u>3,692,718</u>
Total assets	<u>6,290,846</u>
Liabilities	
Current liabilities	
Accounts payable	127,556
Claims payable	<u>1,716,000</u>
Total liabilities	<u>1,843,556</u>
Net Position	
Unrestricted	<u>4,447,290</u>
Total net position	<u>\$ 4,447,290</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, 2018**

	Governmental Activities
	<u>Internal Service Fund</u>
Operating Revenues	
Charges for services	\$ 17,926,808
Total operating revenues	<u>17,926,808</u>
Operating Expenses	
Salaries and benefits	230,389
Purchased services	2,180,447
Small equipment	476,198
Claims paid	<u>15,424,833</u>
Total operating expenses	<u>18,311,867</u>
Operating loss	(385,059)
Nonoperating Revenues	
Investment income	81,848
Other	<u>94,991</u>
Total nonoperating revenues	<u>176,839</u>
Change in net position	(208,220)
Net position, beginning	<u>4,655,510</u>
Net position, ending	<u>\$ 4,447,290</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, 2018**

	Governmental Activities
	<u>Internal Service Fund</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 17,531,901
Cash paid to providers	(15,144,709)
Cash paid to other vendors	(2,668,356)
Cash paid to employees	(230,389)
Net cash (used in) operating activities	<u>(511,553)</u>
Cash Flows from Noncapital Financing Activities	
Change in restricted cash and cash equivalents	(56,590)
Cash received from prior insurance companies	94,991
Net cash provided by noncapital financing activities	<u>38,401</u>
Cash Flows from Investing Activities	
Investment income	81,848
Decrease in cash and cash equivalents	(391,304)
Cash and cash equivalents, beginning of the year	2,464,776
Cash and cash equivalents, end of the year	<u>\$ 2,073,472</u>
Reconciliation of Operating Income to Net Cash (Used in) Operating Activities	
Operating loss	\$ (385,059)
Adjustments to reconcile operating income to Net cash provided by operating activities	
Changes in assets and liabilities	
Increase in accounts receivable	(394,907)
Decrease in deposits/prepays	99,085
Decrease in accounts payable	(11,711)
Increase in claims payable	181,039
Net cash used in operating activities	<u>\$ (511,553)</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, 2018**

	Private Purpose Trust - Student Scholarship	Agency - Student Activity
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 226,828	\$ -
Accounts receivable	4,422	-
Due from governmental funds	<u>-</u>	<u>-</u>
Total assets	<u>231,250</u>	<u>\$ -</u>
 Liabilities	 <u> </u>	 <u> </u>
Total liabilities	<u>-</u>	<u>\$ -</u>
 Net Position		
Held in trust	<u>\$ 231,250</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, 2018**

	<u>Private Purpose Trust - Student Scholarship</u>
Additions	
Investment income	\$ 2,144
Contributions	<u>38,334</u>
Total additions	<u>40,478</u>
Deductions	
Scholarships	<u>32,740</u>
Total deductions	<u>32,740</u>
Change in net position	7,738
Net position, beginning	<u>223,512</u>
Net position, ending	<u><u>\$ 231,250</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, 2018

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, 24 elementary, 2 PK-8, 1 K-8, 8 middle, 1 middle/senior, 7 high, 1 alternative high, 1 online high, 1 P-TECH program, 6 charter schools, and programs including the Innovation Center, Main Street Special Education, Career Development Center, and high-quality homeschool enrichment, and is serving more than 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, 2018

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 three 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.

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, 2018

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.

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*, *Government Designated-Purpose Grants 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 fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities for pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds are distinguished from agency funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. 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, 2018

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 fiduciary 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.

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, 2018

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 fiduciary fund applies the economic resources measurement focus and accrual basis of accounting.

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, 2018

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 \$17,713,893 at June 30, 2018.

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, 2018

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.

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

Other Post Employment Benefit (OPEB). The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado. The net OPEB liability, deferred

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or 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 and OPEBs) – 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.*
- *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.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2018 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

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, 2018 in the amount of \$5,605,446. 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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (continued)

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.

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 2018, the District budgeted \$5,819,364 for instructional supplies and material purposes. The District expended \$18,612,719 for instructional purposes during fiscal year ended June 30, 2018, a significant increase from the prior fiscal year due to the purchases of iPads for students as part of the District's Learning Technology Plan.

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, 2018, the Board of Education authorized the total allocation of \$12,564,350 via the amended budget: \$8,727,635 to Capital Reserve Fund and \$3,836,715 to Risk Management Fund.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS

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

	<u>District</u>	<u>Component Units</u>
Governmental activities	\$ 353,317,186	\$ 19,534,461
Custodial / Agency	-	165,114
Private purpose trust scholarship	226,828	-
	<u>\$ 353,544,014</u>	<u>\$ 19,699,575</u>

At June 30, 2018, the District and component units had cash and investments with the following carrying balances:

	<u>District</u>	<u>Component Units</u>
Cash and deposits	\$ 30,091,628	\$ 15,659,197
Investments measured at net asset value	320,264,447	3,450,533
Investments measured at amortized cost	-	2,530,371
Investments measured at fair value	3,187,939	4,040,378
	<u>\$ 353,544,014</u>	<u>\$ 19,699,575</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.

As of June 30, 2018, the District had bank deposits of \$29,462,926 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 \$9,737,502 of which \$1,534,334 was covered by FDIC and \$8,203,168 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, 2018 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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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, 2018, 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 investments owned by the specific pool. To obtain more information, go to www.colotrust.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, 2018, the District's investments measured at NAV include \$320,264,447 with COLOTRUST, with a rating of AAAM. The component units' investments are \$2,647,731 with COLOTRUST as well as \$802,802 with Colorado Statewide Investment Program (CSIP).

CSAFE is valued at amortized cost. The component units' investments measured at amortized cost include \$1,280,371 with CSAFE, with a rating of AAAM, which conforms to C.R.S Section 24-75-601, and \$1,250,000 of bank certificates of deposits as of June 30, 2018.

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.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

At June 30, 2018, the District had \$3,187,939 of money market mutual funds, rated AAAM, measured at Level 1 inputs. The component units had money market funds, rated AAAM, of \$4,040,378 – of which \$2,512,229 is measured at Level 1 inputs and \$1,528,149 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.

Restricted Cash and Investments

The Bond Redemption Fund's deposits and investments totaling \$62,112,288 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 \$3,692,718 are restricted for the purposes of the medical and dental self-insurance trust funds. The component units' deposits and investments totaling \$5,668,473 are restricted for construction and debt payments.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Colorado Preschool Program Fund	\$ 45,230
General Fund	Fair Contributions Fund	693,884
General Fund	Governmental Designated-Purpose Grants Fund	<u>2,178,875</u>
		<u>\$ 2,917,989</u>

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 2018 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Community Education Fund	Student Activities Fund	\$ 10,211
Nutrition Services Fund	General Fund	21,462
Student Activities Fund	Community Education Fund	500
Student Activities Fund	General Fund	<u>31,192</u>
Total governmental funds		<u>\$ 63,365</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the District's capital assets for the year ended June 30, 2018:

	Balance 7/1/2017	Additions	Deletions, Adjustments & Reclassifications	Transfers	Balance 6/30/2018
Governmental activities					
Non-depreciable assets					
Land	\$ 20,846,495	\$ -	\$ -	\$ -	\$ 20,846,495
Projects in progress	24,831,369	96,835,392	-	(34,189,092)	87,477,669
Water rights	1,083,578	-	-	-	1,083,578
Total non-depreciable assets	<u>46,761,442</u>	<u>96,835,392</u>	<u>-</u>	<u>(34,189,092)</u>	<u>109,407,742</u>
Depreciable assets					
Land improvements	24,217,045	-	-	4,450,517	28,667,562
Buildings	304,012,383	-	-	22,767,662	326,780,045
Building improvements	198,300,747	-	-	6,960,333	205,261,080
Equipment	40,602,430	14,430,930	(1,223,967)	10,580	53,819,973
Total depreciable assets	<u>567,132,605</u>	<u>14,430,930</u>	<u>(1,223,967)</u>	<u>34,189,092</u>	<u>614,528,660</u>
Less accumulated depreciation for					
Land improvements	16,544,368	1,100,418	-	-	17,644,786
Buildings	88,610,850	5,599,027	-	-	94,209,877
Building improvements	76,468,106	7,912,350	-	-	84,380,456
Equipment	26,272,425	2,455,548	(1,125,055)	-	27,602,918
Total accumulated depreciation	<u>207,895,749</u>	<u>17,067,343</u>	<u>(1,125,055)</u>	<u>-</u>	<u>223,838,037</u>
Total depreciable assets, net	<u>359,236,856</u>	<u>(2,636,413)</u>	<u>(98,912)</u>	<u>34,189,092</u>	<u>390,690,623</u>
Governmental activities			-		
Total capital assets, net	<u>\$ 405,998,298</u>	<u>\$ 94,198,979</u>	<u>\$ (98,912)</u>	<u>\$ -</u>	<u>\$ 500,098,365</u>

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

Governmental activities

Instruction	\$ 14,490,639
Supporting services	<u>2,576,704</u>
Total	<u>\$ 17,067,343</u>

Capital Leases. Capital assets included above that were acquired through capital lease arrangements are as follows:

	Modular Buildings	Equipment	Total
Asset	\$ 904,678	\$ 10,548,254	\$ 11,452,932
Less: Accum Deprec	541,108	86,598	627,706
Total	<u>\$ 363,570</u>	<u>\$ 10,461,656</u>	<u>\$ 10,825,226</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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, 2018:

	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Reclassifications & Deletions</u>	<u>Balance 6/30/2018</u>
Component units				
Non-depreciable assets				
Land	\$ 4,355,006	\$ -	\$ -	\$ 4,355,006
Construction in progress	687,668	4,132,059	(7,250)	4,812,477
Total non-depreciable assets	<u>5,042,674</u>	<u>4,132,059</u>	<u>(7,250)</u>	<u>9,167,483</u>
Depreciable assets				
Land improvements	280,487	-	-	280,487
Building	42,246,101	-	-	42,246,101
Leasehold improvements	5,174,685	407,090	-	5,581,775
Furniture & equipment	1,221,660	71,875	-	1,293,535
Software costs	20,021	9,411	-	29,432
Total depreciable assets	<u>48,942,954</u>	<u>488,376</u>	<u>-</u>	<u>49,431,330</u>
Less accumulated depreciation	<u>8,237,819</u>	<u>1,480,630</u>	<u>-</u>	<u>9,718,449</u>
Total depreciable assets, net	<u>40,705,135</u>	<u>(992,254)</u>	<u>-</u>	<u>39,712,881</u>
Total capital assets, net	<u>\$ 45,747,809</u>	<u>\$ 3,139,805</u>	<u>\$ (7,250)</u>	<u>\$ 48,880,364</u>

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, 2018 are determined to be as follows:

General Fund	\$ 11,619,153
Other funds	1,112,545
Total governmental funds	<u>\$ 12,731,698</u>
Component units	<u>\$ 1,256,100</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 7: LONG-TERM DEBT

The District's long-term debt changed as follows during the year ended June 30, 2018.

Governmental activities	Balance 7/1/2017	Additions	Payments/ Amortization	Balance 6/30/2018	Due within one year
General obligation bonds	\$ 555,565,000	\$ -	\$ (24,485,000)	\$ 531,080,000	\$ 25,345,000
Deferred bond premium	60,893,703	-	(2,883,942)	58,009,761	-
Capital leases	240,084	10,348,651	(3,753,714)	6,835,021	3,220,396
Vacation payable	1,406,514	345,940	(97,970)	1,654,484	1,654,484
Annual leave payable	1,714,864	471,558	(452,753)	1,733,669	458,000
Total	\$ 619,820,165	\$ 11,166,149	\$ (31,673,379)	\$ 599,312,935	\$ 30,677,880

General Obligation Bonds

Description, Interest Rates, and Maturity Dates

**Balance
due at
June 30, 2018**

Refunding Bonds (Series 2006), original amount of \$43,455,000, due in varying installments through December 15, 2020, interest at 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.

\$ 22,100,000

Building Bonds (Series 2009), original amount of \$104,000,000, due in varying installments through December 15, 2021, interest from 3.000% 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.

400,000

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.

14,520,000

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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.	\$ 25,175,000
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.	29,910,000
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.	47,580,000
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.	98,585,000
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.	<u>193,420,000</u>
Total general obligation bonds payable	<u>\$ 531,080,000</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

Bond and coupon payments to maturity are as follows:

Year ending June 30	GO Bonds		Total
	Principal	Interest	
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	25,215,000	19,994,689	45,209,689
2024-2028	129,220,000	82,466,756	211,686,756
2029-2033	174,540,000	45,910,319	220,450,319
2034-2037	101,590,000	8,289,371	109,879,371
Total	\$ 531,080,000	\$ 247,634,622	\$ 778,714,622

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

Capital Lease Obligations. The future minimum lease obligations for the capital leases and the net present value of the future payments, with an imputed interest rate of 3.76%, at June 30, 2018 are as follows:

Year Ended June 30,	
2019	\$ 3,443,275
2020	3,443,276
2021	109,212
2022	103,132
2023	103,132
Total minimum lease payments	\$ 7,202,027
Less: amount representing interest	367,006
Present value of minimum lease payments	<u>\$ 6,835,021</u>

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, 2018 includes qualified annual leave for all eligible employees as of June 30, 2018.

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, 2018

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 were 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, 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. Interest accrues at a rate of 5.65% per year. These bonds were fully refunded on December 1, 2017 when CECFA issued \$4,375,000 in Charter School Refunding Revenue Notes, Series 2017. Proceeds from the notes were loaned to the Academy under a lease agreement to refund the 2006 Revenue Bonds. The Academy 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 a rate of 3.50% per year. The bonds mature in December 2024.

In June 2016, 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 2.0% to 5.0% 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, purchase land, and construct improvements to the Academy's building and site. 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, 2018

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, 2018.

	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2018</u>	<u>Due within one year</u>
Component units					
Revenue bonds	\$ 54,630,000	\$ 4,375,000	\$ (5,326,512)	\$ 53,678,488	\$ 1,004,826
Premium	1,113,825	-	(39,106)	1,074,719	-
Capital lease	52,763	-	(10,654)	42,109	11,827
	<u>\$ 55,796,588</u>	<u>\$ 4,375,000</u>	<u>\$ (5,376,272)</u>	<u>\$ 54,795,316</u>	<u>\$ 1,016,653</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>
2019	\$ 1,004,826	\$ 2,143,245	\$ 3,148,071
2020	1,037,475	2,108,901	3,146,376
2021	1,076,041	2,070,560	3,146,601
2022	1,124,324	2,029,664	3,153,988
2023	1,172,727	1,986,861	3,159,588
2024-2028	9,978,095	8,762,440	18,740,535
2029-2033	7,755,000	7,056,972	14,811,972
2034-2038	9,655,000	5,187,304	14,842,304
2039-2043	12,290,000	2,939,719	15,229,719
2044-2047	8,585,000	525,938	9,110,938
Total	<u>\$ 53,678,488</u>	<u>\$ 34,811,604</u>	<u>\$ 88,490,092</u>

At June 30, 2018, the future minimum capital lease obligations are \$49,667 through 2021. The amount representing interest is \$7,558 and the net present value of these minimum lease payments is \$42,109.

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, 2018, the outstanding defeased bonds were \$12,170,000.

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, 2018, the outstanding defeased bonds were \$12,760,000.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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, 2018, the District had insurance deductibles of \$50,000 (property), \$50,000 (general liability), and \$1,000 (vehicle liability) per claim. At June 30, 2018, the District's property and liability claims payable was \$7,500.

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 were 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 was received in January 2018.

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, 2018. At June 30, 2018, the District's workers' compensation claims payable was \$829,792.

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, 2018

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 in the prior fiscal year resulted in an unusually high claim liability payable. Of the current total claims payable, \$588,354 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, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Beginning fiscal year liability	\$ 4,596,723	\$ 863,254
Legal settlement payment/adjustment	(3,862,428)	-
Current year claims and adjustments	1,085,338	8,797,298
Claims paid	<u>(982,341)</u>	<u>(5,063,829)</u>
Ending fiscal year liability	<u>\$ 837,292</u>	<u>\$ 4,596,723</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, 2018. The following is a summary of the changes in claims liability for the Self Insurance Fund for fiscal years ended June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Beginning fiscal year liability	\$ 1,534,961	\$ 2,658,382
Current year claims and adjustments**	15,325,748	13,685,049
Claims paid**	<u>(15,144,709)</u>	<u>(14,808,470)</u>
Ending fiscal year liability	<u>\$ 1,716,000</u>	<u>\$ 1,534,961</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 2018 and 2017; however, there was no impact on the ending liability.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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 as of December 31, 2017 – 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, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided as of December 31, 2017 (Continued)

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, 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 (AIR) for the SCHDTF.

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

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

Contributions provisions as of June 30, 2018 – Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements are summarized in the table below:

	For the Year Ended 12/31/2017	For the Year Ended 12/31/2018
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.50%
Total Employer Contribution Rate to the SCHDTF¹	18.63%	19.13%

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, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Contributions provisions as of June 30, 2018 (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 \$32,072,868 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$1,161,892,447 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was 3.59 percent, which was an increase of 0.05 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$249,816,659. At June 30, 2018, 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	\$21,362,251	\$ -
Changes of assumptions or other inputs	\$296,674,268	\$1,882,677
Net difference between projected and actual earnings on pension plan investments	\$23,033,941	\$68,662,556
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$10,327,770	n/a
Contributions subsequent to the measurement date	\$16,397,967	n/a
Total	\$367,796,197	\$70,545,233

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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)

\$16,397,967 is 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$254,533,904
2020	\$41,428,198
2021	\$2,056,535
2022	(\$17,165,640)

Actuarial assumptions – The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 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 (AIR)

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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, 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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed 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, 2018

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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 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.
- 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 Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$1,467,667,767	\$1,161,892,447	\$912,720,471

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

Changes between the measurement date of the net pension liability and June 30, 2018.

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Changes between the measurement date of the net pension liability and June 30, 2018.
(Continued)

- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018, the District reported a liability of \$1,161,892,447 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 524,932,934

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$542,378,651 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Component Units' Defined Pension Benefit Plan

Contributions – Employer contributions recognized by the SCHDTF from the component units were \$2,816,297 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the component units reported a combined liability of \$98,428,060 for their proportionate share of the net pension liability. At December 31, 2017, the component units' proportion was a combined 0.30439 percent, which was a net increase of 0.01305 percent from their proportion measured as of December 31, 2016. For the year ended June 30, 2018, the component units recognized a combined pension expense of \$23,021,047.

At June 30, 2018, 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	\$1,809,675	\$ -
Changes of assumptions or other inputs	\$25,132,330	\$159,483
Net difference between projected and actual earnings on pension plan investments	\$ -	\$3,865,362
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$3,766,816	\$215,510
Contributions subsequent to the measurement date	\$1,425,658	n/a
Total	\$32,134,479	\$4,240,355

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Component Units' Defined Pension Benefit Plan (Continued)

\$1,425,658 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$17,794,945
2020	\$9,405,802
2021	\$719,255
2022	(\$1,451,536)

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 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$124,331,307	\$94,428,060	\$77,319,766

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Plan description – Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. 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 – The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

Benefits provided (Continued)

fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$1,732,540 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$26,532,775 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 2.04 percent, which was an increase of 0.03 percent from its proportion measured as of December 31, 2016.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$2,128,816. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	\$125,487	\$ -
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$443,895
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$291,076	\$ -
Contributions subsequent to the measurement date	\$874,330	n/a
Total	\$1,290,893	\$443,895

\$874,330 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	(\$29,134)
2020	(\$29,134)
2021	(\$29,134)
2022	(\$29,134)
2023	\$81,840
Thereafter	\$7,364

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

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

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

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 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

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

Actuarial assumptions (Continued)

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

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

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

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

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

Actuarial assumptions (Continued)

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

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

Actuarial assumptions (Continued)

- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

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

Actuarial assumptions (Continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates - The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$25,802,755	\$26,532,775	\$27,412,034

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$29,831,180	\$26,532,775	\$23,717,495

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT (OPEB) PLAN (Continued)

OPEB plan fiduciary net position. Detailed information about the HCTF'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 Benefit OPEB Plan

Contributions – Employer contributions recognized by the HCTF from the component units were \$147,730 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – At June 30, 2018, the component units reported a combined liability of \$2,247,709 for their proportionate share of the net OPEB liability. At December 31, 2017, the component units' proportion was a combined 0.17295 percent, which was a net increase of 0.00735 percent from their proportion measured as of December 31, 2016. For the year ended June 30, 2018, the component units recognized a combined OPEB expense of \$191,030.

At June 30, 2018, the component units reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$10,628	\$ -
Changes of assumptions or other inputs	\$ -	\$ -
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$37,605
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$82,028	\$2,378
Contributions subsequent to the measurement date	\$75,720	n/a
Total	\$168,376	\$39,983

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 10: DEFINED BENEFIT OPEB PLAN (Continued)

Component Units' Defined Benefit OPEB Plan (Continued)

\$75,720 reported as deferred outflows of resources related to OPEBs, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	\$8,335
2020	\$8,335
2021	\$8,335
2022	\$8,338
2023	\$17,736
Thereafter	\$1,594

Sensitivity of the component units' proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates - The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$2,185,864	\$2,247,709	\$2,322,125

Sensitivity of the component units' proportionate share of the net OPEB liability to changes in the discount rate – The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net OPEB liability	\$2,527,112	\$2,247,709	\$2,009,198

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

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,	
2018	\$1,848,757
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, 2018, the District was not notified of any such third-party agreements.

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 \$387,889 which includes \$78,897 for contractual services and \$308,992 for tuition during the year ended June 30, 2018. 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, 2018

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, 2018, 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, 2018. Contract commitments at June 30, 2018, as a result of these projects, totaled \$3,939,229.

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, 2018, 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, 2018.

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, 2018

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, 2018, the component units reported capital contributions from the District of \$4,385,931. 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.

NOTE 16: RESTATEMENT DUE TO ACCOUNTING CHANGE

Effective July 1, 2017, the District and its component units adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local government for postemployment benefits other than pensions (other postemployment benefits or OPEB). As a result of implementing this statement, the District recognized its proportionate share of a net OPEB liability and the related deferred inflows and outflows (refer to Note 10).

As a result, the District's restated net position is as follows:

Net position, June 30, 2017		\$ (439,713,149)
Adjustment for OPEB		
Net OPEB liability	\$ (26,121,917)	
Deferred outflow	832,413	<u>(25,289,504)</u>
Net position, restated, July 1, 2017		<u>\$ (465,002,653)</u>

Similarly, the component units recognized their proportionate share of a net OPEB liability and the related deferred inflows and outflows (refer to Note 10 – Component Units Defined OPEB Benefit Plan). The restated net position is as follows:

Net position, June 30, 2017	\$ (39,191,498)
Adjustment for OPEB, net	<u>(2,076,168)</u>
Net position, restated, July 1, 2017	<u>\$ (41,267,666)</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2018

NOTE 17: DEFICIT NET POSITION

The net position of the District's governmental activities is a deficit of \$654,490,759 as a result of implementing GASB Statements No. 68 and 75. Also the component units' net position is a deficit of \$57,069,132 as a result of implementing the new reporting standard.

NOTE 18: SUBSEQUENT EVENT

Standard & Poor's upgraded the credit rating of the District from "AA" to "AA+" and, on September 19, 2018, the District issued \$60,340,000 in general obligation bonds, the remainder of the 2016 voter authorization. The sale for a 5-year bond maturity, shortened from the initially planned 14-year schedule, was made possible by a tax base growth since 2016, a contribution of *Bond Redemption Fund* dollars, and lower interest rates compared to the spiked rates during the issuance of the \$200 million bonds in December 2016. By shortening the repayment period to five years, the District expects to save local taxpayers \$12 million in interest expense. Proceeds of the 2018 Series bond, plus a premium of \$3.4 million, will be used to construct an elementary school, provide additional classroom space, and continue to address safety and security upgrades, as well as repairs and renovations to existing school facilities.



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.

Budget to actual information for the *General Fund* is presented on the following pages.

Pension and OPEB. 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*. During fiscal year 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

The primary objectives of these Statements is to improve the accounting and financial reporting by state and local governments for pensions and OPEBs. Required supplementary schedules, *District’s Proportionate Share of the Net Pension Liability*, *Schedule of District Contributions for the Employee Pension Plan*, *District’s Proportionate Share of the Net OPEB Liability*, and *Schedule of District Contributions for the Health Care Trust Fund* 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, 2018

	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	\$ 81,413,866	\$ 82,677,957	\$ 82,112,929	\$ (565,028)	\$ -	\$ -	\$ -	\$ -
Specific ownership taxes	7,804,372	10,000,000	11,588,740	1,588,740	-	-	-	-
Mill levy override	41,979,742	43,236,751	43,332,885	96,134	-	-	-	-
Investment income	620,000	1,200,000	1,463,914	263,914	1,800	2,700	3,888	1,188
Charges for services	4,872,980	5,488,705	6,264,809	776,104	-	-	-	-
Miscellaneous	3,686,501	4,362,924	3,924,551	(438,373)	-	-	-	-
Total local revenues	<u>140,377,461</u>	<u>146,966,337</u>	<u>148,687,828</u>	<u>1,721,491</u>	<u>1,800</u>	<u>2,700</u>	<u>3,888</u>	<u>1,188</u>
State								
Equalization, net	131,326,602	125,437,426	125,625,408	187,982	1,609,421	1,535,754	1,537,183	1,429
Special Education	5,952,328	6,176,641	6,284,568	107,927	-	-	-	-
Vocational Education	509,260	1,056,873	972,800	(84,073)	-	-	-	-
Transportation	1,833,675	1,875,500	1,879,928	4,428	-	-	-	-
Gifted and Talented	262,896	298,730	298,730	-	-	-	-	-
English Language Proficiency Act	1,533,009	1,605,224	1,605,224	-	-	-	-	-
Other state sources	789,335	1,166,095	1,166,175	80	-	-	-	-
Total state revenues	<u>142,207,105</u>	<u>137,616,489</u>	<u>137,832,833</u>	<u>216,344</u>	<u>1,609,421</u>	<u>1,535,754</u>	<u>1,537,183</u>	<u>1,429</u>
Federal								
Build America Bond rebates	1,417,362	1,421,930	1,421,930	-	-	-	-	-
Migrant passed through BOCES	40,000	28,804	16,785	(12,019)	-	-	-	-
Other federal sources	1,276,034	1,276,034	1,952,428	676,394	-	-	-	-
Total federal revenues	<u>2,733,396</u>	<u>2,726,768</u>	<u>3,391,143</u>	<u>664,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>285,317,962</u>	<u>287,309,594</u>	<u>289,911,804</u>	<u>2,602,210</u>	<u>1,611,221</u>	<u>1,538,454</u>	<u>1,541,071</u>	<u>2,617</u>
Expenditures								
Current								
Salaries	166,553,550	167,238,908	162,720,261	4,518,647	206,019	199,208	182,586	16,622
Benefits	54,203,666	54,213,283	52,813,002	1,400,281	72,071	65,940	55,397	10,543
Purchased services	10,843,503	12,487,503	14,681,864	(2,194,361)	1,179,900	1,177,750	1,101,863	75,887
Supplies and materials	28,231,098	29,667,737	20,529,260	9,138,477	71,297	87,200	85,697	1,503
Claims paid	-	-	-	-	-	-	-	-
Other	906,968	1,423,559	655,287	768,272	26,730	26,730	25,772	958
Charter schools	27,464,943	27,636,581	27,608,443	28,138	-	-	-	-
Capital outlay	652,000	702,000	10,921,614	(10,219,614)	250,000	250,000	-	250,000
Debt service								
Principal	-	-	3,731,886	(3,731,886)	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures, US GAAP basis	<u>288,855,728</u>	<u>293,369,571</u>	<u>293,661,617</u>	<u>(292,046)</u>	<u>1,806,017</u>	<u>1,806,828</u>	<u>1,451,315</u>	<u>355,513</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(3,537,766)</u>	<u>(6,059,977)</u>	<u>(3,749,813)</u>	<u>2,310,164</u>	<u>(194,796)</u>	<u>(268,374)</u>	<u>89,756</u>	<u>358,130</u>
Other Financing Sources (Uses)								
Proceeds on capital lease	-	-	10,348,651	10,348,651	-	-	-	-
Transfers out	-	-	(52,654)	(52,654)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,295,997</u>	<u>10,295,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources uses	<u>\$ (3,537,766)</u>	<u>\$ (6,059,977)</u>	<u>6,546,184</u>	<u>\$ 12,606,161</u>	<u>\$ (194,796)</u>	<u>\$ (268,374)</u>	<u>89,756</u>	<u>\$ 358,130</u>
Fund balance, beginning			<u>107,386,605</u>				<u>576,948</u>	
Fund balance, ending			<u>\$ 113,932,789</u>				<u>\$ 666,704</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)
\$ -	\$ -	\$ -	\$ -	\$ 81,413,866	\$ 82,677,957	\$ 82,112,929	\$ (565,028)
-	-	-	-	7,804,372	10,000,000	11,588,740	1,588,740
-	-	-	-	41,979,742	43,236,751	43,332,885	96,134
11,000	32,000	51,309	19,309	632,800	1,234,700	1,519,111	284,411
-	-	-	-	4,872,980	5,488,705	6,264,809	776,104
25,000	25,000	2,246,785	2,221,785	3,711,501	4,387,924	6,171,336	1,783,412
36,000	57,000	2,298,094	2,241,094	140,415,261	147,026,037	150,989,810	3,963,773
3,836,715	3,836,715	3,836,715	-	136,772,738	130,809,895	130,999,306	189,411
-	-	-	-	5,952,328	6,176,641	6,284,568	107,927
-	-	-	-	509,260	1,056,873	972,800	(84,073)
-	-	-	-	1,833,675	1,875,500	1,879,928	4,428
-	-	-	-	262,896	298,730	298,730	-
-	-	-	-	1,533,009	1,605,224	1,605,224	-
-	-	-	-	789,335	1,166,095	1,166,175	80
3,836,715	3,836,715	3,836,715	-	147,653,241	142,988,958	143,206,731	217,773
-	-	-	-	1,417,362	1,421,930	1,421,930	-
-	-	-	-	40,000	28,804	16,785	(12,019)
-	-	-	-	1,276,034	1,276,034	1,952,428	676,394
-	-	-	-	2,733,396	2,726,768	3,391,143	664,375
3,872,715	3,893,715	6,134,809	2,241,094	290,801,898	292,741,763	297,587,684	4,845,921
250,182	250,182	246,177	4,005	167,009,751	167,688,298	163,149,024	4,539,274
69,493	69,493	70,218	(725)	54,345,230	54,348,716	52,938,617	1,410,099
1,728,170	1,728,170	1,429,222	298,948	13,751,573	15,393,423	17,212,949	(1,819,526)
103,650	103,650	72,412	31,238	28,406,045	29,858,587	20,687,369	9,171,218
1,632,000	1,632,000	982,341	649,659	1,632,000	1,632,000	982,341	649,659
53,220	53,220	6,653	46,567	986,918	1,503,509	687,712	815,797
-	-	-	-	27,464,943	27,636,581	27,608,443	28,138
-	-	-	-	902,000	952,000	10,921,614	(9,969,614)
-	-	-	-	-	-	3,731,886	(3,731,886)
-	-	-	-	-	-	-	-
3,836,715	3,836,715	2,807,023	1,029,692	294,498,460	299,013,114	297,919,955	1,093,159
36,000	57,000	3,327,786	3,270,786	(3,696,562)	(6,271,351)	(332,271)	5,939,080
-	-	-	-	-	-	10,348,651	10,348,651
-	-	-	-	-	-	(52,654)	(52,654)
-	-	-	-	-	-	10,295,997	10,295,997
\$ 36,000	\$ 57,000	3,327,786	\$ 3,270,786	\$ (3,696,562)	\$ (6,271,351)	9,963,726	\$ 16,235,077
		2,638,631				110,602,184	
		\$ 5,966,417				\$ 120,565,910	

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 Four **

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	3.4574%	3.4942%	3.5445%	3.5931%
District's proportionate share of the net pension liability (asset)	\$ 468,595,684	\$ 534,414,453	\$ 1,055,346,922	\$ 1,161,892,447
District's covered payroll	\$ 144,605,343	\$ 152,401,888	\$ 159,046,911	\$ 165,688,597
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	324.05%	350.66%	663.54%	701.25%
Plan fiduciary net position as a percentage of the total pension liability	62.84%	59.20%	43.10%	43.96%

**** 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.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution (excluding HTCF)	\$ 25,104,314	\$ 27,643,539	\$ 29,805,956	\$ 32,072,868
Contributions in relation to the contractually required contribution	(25,104,314)	(27,643,539)	(29,805,956)	(32,072,868)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 148,684,016	\$ 155,886,834	\$ 162,112,201	\$ 169,798,038
Contributions as a percentage of covered payroll (excluding HTCF)	16.88%	17.73%	18.39%	18.89%

** 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's Proportionate Share of the Net OPEB Liability
Year Ended December 31, (Measurement Date)
Health Care Trust Fund
Year One **

	2017
District's proportion of the net OPEB liability (asset)	2.0416%
District's proportionate share of the net OPEB liability (asset)	\$ 26,532,775
District's covered payroll	\$ 165,688,597
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%

**** GASB Statement No. 75 was implemented during fiscal year 2018.**
 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 OPEB Contributions
Year Ended June 30, (Fiscal Year End Date)
Health Care Trust Fund
Year One **

	2018
Contractually required contribution	\$ 1,732,540
Contributions in relation to the contractually required contribution	(1,732,540)
Contribution deficiency (excess)	\$ -
District's covered payroll	\$ 169,798,038
Contributions as a percentage of covered payroll	1.02%

**** GASB Statement No. 75 was implemented during fiscal year 2018.**
 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, 2018

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:

- \$1.7 million increase in mill levy override dollars due to increased property values;
- \$1.1 million increase in state categorical revenues;
- \$1 million increase due to higher than projected Specific Ownership Taxes;
- \$800 thousand increase in total program funding resulting from increased per pupil revenue and student growth;
- \$2.3 million increase in investment income, E-rate revenue and other miscellaneous revenue offset by an increase of a one-time \$3.3 million in allocation to other funds, and a decrease in the abatement levy of \$1.5 million.
- \$2.5 million for the addition of new staff to address growth needs;
- \$1.8 million net decrease in salaries and benefits primarily due to vacancies that were filled at a lower cost than anticipated; and
- \$1.4 million increase in special education tuition costs due to increased student numbers and tuition rates.

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.

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 four 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.

NOTE 3: NET OPEB LIABILITY AND DISTRICT CONTRIBUTIONS

The schedules presented will illustrate a 10-year trend. However, since the District did not implement GASB Statement No. 75 until fiscal year 2018, only one year is 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 OPEB 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, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Property taxes	\$ 50,000,000	\$ 55,836,000	\$ 56,873,293	\$ 1,037,293
Investment income	<u>2,000</u>	<u>500,000</u>	<u>493,250</u>	<u>(6,750)</u>
Total revenues	<u>50,002,000</u>	<u>56,336,000</u>	<u>57,366,543</u>	<u>1,030,543</u>
Expenditures				
Debt principal	24,485,000	24,485,000	24,485,000	-
Debt interest	25,494,214	25,494,214	25,494,214	-
Fiscal charges	<u>10,000</u>	<u>10,000</u>	<u>9,867</u>	<u>133</u>
Total expenditures	<u>49,989,214</u>	<u>49,989,214</u>	<u>49,989,081</u>	<u>133</u>
Net change in fund balances	<u>\$ 12,786</u>	6,346,786	7,377,462	<u>\$ 1,030,676</u>
Fund balance, beginning		<u>55,195,386</u>	<u>55,195,386</u>	
Fund balance, ending		<u>\$ 61,542,172</u>	<u>\$ 62,572,848</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, 2018**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 1,000,000	\$ 2,100,000	\$ 2,454,786	\$ 354,786
Miscellaneous	-	5,000	46,750	41,750
Total revenues	<u>1,000,000</u>	<u>2,105,000</u>	<u>2,501,536</u>	<u>396,536</u>
Expenditures				
Salaries	588,000	535,000	474,983	60,017
Benefits	172,000	161,000	141,592	19,408
Purchased services	8,000,000	8,000,000	11,279,741	(3,279,741)
Supplies and materials	-	-	235,972	(235,972)
Capital outlay	150,000,000	150,000,000	92,043,910	57,956,090
Other	3,000	3,500	5,270	(1,770)
Total expenditures	<u>158,763,000</u>	<u>158,699,500</u>	<u>104,181,468</u>	<u>54,518,032</u>
Net change in fund balances	<u>\$ (157,763,000)</u>	(156,594,500)	(101,679,932)	<u>\$ 54,914,568</u>
Fund balance, beginning		<u>203,121,247</u>	<u>203,121,247</u>	
Fund balance, ending		<u>\$ 46,526,747</u>	<u>\$ 101,441,315</u>	

See the accompanying Independent Auditors' Report.

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.
- *Governmental Designated-Purpose Grants Fund* – This fund is used to account for restricted state or federal grants that are obtained primarily to provide for specific instructional programs.
- *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, 2018**

	Capital Reserve Capital Projects Fund
	<u> </u>
Assets	
Cash and investments	\$ 9,000,695
Accounts receivable	9,777
Grants receivable	-
Due from component units	-
Deposits	280
Inventories	<u>-</u>
 Total assets	 <u>\$ 9,010,752</u>
 Liabilities	
Accounts payable	\$ 1,217,755
Due to other funds	-
Accrued salaries and benefits	-
Construction retainage payable	78,808
Unearned revenues	<u>-</u>
 Total liabilities	 <u>1,296,563</u>
 Fund Balances	
Nonspendable: deposits, inventories, prepaids	280
Restricted: special revenue funds	-
Committed: capital projects	7,713,909
Committed: special revenue fund	<u>-</u>
 Total fund balances	 <u>7,714,189</u>
 Total liabilities and fund balances	 <u>\$ 9,010,752</u>

See the accompanying Independent Auditors' Report.

Special Revenue Funds

Community Education	Fair Contributions	Governmental Designated- Purpose Grants	Nutrition Services	Student Activity	Total Nonmajor Governmental Funds
\$ 3,774,935	\$ 6,072,799	\$ -	\$ 1,908,170	\$ 5,320,237	\$ 26,076,836
27,417	-	-	28,400	22,623	88,217
-	-	3,010,836	107,055	-	3,117,891
-	-	-	3,243	-	3,243
-	-	-	-	-	280
-	-	-	459,000	-	459,000
<u>\$ 3,802,352</u>	<u>\$ 6,072,799</u>	<u>\$ 3,010,836</u>	<u>\$ 2,505,868</u>	<u>\$ 5,342,860</u>	<u>\$ 29,745,467</u>
\$ 76,425	\$ 199	\$ 35,811	\$ 35,635	\$ 97,367	\$ 1,463,192
-	693,884	2,178,875	-	-	2,872,759
361,534	-	600,011	148,732	2,268	1,112,545
-	-	-	-	-	78,808
36,024	-	196,139	-	9,155	241,318
<u>473,983</u>	<u>694,083</u>	<u>3,010,836</u>	<u>184,367</u>	<u>108,790</u>	<u>5,768,622</u>
-	-	-	459,000	-	459,280
3,328,369	-	-	1,862,501	5,234,070	10,424,940
-	-	-	-	-	7,713,909
-	5,378,716	-	-	-	5,378,716
<u>3,328,369</u>	<u>5,378,716</u>	<u>-</u>	<u>2,321,501</u>	<u>5,234,070</u>	<u>23,976,845</u>
<u>\$ 3,802,352</u>	<u>\$ 6,072,799</u>	<u>\$ 3,010,836</u>	<u>\$ 2,505,868</u>	<u>\$ 5,342,860</u>	<u>\$ 29,745,467</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, 2018**

	Capital Reserve Capital Projects Fund
	<u> </u>
Revenues	
Intergovernmental	\$ 8,727,635
Investment income	100,809
Charges for services	-
Pupil activities	-
Miscellaneous	102,858
State intergovernmental	-
Federal intergovernmental	-
	<u> </u>
Total revenues	<u>8,931,302</u>
Expenditures	
Instruction	11,959
Supporting services	2,500,301
Food service operations	-
Capital outlay	5,247,316
Debt service	
Principal	-
Interest	-
	<u> </u>
Total expenditures	<u>7,759,576</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>1,171,726</u>
Other Financing Sources (Uses)	
Transfers in	-
Transfers out	-
	<u> </u>
Total other financing sources (uses)	<u>-</u>
Net changes in fund balances	1,171,726
Fund balances, beginning	<u>6,542,463</u>
Fund balances, ending	<u><u>\$ 7,714,189</u></u>

See the accompanying Independent Auditors' Report.

Special Revenue Funds

Community Education	Fair Contributions	Governmental Designated- Purpose Grants	Nutrition Services	Student Activity	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,727,635
41,587	93,056	-	15,855	65,914	317,221
6,992,628	-	-	3,587,104	-	10,579,732
116,239	-	-	-	7,364,765	7,481,004
-	1,600,684	-	76,087	-	1,779,629
-	-	518,051	167,830	-	685,881
-	-	8,785,181	5,909,817	-	14,694,998
<u>7,150,454</u>	<u>1,693,740</u>	<u>9,303,232</u>	<u>9,756,693</u>	<u>7,430,679</u>	<u>44,266,100</u>
4,765,572	-	5,252,130	-	6,362,926	16,392,587
1,694,665	439,356	3,947,785	-	652,583	9,234,690
-	-	-	9,774,731	-	9,774,731
65,870	3,237,405	103,317	138,683	28,764	8,821,355
21,828	-	-	-	-	21,828
2,478	-	-	-	-	2,478
<u>6,550,413</u>	<u>3,676,761</u>	<u>9,303,232</u>	<u>9,913,414</u>	<u>7,044,273</u>	<u>44,247,669</u>
<u>600,041</u>	<u>(1,983,021)</u>	<u>-</u>	<u>(156,721)</u>	<u>386,406</u>	<u>18,431</u>
10,211	-	-	21,462	31,692	63,365
-	-	-	-	(10,711)	(10,711)
<u>10,211</u>	<u>-</u>	<u>-</u>	<u>21,462</u>	<u>20,981</u>	<u>52,654</u>
610,252	(1,983,021)	-	(135,259)	407,387	71,085
<u>2,718,117</u>	<u>7,361,737</u>	<u>-</u>	<u>2,456,760</u>	<u>4,826,683</u>	<u>23,905,760</u>
<u>\$ 3,328,369</u>	<u>\$ 5,378,716</u>	<u>\$ -</u>	<u>\$ 2,321,501</u>	<u>\$ 5,234,070</u>	<u>\$ 23,976,845</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
Capital Reserve Capital Projects Fund
For the Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Allocation from General Fund	\$ 5,354,471	\$ 8,727,635	\$ 8,727,635	\$ -
Investment income	60,000	90,000	100,809	10,809
Miscellaneous	<u>75,000</u>	<u>75,000</u>	<u>102,858</u>	<u>27,858</u>
Total revenues	<u>5,489,471</u>	<u>8,892,635</u>	<u>8,931,302</u>	<u>38,667</u>
Expenditures				
Capital expenditures	<u>5,800,000</u>	<u>8,650,900</u>	<u>7,759,576</u>	<u>891,324</u>
Total expenditures	<u>5,800,000</u>	<u>8,650,900</u>	<u>7,759,576</u>	<u>891,324</u>
Net change in fund balances	<u>\$ (310,529)</u>	241,735	1,171,726	<u>\$ 929,991</u>
Fund balance, beginning		<u>6,542,463</u>	<u>6,542,463</u>	
Fund balance, ending		<u>\$ 6,784,198</u>	<u>\$ 7,714,189</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, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 24,000	\$ 33,000	\$ 41,587	\$ 8,587
Charges for services	7,457,000	7,583,000	6,992,628	(590,372)
Resources from agency fund	<u>-</u>	<u>-</u>	<u>116,239</u>	<u>116,239</u>
Total revenues	<u>7,481,000</u>	<u>7,616,000</u>	<u>7,150,454</u>	<u>(465,546)</u>
Expenditures				
Instruction	5,341,000	5,561,000	4,789,878	771,122
Support services	1,310,000	1,484,000	1,694,665	(210,665)
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>65,870</u>	<u>34,130</u>
Total expenditures	<u>6,751,000</u>	<u>7,145,000</u>	<u>6,550,413</u>	<u>594,587</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	730,000	471,000	600,041	129,041
Other Financing (Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>10,211</u>	<u>10,211</u>
Net change in fund balances	<u>\$ 730,000</u>	471,000	610,252	<u>\$ 139,252</u>
Fund balance, beginning		<u>2,718,117</u>	<u>2,718,117</u>	
Fund balance, ending		<u>\$ 3,189,117</u>	<u>\$ 3,328,369</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, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 65,000	\$ 75,000	\$ 93,056	\$ 18,056
Cash in lieu	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,600,684</u>	<u>200,684</u>
Total revenues	<u>1,465,000</u>	<u>1,475,000</u>	<u>1,693,740</u>	<u>218,740</u>
Expenditures				
Purchased services	150,000	250,000	439,356	(189,356)
Capital outlay	<u>8,904,133</u>	<u>8,586,737</u>	<u>3,237,405</u>	<u>5,349,332</u>
Total expenditures	<u>9,054,133</u>	<u>8,836,737</u>	<u>3,676,761</u>	<u>5,159,976</u>
Net change in fund balances	<u><u>\$ (7,589,133)</u></u>	(7,361,737)	(1,983,021)	<u><u>\$ 5,378,716</u></u>
Fund balance, beginning		<u>7,361,737</u>	<u>7,361,737</u>	
Fund balance, ending		<u><u>\$ -</u></u>	<u><u>\$ 5,378,716</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
Governmental Designated-Purpose Grants
For the Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
State grants	\$ -	\$ 543,360	\$ 518,051	\$ (25,309)
Federal grants	10,605,664	10,946,855	8,714,698	(2,232,157)
ARRA - Federal education stimulus grants	-	-	70,483	70,483
Total revenues	<u>10,605,664</u>	<u>11,490,215</u>	<u>9,303,232</u>	<u>(2,186,983)</u>
Expenditures				
Salaries	6,323,776	6,201,797	5,957,930	243,867
Benefits	2,079,520	2,240,845	1,892,383	348,462
Purchased services	176,859	566,055	302,511	263,544
Supplies and materials	1,421,075	1,813,014	581,856	1,231,158
Other	577,615	583,194	465,235	117,959
Capital outlay	26,819	85,310	103,317	(18,007)
Total expenditures	<u>10,605,664</u>	<u>11,490,215</u>	<u>9,303,232</u>	<u>2,186,983</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	<u>-</u>	
Fund balance, ending		<u>\$ -</u>	<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
Nutrition Services Fund
For the Year Ended June 30, 2018**

	Original Budget	2nd Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 6,000	\$ 12,000	\$ 15,855	\$ 3,855
Charges for services	3,517,296	3,774,000	3,587,104	(186,896)
Other food service charges	50,000	60,000	76,087	16,087
State match	158,490	165,000	167,830	2,830
Commodities entitlement	664,328	695,328	657,167	(38,161)
National School Lunch/Breakfast Program	5,236,032	5,203,000	5,252,650	49,650
Total revenues	<u>9,632,146</u>	<u>9,909,328</u>	<u>9,756,693</u>	<u>(152,635)</u>
Expenditures				
Salaries	3,346,059	3,346,059	3,386,035	(39,976)
Benefits	1,332,063	1,332,063	1,332,576	(513)
Purchased services	190,000	160,000	142,798	17,202
Supplies and materials	4,698,549	5,090,328	4,813,322	277,006
Capital outlay	75,000	75,000	138,683	(63,683)
Other	100,000	100,000	100,000	-
Total expenditures	<u>9,741,671</u>	<u>10,103,450</u>	<u>9,913,414</u>	<u>190,036</u>
Excess (deficiency) of revenues over (under) expenditures	(109,525)	(194,122)	(156,721)	37,401
Other Financing (Uses)				
Transfers in	-	-	21,462	21,462
Net change in fund balances	<u>\$ (109,525)</u>	<u>(194,122)</u>	<u>(135,259)</u>	<u>\$ 58,863</u>
Fund balance, beginning		2,456,760	2,456,760	
Fund balance, ending		<u>\$ 2,262,638</u>	<u>\$ 2,321,501</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, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 30,350	\$ 47,000	\$ 65,914	\$ 18,914
Athletic activities	2,408,000	2,600,000	2,745,578	145,578
Pupil activities	3,628,000	3,700,000	3,945,960	245,960
PTO/Gift activities	815,000	960,000	639,515	(320,485)
Resources from agency fund	<u>-</u>	<u>-</u>	<u>33,712</u>	<u>33,712</u>
Total revenues	<u>6,881,350</u>	<u>7,307,000</u>	<u>7,430,679</u>	<u>123,679</u>
Expenditures				
Athletic activities	4,177,155	4,338,064	2,577,931	1,760,133
Pupil activities	6,200,775	6,217,291	3,702,121	2,515,170
PTO/Gift activities	1,430,649	1,578,328	764,221	814,107
Resources to agency fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>11,808,579</u>	<u>12,133,683</u>	<u>7,044,273</u>	<u>5,089,410</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(4,927,229)	(4,826,683)	386,406	5,213,089
Other Financing Sources				
Transfers in	-	-	31,692	31,692
Transfers out	<u>-</u>	<u>-</u>	<u>(10,711)</u>	<u>(10,711)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,981</u>	<u>20,981</u>
Net change in fund balances	<u>\$ (4,927,229)</u>	(4,826,683)	407,387	<u>\$ 5,234,070</u>
Fund balance, beginning		<u>4,826,683</u>	<u>4,826,683</u>	
Fund balance, ending		<u>\$ -</u>	<u>\$ 5,234,070</u>	

See the accompanying Independent Auditors' Report.

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, 2018**

	Original Budget	2nd Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 45,000	\$ 74,000	\$ 81,848	\$ 7,848
Charges for services	17,340,000	18,010,000	17,926,808	(83,192)
Miscellaneous	-	1,000	94,991	93,991
Total revenues	<u>17,385,000</u>	<u>18,085,000</u>	<u>18,103,647</u>	<u>18,647</u>
Expenditures				
Salaries	168,000	180,000	178,429	1,571
Benefits	50,000	52,500	51,960	540
Purchased services	2,183,000	2,325,000	2,180,447	144,553
Supplies and materials	5,000	5,000	-	5,000
Other	278,000	528,000	476,198	51,802
Claims paid	<u>15,120,000</u>	<u>15,320,000</u>	<u>15,424,833</u>	<u>(104,833)</u>
Total expenditures	<u>17,804,000</u>	<u>18,410,500</u>	<u>18,311,867</u>	<u>98,633</u>
Change in net position	<u>\$ (419,000)</u>	(325,500)	(208,220)	<u>\$ 117,280</u>
Net position, beginning		<u>4,655,510</u>	<u>4,655,510</u>	
Net position, ending		<u>\$ 4,330,010</u>	<u>\$ 4,447,290</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:

- 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 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, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Additions				
Investment income	\$ 1,200	\$ 1,700	\$ 2,144	\$ 444
Contributions	<u>40,000</u>	<u>40,000</u>	<u>38,334</u>	<u>(1,666)</u>
Total additions	<u>41,200</u>	<u>41,700</u>	<u>40,478</u>	<u>(1,222)</u>
Deductions				
Scholarships	<u>41,200</u>	<u>41,700</u>	<u>32,740</u>	<u>8,960</u>
Total deductions	<u>41,200</u>	<u>41,700</u>	<u>32,740</u>	<u>8,960</u>
Change in net position	<u>\$ -</u>	-	7,738	<u>\$ 7,738</u>
Net position, beginning		<u>223,512</u>	<u>223,512</u>	
Net position, ending		<u>\$ 223,512</u>	<u>\$ 231,250</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. 2018**

	<u>Balance</u> <u>June 30. 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30. 2018</u>
Assets				
Cash and investments	\$ 194,909	\$ 154,026	\$ 348,935	\$ -
Accounts receivable	12,879	-	12,879	-
Total assets	<u>\$ 207,788</u>	<u>\$ 154,026</u>	<u>\$ 361,814</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 340	\$ -	\$ 340	\$ -
Deferred additions	6,750	-	6,750	-
Undistributed monies	200,698	154,026	354,724	-
Total liabilities	<u>\$ 207,788</u>	<u>\$ 154,026</u>	<u>\$ 361,814</u>	<u>\$ -</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 Fund
For the Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Additions				
Elementary Schools	\$ 100,000	\$ 100,000	\$ 59,307	\$ (40,693)
Middle Schools	22,000	20,000	18,765	(1,235)
High Schools	45,000	50,000	30,840	(19,160)
Other additions	<u>3,000</u>	<u>45,000</u>	<u>45,114</u>	<u>114</u>
Total additions	<u>170,000</u>	<u>215,000</u>	<u>154,026</u>	<u>(60,974)</u>
Deductions				
Elementary Schools	191,624	181,711	77,596	104,115
Middle Schools	63,662	62,246	16,551	45,695
High Schools	86,052	106,461	51,561	54,900
Other deductions	11,237	65,280	59,065	6,215
Resources to special revenue funds	<u>-</u>	<u>-</u>	<u>149,951</u>	<u>(149,951)</u>
Total deductions	<u>352,575</u>	<u>415,698</u>	<u>354,724</u>	<u>60,974</u>
Change in undistributed monies	<u>\$ (182,575)</u>	(200,698)	(200,698)	<u>\$ 149,951</u>
Undistributed monies, beginning		<u>200,698</u>	<u>200,698</u>	
Undistributed monies, ending, budgetary basis		<u>\$ -</u>	<u>\$ -</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, 2018**

	Aspen Ridge Preparatory School	Carbon Valley Academy	Flagstaff Academy
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments	\$ 1,857,620	\$ 990,236	\$ 4,205,404
Accounts receivable	62	-	19,869
Prepays	45,080	-	64,998
Deposits	-	-	-
Restricted cash and investments	1,501,567	370,762	1,279,822
Capital assets,			
Non-depreciable	3,796,882	1,158,251	896,370
Depreciable, net	<u>8,184,842</u>	<u>3,042,568</u>	<u>9,202,415</u>
Total assets	<u>15,386,053</u>	<u>5,561,817</u>	<u>15,668,878</u>
Deferred outflows of resources			
Related to debt	-	-	1,396,537
Related to pensions	4,798,033	2,322,493	9,066,909
Related to OPEBs	54,681	6,940	40,613
Total deferred outflows of resources	<u>4,852,714</u>	<u>2,329,433</u>	<u>10,504,059</u>
Liabilities			
Accounts payable	65,136	38,259	151,486
Due to primary government	-	4,380	14,158
Accrued salaries and benefits	120,915	113,427	362,007
Accrued interest payable	275,025	12,218	223,245
Unearned revenue	2,150	-	56,500
Noncurrent liabilities			
Due within one year	190,000	84,826	240,000
Due in more than one year	10,865,000	4,248,662	13,577,021
Pension liability	11,791,443	8,069,029	27,957,700
OPEB liability	<u>269,267</u>	<u>184,264</u>	<u>638,435</u>
Total liabilities	<u>23,578,936</u>	<u>12,755,065</u>	<u>43,220,552</u>
Deferred inflows of resources			
Related to pensions	482,167	545,462	1,143,225
Related to OPEBs	4,505	5,461	10,681
Total deferred inflows of resources	<u>486,672</u>	<u>550,923</u>	<u>1,153,906</u>
Net Position			
Net investment in capital assets	926,724	(920,158)	(3,334,784)
Restricted for			
Emergencies	127,000	75,000	258,000
Debt service	1,186,343	-	-
Working capital	40,199	-	-
Unrestricted	<u>(6,107,107)</u>	<u>(4,569,580)</u>	<u>(15,124,737)</u>
Total net position	<u>\$ (3,826,841)</u>	<u>\$ (5,414,738)</u>	<u>\$ (18,201,521)</u>

See the accompanying Independent Auditors' Report.

Imagine Charter School at Firestone	St Vrain Community Montessori School	Twin Peaks Charter Academy	Component Units <u>Total Charter Schools</u>
\$ 2,064,945	\$ 1,051,853	\$ 3,695,930	\$ 13,865,988
43,873	3,411	9,437	76,652
-	24,982	61,944	197,004
-	13,841	-	13,841
-	-	2,516,322	5,668,473
-	-	3,315,980	9,167,483
-	54,719	19,228,337	39,712,881
<u>2,108,818</u>	<u>1,148,806</u>	<u>28,827,950</u>	<u>68,702,322</u>
-	-	2,846,311	4,242,848
4,843,597	3,068,018	8,035,429	32,134,479
20,453	21,058	24,631	168,376
<u>4,864,050</u>	<u>3,089,076</u>	<u>10,906,371</u>	<u>36,545,703</u>
13,370	24,297	34,674	327,222
6,247	835	6,437	32,057
170,946	8,613	480,192	1,256,100
-	-	200,351	710,839
33,237	145,859	1,770	239,516
11,827	-	490,000	1,016,653
30,282	-	25,057,698	53,778,663
15,948,377	8,160,991	26,500,520	98,428,060
364,197	186,367	605,179	2,247,709
<u>16,578,483</u>	<u>8,526,962</u>	<u>53,376,821</u>	<u>158,036,819</u>
652,149	333,713	1,083,639	4,240,355
6,093	3,118	10,125	39,983
<u>658,242</u>	<u>336,831</u>	<u>1,093,764</u>	<u>4,280,338</u>
-	54,719	(487,059)	(3,760,558)
179,000	73,000	249,217	961,217
-	-	-	1,186,343
-	-	830,722	870,921
<u>(10,442,857)</u>	<u>(4,753,630)</u>	<u>(15,329,144)</u>	<u>(56,327,055)</u>
<u>\$ (10,263,857)</u>	<u>\$ (4,625,911)</u>	<u>\$ (14,736,264)</u>	<u>\$ (57,069,132)</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, 2018**

	Aspen Ridge Preparatory School	Carbon Valley Academy	Flagstaff Academy
Expenses			
Instruction	\$ 3,700,062	\$ 2,630,104	\$ 9,032,379
Supporting services	3,155,443	1,228,306	4,386,372
Interest expense	<u>550,050</u>	<u>317,776</u>	<u>551,631</u>
Total expenses	<u>7,405,555</u>	<u>4,176,186</u>	<u>13,970,382</u>
Program Revenues			
Charges for Services	522,989	115,096	1,101,360
Operating Grants and Contributions	40,421	66,690	262,535
Capital Grants and Contributions	<u>3,148,364</u>	<u>295,456</u>	<u>737,350</u>
Total program revenues	<u>3,711,774</u>	<u>477,242</u>	<u>2,101,245</u>
General Revenues			
Per pupil revenue	3,317,320	1,557,522	6,252,564
Mill levy override	141,763	596,334	1,044,957
Interest income	13,728	3,583	45,106
Other	<u>101,898</u>	<u>98,445</u>	<u>-</u>
Total general revenues	<u>3,574,709</u>	<u>2,255,884</u>	<u>7,342,627</u>
Change in net position	(119,072)	(1,443,060)	(4,526,510)
Net position, beginning	(3,498,712)	(3,790,861)	(13,077,205)
Restatement	<u>(209,057)</u>	<u>(180,817)</u>	<u>(597,806)</u>
Net position, restated	<u>(3,707,769)</u>	<u>(3,971,678)</u>	<u>(13,675,011)</u>
Net position, ending	<u>\$ (3,826,841)</u>	<u>\$ (5,414,738)</u>	<u>\$ (18,201,521)</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
\$ 5,410,039	\$ 2,754,649	\$ 7,529,630	\$ 31,056,863
3,872,456	1,319,575	5,028,455	18,990,607
-	-	1,191,347	2,610,804
<u>9,282,495</u>	<u>4,074,224</u>	<u>13,749,432</u>	<u>52,658,274</u>
516,079	380,631	187,647	2,823,802
93,251	222,285	211,212	896,394
204,072	60,956	756,408	5,202,606
<u>813,402</u>	<u>663,872</u>	<u>1,155,267</u>	<u>8,922,802</u>
3,809,524	1,638,433	6,531,255	23,106,618
855,908	172,189	1,277,592	4,088,743
-	7,943	51,792	122,152
408,261	7,889	-	616,493
<u>5,073,693</u>	<u>1,826,454</u>	<u>7,860,639</u>	<u>27,934,006</u>
(3,395,400)	(1,583,898)	(4,733,526)	(15,801,466)
(6,524,606)	(2,878,485)	(9,421,629)	(39,191,498)
(343,851)	(163,528)	(581,109)	(2,076,168)
<u>(6,868,457)</u>	<u>(3,042,013)</u>	<u>(10,002,738)</u>	<u>(41,267,666)</u>
<u>\$ (10,263,857)</u>	<u>\$ (4,625,911)</u>	<u>\$ (14,736,264)</u>	<u>\$ (57,069,132)</u>

See the accompanying Independent Auditors' Report.



**STATISTICAL SECTION
(UNAUDITED)**

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.	122 – 133
Revenue Capacity	
The schedules contain information to help the reader assess the District’s most significant local and state revenue sources.....	134 – 138
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.	139 – 143
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.	144 – 149
Operating Information	
The schedules contain information to help the reader understand the staffing of the District, student population it serves, and capital asset data.....	150 - 157

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets (1)	\$ 16,389,200	\$ 5,837,277	\$ 1,650,384	\$ (4,553,120)
Restricted	43,552,511	48,873,296	41,903,392	42,346,312
Unrestricted	<u>35,783,693</u>	<u>41,983,603</u>	<u>49,879,868</u>	<u>52,817,264</u>
Total governmental net position	<u>95,725,404</u>	<u>96,694,176</u>	<u>93,433,644</u>	<u>90,610,456</u>
Business-type activities (2)				
Net investment in capital assets	1,075,631	1,042,353	908,812	1,201,873
Restricted	-	-	-	-
Unrestricted	<u>476,099</u>	<u>967,637</u>	<u>1,534,339</u>	<u>1,957,064</u>
Total business-type net position	<u>1,551,730</u>	<u>2,009,990</u>	<u>2,443,151</u>	<u>3,158,937</u>
Primary government				
Net investment in capital assets	17,464,831	6,879,630	2,559,196	(3,351,247)
Restricted	43,552,511	48,873,296	41,903,392	42,346,312
Unrestricted	<u>36,259,792</u>	<u>42,951,240</u>	<u>51,414,207</u>	<u>54,774,328</u>
Total primary government net position	<u>\$ 97,277,134</u>	<u>\$ 98,704,166</u>	<u>\$ 95,876,795</u>	<u>\$ 93,769,393</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.

Note 4: Due to the implementation of GASB Statement No. 75 in FY18, the District also recognized its share of the net OPEB liability, further adding to the deficit net position.

<u>2013</u>	<u>2014</u>	<u>2015 (3)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 5,975,997	\$ 4,819,681	\$ 4,340,004	\$ 6,071,204	\$ 11,775,724	\$ 23,251,521
43,513,161	47,616,074	50,736,515	62,443,429	281,601,451	189,787,032
<u>74,351,302</u>	<u>75,262,484</u>	<u>(355,968,501)</u>	<u>(365,795,314)</u>	<u>(733,090,324)</u>	<u>(867,529,312)</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>	<u>(654,490,759)</u>
1,137,800	1,046,337	-	-	-	-
-	-	-	-	-	-
<u>2,065,046</u>	<u>2,226,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,202,846</u>	<u>3,273,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,113,797	5,866,018	4,340,004	6,071,204	11,775,724	23,251,521
43,513,161	47,616,074	50,736,515	62,443,429	281,601,451	189,787,032
<u>76,416,348</u>	<u>77,489,227</u>	<u>(355,968,501)</u>	<u>(365,795,314)</u>	<u>(733,090,324)</u>	<u>(867,529,312)</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>	<u>\$ (654,490,759)</u>

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

	2009	2010	2011	2012
Expenses				
Governmental activities:				
Instruction	\$ 127,681,937	\$ 136,783,787	\$ 154,559,432	\$ 156,466,950
Supporting services	69,745,866	106,835,640	92,466,787	87,621,269
Interest	15,845,498	19,182,556	20,837,721	20,839,718
Total governmental activities expenses	<u>213,273,301</u>	<u>262,801,983</u>	<u>267,863,940</u>	<u>264,927,937</u>
Business-type activities:				
Food services	7,825,813	7,795,085	8,155,509	8,338,941
Total primary government expenses	<u>\$ 221,099,114</u>	<u>\$ 270,597,068</u>	<u>\$ 276,019,449</u>	<u>\$ 273,266,878</u>
Program Revenues				
Governmental activities:				
Charges for services				
Tuition and fees	\$ 8,182,298	\$ 11,324,592	\$ 10,924,440	\$ 12,478,933
Internal charges	1,892,602	2,033,494	1,594,055	1,731,141
Operating grants and contributions	14,558,258	19,607,144	26,905,761	19,577,033
Capital grants and contributions	199,537	452,712	334,803	514,826
Total governmental activities program revenues	<u>24,832,695</u>	<u>33,417,942</u>	<u>39,759,059</u>	<u>34,301,933</u>
Business-type activities: (1)				
Charges for services	3,776,079	3,911,304	3,709,186	3,804,775
Operating grants and contributions	3,661,169	4,206,325	4,878,818	4,884,351
Capital grants and contributions	312,655	135,146	-	364,451
Total business-type activities program revenues	<u>7,749,903</u>	<u>8,252,775</u>	<u>8,588,004</u>	<u>9,053,577</u>
Total primary government program revenues	<u>\$ 32,582,598</u>	<u>\$ 41,670,717</u>	<u>\$ 48,347,063</u>	<u>\$ 43,355,510</u>
Net (expense) / revenue				
Governmental activities	\$ (188,440,606)	\$ (229,384,041)	\$ (228,104,881)	\$ (230,626,004)
Business-type activities	(75,910)	457,690	432,495	714,636
Total primary government net expense	<u>\$ (188,516,516)</u>	<u>\$ (228,926,351)</u>	<u>\$ (227,672,386)</u>	<u>\$ (229,911,368)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 88,457,619	\$ 91,637,477	\$ 91,600,278	\$ 94,238,488
Specific ownership taxes	6,054,107	6,023,739	5,805,254	5,920,333
Mill levy override	15,923,875	17,385,887	17,180,635	17,108,522
State equalization	100,658,351	110,042,029	101,290,756	103,622,720
Investment income	1,690,910	1,361,173	2,014,620	952,516
Other	2,798,656	3,902,508	6,952,806	5,960,237
Total governmental activities	<u>215,583,518</u>	<u>230,352,813</u>	<u>224,844,349</u>	<u>227,802,816</u>
Business-type activities:				
Investment income	5,535	570	666	1,150
Total primary government	<u>\$ 215,589,053</u>	<u>\$ 230,353,383</u>	<u>\$ 224,845,015</u>	<u>\$ 227,803,966</u>
Change in Net Position				
Governmental activities	\$ 27,142,912	\$ 968,772	\$ (3,260,532)	\$ (2,823,188)
Business-type activities	(70,375)	458,260	433,161	715,786
Total primary government	<u>\$ 27,072,537</u>	<u>\$ 1,427,032</u>	<u>\$ (2,827,371)</u>	<u>\$ (2,107,402)</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.

2013	2014	2015	2016	2017	2018
\$ 162,259,184	\$ 178,639,344	\$ 201,741,825	\$ 218,636,924	\$ 347,824,746	\$ 397,860,921
82,910,079	102,775,349	122,353,964	122,197,878	158,628,561	169,476,857
20,383,627	19,739,295	13,866,228	14,561,966	20,528,709	24,293,242
<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>	<u>591,631,020</u>
8,550,602	8,878,049	-	-	-	-
<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>	<u>\$ 591,631,020</u>
\$ 14,190,837	\$ 15,704,630	\$ 19,348,384	\$ 20,154,234	\$ 21,956,420	\$ 22,860,452
1,557,178	1,517,636	1,469,687	1,438,908	1,520,960	1,465,093
19,285,254	25,359,439	34,241,186	33,671,661	34,163,283	30,979,447
742,088	1,022,765	1,078,391	1,302,197	1,157,140	1,600,684
<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>	<u>56,905,676</u>
3,448,430	3,879,122	-	-	-	-
5,035,106	5,052,608	-	-	-	-
109,033	15,396	-	-	-	-
<u>8,592,569</u>	<u>8,947,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 56,905,676</u>
\$ (229,777,533)	\$ (257,549,518)	\$ (281,824,369)	\$ (298,829,768)	\$ (468,184,213)	\$ (534,725,344)
41,967	69,077	-	-	-	-
<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>	<u>\$ (534,725,344)</u>
\$ 99,933,752	\$ 96,794,464	\$ 97,352,334	\$ 117,616,184	\$ 130,381,255	\$ 139,219,380
7,090,842	8,241,096	8,253,685	7,938,746	9,904,649	11,588,740
31,646,447	32,675,735	31,932,829	38,998,710	40,087,329	43,332,885
108,346,576	119,131,699	133,584,264	132,980,049	137,977,278	139,726,941
770,928	447,054	370,277	537,862	2,192,308	4,866,216
15,218,992	6,677,328	4,889,519	4,369,518	5,208,926	6,503,076
<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>	<u>345,237,238</u>
1,942	1,157	-	-	-	-
<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>	<u>\$ 345,237,238</u>
\$ 33,230,004	\$ 6,417,858	\$ (5,441,461)	\$ 3,611,301	\$ (142,432,468)	\$ (189,488,106)
43,909	70,234	-	-	-	-
<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>	<u>\$ (189,488,106)</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:				
Property taxes	\$ 88,457,619	\$ 91,637,477	\$ 91,600,278	\$ 94,238,488
Specific ownership taxes	6,054,107	6,023,739	5,805,254	5,920,333
State equalization	100,658,351	110,042,029	101,290,756	103,622,720
Total finance act revenues	<u>\$ 195,170,077</u>	<u>\$ 207,703,245</u>	<u>\$ 198,696,288</u>	<u>\$ 203,781,541</u>
Total governmental activities revenues (1)	\$ 240,416,213	\$ 263,770,755	\$ 264,603,408	\$ 262,104,749
Public School Finance Act revenues as percentage of total governmental activities revenues	81.2%	78.7%	75.1%	77.7%

Note 1: Governmental activities revenues are a combination of program revenues and general revenues as shown on page 124-125

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 99,933,752	\$ 96,794,464	\$ 97,352,334	\$ 117,616,184	\$ 130,381,255	\$ 139,219,380
7,090,842	8,241,096	8,253,685	7,938,746	9,904,649	11,588,740
<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>139,726,941</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>	<u>\$ 290,535,061</u>
\$ 298,782,894	\$ 307,571,846	\$ 332,520,556	\$ 359,008,069	\$ 384,549,548	\$ 402,142,914
72.1%	72.9%	71.9%	72.0%	72.4%	72.2%

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>2009</u>	<u>2010</u>	<u>2011 (3)</u>	<u>2012</u>
General Fund				
Nonspendable	\$ 279,157	\$ 368,341	\$ 412,819	\$ 436,926
Restricted	5,887,253	7,012,090	7,152,152	7,058,536
Committed	4,637,168	6,448,562	6,797,608	12,435,243
Assigned	21,235,851 (2)	22,768,212	23,713,563	24,551,891
Unassigned	<u>3,675,281</u>	<u>5,750,977</u>	<u>8,526,501</u>	<u>5,409,629</u>
Total General Fund	<u>\$ 35,714,710</u>	<u>\$ 42,348,182</u>	<u>\$ 46,602,643</u>	<u>\$ 49,892,225</u>
All Other Governmental Funds				
Nonspendable	\$ 42,257	\$ 42,257	\$ 42,257	\$ 14,537
Restricted	37,665,258	41,861,206	34,751,240	35,287,776
Committed	114,283,595	162,632,220	104,057,163	78,979,099
Assigned	-	-	1,712,983	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 151,991,110</u>	<u>\$ 204,535,683</u>	<u>\$ 140,563,643</u>	<u>\$ 114,281,412</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,093,153	\$ 550,152	\$ 564,695	\$ 602,083	\$ 635,580	\$ 1,418,518
7,253,916	8,255,777	8,581,421	9,102,103	12,208,279	13,730,473
14,714,696	16,712,437	17,356,755	19,457,385	18,671,797	23,135,360
37,334,057	29,144,534	30,313,348	38,441,989	48,397,718	54,751,578
4,126,286	11,494,113	22,041,660	28,127,324	30,688,810	27,529,981
<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>	<u>\$ 120,565,910</u>
\$ 14,537	\$ 606,233	\$ 886,069	\$ 500,271	\$ 533,832	\$ 536,550
36,259,245	39,360,297	42,155,094	51,997,880	267,784,641	174,361,833
46,545,871	38,120,748	26,529,450	21,133,257	13,903,920	13,092,625
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 187,991,008</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)

	2009	2010	2011	2012
Revenues				
Property taxes	\$ 87,124,649	\$ 92,597,766	\$ 92,576,990	\$ 94,084,083
Specific ownership taxes	6,054,107	6,023,739	5,805,254	5,920,333
Mill levy override	15,923,875	17,385,887	17,180,635	17,108,522
Investment income	1,690,910	1,361,173	2,014,620	952,516
Charges for service	7,072,297	7,492,878	7,572,312	8,823,864
Student activities (1)	3,002,603	5,865,208	5,273,683	5,386,210
Miscellaneous	2,643,533	4,210,074	6,398,209	5,962,833
Local intergovernmental	24,271	10,000	889,400	147,779
State intergovernmental	106,647,109	116,754,564	108,561,877	111,631,898
Federal intergovernmental	8,569,500	12,894,609	19,634,640	11,567,855
Total revenues	<u>\$ 238,752,854</u>	<u>\$ 264,595,898</u>	<u>\$ 265,907,620</u>	<u>\$ 261,585,893</u>
Expenditures				
Instruction	\$ 118,531,065	\$ 136,127,577	\$ 137,948,105	\$ 135,709,381
Supporting services	65,842,654	106,358,121	82,318,652	80,315,183
Student activities (1)	3,317,010	5,588,472	5,351,321	4,544,634
Food service operations (2)	-	-	-	-
Capital outlay	11,845,608	11,933,633	63,702,969	28,764,568
Debt service				
Principal	11,045,000	11,695,000	12,560,000	13,060,000
Interest, bond issuance costs, fiscal charges	16,214,243	19,906,806	23,023,214	22,209,181
Total expenditures	<u>\$ 226,795,580</u>	<u>\$ 291,609,609</u>	<u>\$ 324,904,261</u>	<u>\$ 284,602,947</u>
Excess of revenues over (under) expenditures	<u>11,957,274</u>	<u>(27,013,711)</u>	<u>(58,996,641)</u>	<u>(23,017,054)</u>
Other financing sources (uses)				
Issuance of bonds, coupons	\$ 104,000,000	\$ 85,000,000	\$ 65,505,000	\$ 35,395,000
Premium received on issuance of bonds	504,199	1,191,756	8,370,336	4,224,186
Paid to bond agent	(751,347)	-	(74,596,274)	(39,594,781)
Capital lease proceeds	-	-	-	-
Transfers in (3)	377,825	675,521	5,034,643	217,592
Transfers out (3)	(360,091)	(675,521)	(5,034,643)	(217,592)
Total other financing sources (uses)	<u>\$ 103,770,586</u>	<u>\$ 86,191,756</u>	<u>\$ (720,938)</u>	<u>\$ 24,405</u>
Net change in fund balances	<u>\$ 115,727,860</u>	<u>\$ 59,178,045</u>	<u>\$ (59,717,579)</u>	<u>\$ (22,992,649)</u>
Debt service as percentage of noncapital expenditures	<u>12.9%</u>	<u>11.7%</u>	<u>13.5%</u>	<u>13.1%</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.

2013	2014	2015	2016	2017	2018
\$ 97,617,286	\$ 97,868,432	\$ 95,556,636	\$ 117,473,228	\$ 130,020,812	\$ 138,986,222
7,090,842	8,241,096	8,253,685	7,938,746	9,904,649	11,588,740
31,646,447	32,675,735	31,932,829	38,998,710	40,087,329	43,332,885
768,369	441,771	364,441	518,599	2,146,529	4,784,368
9,657,975	11,233,462	13,976,867	15,193,163	16,250,156	16,844,541
6,090,040	5,988,804	6,841,204	6,399,979	7,227,224	7,481,004
5,870,507	7,684,697	5,815,650	5,671,715	6,137,826	7,997,715
149,260	-	152,260	-	-	-
115,745,102	129,412,975	145,784,457	144,672,380	150,399,060	152,620,247
11,886,728	15,078,163	22,040,993	21,979,330	21,741,501	18,086,141
<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>	<u>\$ 401,721,863</u>
\$ 139,805,061	\$ 155,545,205	\$ 160,954,003	\$ 175,857,230	\$ 179,215,964	\$ 185,265,606
80,357,118	100,099,062	103,793,219	105,198,115	119,633,203	128,750,175
5,047,925	5,737,781	6,416,414	5,969,981	6,694,866	7,015,509
-	-	8,960,303	9,184,944	9,447,360	9,774,731
39,198,675	16,466,640	14,786,624	8,167,677	28,619,854	111,786,879
13,870,000	13,360,000	14,205,000	15,225,000	18,145,000	28,238,714
21,597,766	20,513,917	19,139,633	17,946,933	22,124,449	25,506,559
<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>	<u>\$ 496,338,173</u>
(13,353,989)	(3,097,470)	2,463,826	21,295,970	34,390	(94,616,310)
\$ -	\$ -	\$ 50,355,000	\$ 115,155,000	\$ 214,390,000	\$ -
-	-	10,821,491	12,871,395	26,070,242	-
-	-	(61,682,860)	(128,498,887)	(17,032,347)	-
-	-	-	110,322	-	10,348,651
3,972	50,123	6,669	7,620	2,340	63,365
(3,481,859)	(50,123)	(6,669)	(7,620)	(2,340)	(63,365)
<u>\$ (3,477,887)</u>	<u>\$ -</u>	<u>\$ (506,369)</u>	<u>\$ (362,170)</u>	<u>\$ 223,427,895</u>	<u>\$ 10,348,651</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>\$ (84,267,659)</u>
<u>13.2%</u>	<u>11.2%</u>	<u>10.3%</u>	<u>9.8%</u>	<u>11.3%</u>	<u>13.9%</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:				
Property taxes	\$ 87,124,649	\$ 92,597,766	\$ 92,576,990	\$ 94,084,083
Specific ownership taxes	6,054,107	6,023,739	5,805,254	5,920,333
State equalization	<u>100,658,351</u>	<u>110,042,029</u>	<u>101,290,756</u>	<u>103,622,720</u>
Total finance act revenues	<u>\$ 193,837,107</u>	<u>\$ 208,663,534</u>	<u>\$ 199,673,000</u>	<u>\$ 203,627,136</u>
Total revenues (1)	\$ 238,752,854	\$ 264,595,898	\$ 265,907,620	\$ 261,585,893
Public School Finance Act revenues as percentage of total governmental funds revenues	81.2%	78.9%	75.1%	77.8%

Note 1: As shown on the Changes in Fund Balances of Governmental Funds schedule, pages 130-131

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 97,617,286	\$ 97,868,432	\$ 95,556,636	\$ 117,473,228	\$ 130,020,812	\$ 138,986,222
7,090,842	8,241,096	8,253,685	7,938,746	9,904,649	11,588,740
<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>139,726,941</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>	<u>\$ 290,301,903</u>
\$ 286,522,556	\$ 308,625,135	\$ 330,719,022	\$ 358,845,850	\$ 383,915,086	\$ 401,721,863
74.4%	73.0%	71.8%	72.0%	72.4%	72.3%

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
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
2017	2018	1,322,718	690,343	336,823	64,555	690,836	167,430

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>
\$ 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%
30,686	4,959	3,308,350	56.394 (2)	27,512,870	12.02%

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
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
2017	2018	38.844	17.550	56.394	22.726	15.800	22.092	28.968	89.586	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	2009			2018		
	2008 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value (2)	2017 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value (2)
Kerr-McGee Rocky Mtn. Corp.	\$ 57,576,240	1	2.55%	\$ 232,628,910	1	7.20%
Crestone Peak Resources				125,547,530	2	3.89%
Extraction Oil & Gas LLC				70,507,900	3	2.18%
Encana Oil & Gas (USA) Inc.	51,793,420	2	2.30%			
Amgen Inc.	34,786,130	3	1.54%			
Seagate Technology LLC	25,634,960	4	1.14%	26,294,930	4	0.81%
Public Service Co. nka Xcel Energy				26,203,209	5	0.81%
Noble Energy, Inc.	21,885,060	5	0.97%			
GCC Longmont Holdings LP				21,560,984	6	0.67%
Circle Capital Longmont LLC	19,240,010	6	0.85%			
Ramco-Gershenson Properties LP				16,501,003	7	0.51%
NMMS Twin Peaks LLC				14,242,769	8	0.44%
AstraZeneca Pharmaceuticals LP				13,975,788	9	0.43%
EQC Operating Trust				13,664,510	10	0.42%
Qwest Corporation	12,021,230	7	0.53%			
Longmont Woodhaven LLC	10,394,340	8	0.46%			
Longmont Sandstone LLC	10,394,340	9	0.46%			
Hub Properties Trust	10,277,320	10	0.46%			
Total	<u>\$ 254,003,050</u>		<u>8.70%</u>	<u>\$ 561,127,533</u>		<u>17.37%</u>

Note 1: Based on a 2008 certified assessed valuation of \$2,253,992,556

Note 2: Based on a 2017 certified assessed valuation of \$3,229,961,649

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)
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
2017	2018	182,150,457	176,545,011	96.92%	1,727,654	178,272,665	97.87%	5,605,446

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					Percentage of Average Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Deferred Bond Premium	Registered Coupons & Related Discount	Capital Lease	Total		
2009	\$ 391,990,000	\$ 14,627,793	\$ -	\$ 623,268	\$ 407,241,061	4.7%	\$ 2,698
2010	465,295,000	16,669,299	-	755,927	482,720,226	5.4%	3,135
2011	451,865,000	21,730,908	-	-	473,595,908	5.0%	3,016
2012	438,795,000	24,459,386	678,773	-	463,933,159	4.6%	2,918
2013	424,925,000	23,517,074	280,437	924,117	449,646,628	4.2%	2,766
2014	411,565,000	22,771,053	280,437	736,161	435,352,651	3.6%	2,664
2015	391,800,000	28,337,919	280,437	548,205	420,966,561	3.3%	2,564
2016	375,995,000	37,988,881	280,437	463,558	414,727,876	3.1%	2,481
2017	555,565,000	60,893,703	-	240,084	616,698,787	(1)	3,638
2018	531,080,000	58,009,761	-	6,835,021	595,924,782	(1)	3,452

Note 1: Personal income data for 2017 and 2018 not available

Note 2: Personal Income and Per Capita data from the Demographic and Economic Information on pages 144-145

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	Deferred Bond Premium	Registered Coupons & Related Discount	Less Debt Service Funds	Net Bonded Debt	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2008	2009	\$ 391,990,000	\$ 14,627,793	\$ -	\$ 30,801,518	\$ 375,816,275	2.07%	2,490
2009	2010	465,295,000	16,669,299	-	32,890,953	449,073,346	2.44%	2,917
2010	2011	451,865,000	21,730,908	-	30,081,745	443,514,163	2.40%	2,824
2011	2012	438,795,000	24,459,386	678,773	30,163,653	433,769,506	2.43%	2,728
2012	2013	424,925,000	23,517,074	280,437	30,558,380	418,164,131	2.31%	2,572
2013	2014	411,565,000	22,771,053	280,437	32,700,504	401,915,986	2.21%	2,460
2014	2015	391,800,000	28,337,919	280,437	34,035,743	386,382,613	2.11%	2,353
2015	2016	375,995,000	37,988,881	280,437	43,375,929	370,888,389	1.69%	2,218
2016	2017	555,565,000	60,893,703	-	55,195,386	561,263,317	2.49%	3,357
2017	2018	531,080,000	58,009,761	-	62,572,848	526,516,913	1.91%	3,050

Note 1: Refer to Assessed and Estimated Actual Values of Taxable Property schedule on page 134-135
Note 2: Population data is in the Demographic and Economic Information on page 144-145

Source: District's financial records

St. Vrain Valley School District RE-1J
Debt Capacity
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
(Unaudited)

Name of Overlapping Entity	2017 Assessed Valuation	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the District	
			Percent	Amount
Berthoud Fire Protection District	\$ 311,442,901	\$ 150,000	19.56%	\$ 29,340
City of Boulder	3,667,034,079	14,245,000	1.29%	183,761
Brennan Metropolitan District	1,834,214	2,886,000	100.00%	2,886,000
Carbon Valley Park & Recreation District	687,469,297	3,505,000	78.83%	2,762,992
Carriage Hills Metropolitan District	5,048,790	7,615,000	100.00%	7,615,000
Central Colorado Water Conservancy	3,228,195,442	25,950,000	0.03%	7,785
Central Colorado Water Conservancy- Groundwater Mgmt Subdistrict	2,023,944,073	11,962,801	0.05%	5,981
Colliers Hill Metro District No. 1	1,355,379	30,435,207	100.00%	30,435,207
Colliers Hill Metro District No. 2	404,860	24,126,000	100.00%	24,126,000
City of Dacono	85,673,760	1,188,920	76.01%	903,698
Town of Erie	330,339,391	16,240,000	78.91%	12,814,984
Erie Commons Metro District No. 1	10	7,095,000	100.00%	7,095,000
Erie Highlands Metro District No. 1	6,469,170	9,156,000	100.00%	9,156,000
Fort Lupton Fire Protection District	803,478,716	2,300,000	3.78%	86,940
Frederick-Firestone Fire Protection Dist.	523,171,665	1,450,000	91.43%	1,325,735
Front Range Fire Rescue Fire Prot. Dist.	263,317,384	795,000	0.23%	1,829
Godding Hollow Metropolitan District	803,150	403,361	100.00%	403,361
Greens Metropolitan District	588,310	2,460,000	100.00%	2,460,000
Harvest Junction Metropolitan District	34,342,509	8,515,000	100.00%	8,515,000
Highlands Metropolitan District No. 2	71,194	7,149,000	100.00%	7,149,000
Left Hand Water & Sanitation District	6,554,430	12,477	100.00%	12,477
Liberty Ranch Metropolitan District	9,241,217	11,118,000	100.00%	11,118,000
Lost Creek Farms Metropolitan Dist.	175,100	1,492,000	100.00%	1,492,000
Lyons Fire Protection District	69,135,560	470,000	99.53%	467,791
Mead Western Meadows Metro District	4,708,000	2,955,000	100.00%	2,955,000
Mountain Shadows Metropolitan Dist.	3,905,910	2,835,000	100.00%	2,835,000
North Metro Fire Rescue Authority	1,846,215,638	17,565,000	0.12%	21,078
Northern Colorado Water Cons. District	19,872,028,581	3,725,324	16.04%	597,542
NP125 Metropolitan District	3,564,401	3,465,000	100.00%	3,465,000
Palisade Metropolitan District No. 2	2,169,500	26,240,000	100.00%	26,240,000
Palisade Park North Metro. Dist. No. 1	650	5,205,000	100.00%	5,205,000
Palisade Park North Metro. Dist. No. 2	6,464	4,290,000	100.00%	4,290,000
St. Vrain Lakes Metro. District No. 2	2,794,304	48,207,000	100.00%	48,207,000
Stoneridge Metropolitan District	8,881,160	3,735,000	99.33%	3,709,976
Sweetgrass Metropolitan District No. 2	9,049,989	7,187,298	0.05%	3,594
Vista Ridge Metropolitan District	72,184,670	39,920,000	100.00%	39,920,000
Wildflower Metropolitan District No. 1	348,160	20,100	100.00%	20,100
Wyndham Hill Metropolitan District No. 2	17,420,320	18,017,071	100.00%	18,017,071
Total overlapping debt				286,540,242
Direct debt of the District				595,924,782
Total direct and overlapping debt				<u>\$ 882,465,024</u>

This chart includes a summary of the estimated overlapping general obligation debt, as of December 31, 2017, 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)

	2009	2010	2011	2012
Debt Limit	\$ 454,114,207	\$ 480,457,607	\$ 472,060,055	\$ 471,961,545
Total net debt applicable to limit	391,990,000	465,295,000	451,865,000	438,795,000
Legal debt margin	<u>\$ 62,124,207</u>	<u>\$ 15,162,607</u>	<u>\$ 20,195,055</u>	<u>\$ 33,166,545</u>
Total net debt applicable to the limit as a percentage of debt limit	86.3%	96.8%	95.7%	93.0%

Fiscal Year 2018 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	\$ 3,229,961,649 (1)	\$ 27,512,870,337
Debt Limit Percentage **	<u>20.00% (2)</u>	<u>6.00%</u>
Legal debt limit	645,992,330	1,650,772,220
Amount of debt applicable to debt limit: Total bonded debt as of June 30, 2016	<u>531,080,000</u>	<u>531,080,000</u>
Legal debt margin	<u>\$ 114,912,330</u>	<u>\$ 1,119,692,220</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 \$78,386,886 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 492,142,370	\$ 484,070,694	\$ 477,792,210	\$ 727,084,991	\$ 597,344,359	\$ 645,992,330
424,925,000	411,565,000	391,800,000	375,995,000	555,565,000	531,080,000
<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>	<u>\$ 114,912,330</u>
86.3%	85.0%	82.0%	51.7%	93.0%	82.2%

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

Population District-wide

	2009	2010	2011	2012
	150,949	153,967	157,047	159,000

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

	2009	2010	2011	2012
Boulder	\$ 14,584,246	\$ 14,786,545	\$ 15,535,659	\$ 16,417,561
Broomfield	2,079,193	2,115,979	2,345,227	2,701,856
Larimer	11,291,870	11,585,090	12,149,896	12,826,581
Weld	6,925,906	7,326,422	7,755,562	8,347,637
Average	\$ 8,720,304	\$ 8,953,509	\$ 9,446,586	\$ 10,073,409

Source: United States Department of Commerce, Bureau of Economic Analysis
Data subject to revision; not available for 2017 and beyond.

Annual Per Capita Personal Income by County

	2009	2010	2011	2012
Boulder	\$ 48,056	\$ 50,095	\$ 51,893	\$ 53,772
Broomfield	37,135	37,709	40,892	46,346
Larimer	37,844	38,546	39,767	41,311
Weld	27,186	28,817	29,986	31,657
Average	\$ 37,555	\$ 38,792	\$ 40,635	\$ 43,272

Source: United States Department of Commerce, Bureau of Economic Analysis
Data subject to revision; not available for 2017 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
162,579	163,400	164,205	167,182	169,500	172,614

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 17,043,764	\$ 18,369,741	\$ 19,232,516	\$ 20,528,122
2,906,192	4,786,503	4,756,725	4,865,203
13,545,018	14,126,667	15,116,879	16,019,414
9,008,919	10,735,917	12,201,617	12,593,779
<u>\$ 10,625,973</u>	<u>\$ 12,004,707</u>	<u>\$ 12,826,934</u>	<u>\$ 13,501,630</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 54,968	\$ 58,627	\$ 60,220	\$ 63,707
48,867	77,030	73,107	73,129
42,866	43,584	45,318	47,117
33,393	38,664	42,787	42,701
<u>\$ 45,024</u>	<u>\$ 54,476</u>	<u>\$ 55,358</u>	<u>\$ 56,664</u>

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

Median Age by County

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Boulder	36.3	37.0	37.3	36.5	36.6
Broomfield	35.5	35.8	36.1	36.9	37.0
Larimer	35.5	36.3	36.7	35.8	35.9
Weld	31.8	32.4	32.6	33.6	33.8

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

Annual Unemployment Rate by County (1)

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Boulder	(2)	6.6%	7.1%	6.6%	6.1%	6.1%
Broomfield	(3)	7.5%	7.9%	7.7%	7.1%	7.1%
Larimer	(4)	6.6%	7.4%	6.9%	6.4%	6.2%
Weld	(5)	8.8%	10.2%	9.7%	8.7%	8.3%

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

2014	2015	2016	2017	2018
37.2	37.5	37.7	38.0	38.3
37.3	37.5	37.6	37.4	37.4
36.4	36.8	36.8	36.9	37.1
33.9	34.0	33.8	33.9	33.9

2014	2015	2016 (6)	2017 (6)	2018 (6)
4.1%	3.2%	3.4%	2.3%	2.7%
4.3%	3.3%	3.6%	2.4%	2.7%
4.3%	3.3%	3.4%	2.1%	2.5%
4.5%	3.8%	4.2%	2.5%	2.8%

**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	2009			2018		
		Estimated Number of Employees (2)	Rank	Percentage of Total Employment (3)	Estimated Number of Employees (2)	Rank	Percentage of Total Employment (3)
St. Vrain Valley School District	Public education				3,543	1	1.6%
Medtronic PLC	Medical devices and products				2,460	2	1.1%
Boulder Community Hospital	Healthcare				2,410	3	1.1%
CenturyLink	Communication and Internet Systems				2,360	4	1.1%
Vestas	Wind turbine manufacturing				2,270	5	1.0%
Broadcom Ltd.	Surgical solution products				2,100	6	1.0%
Oracle Corp.	Network computer systems/software	2,900	1	1.5%	2,000	7	0.9%
Ball Aerospace & Technologies Corp.	Aerospace instruments and data systems	2,700	3	1.4%	1,930	8	0.9%
IBM Corp.	Computer systems and services	2,800	2	1.4%	1,690	9	0.8%
Level 3 Communications Inc.	Communication/fiber optic network	2,000	4	1.0%			
Covidien (parent of Valleylab)	Surgical solution products	1,798	5	0.9%			
Wal-Mart Stores Inc.	Discount retail chain	1,269	6	0.7%			
Seagate Technology	Computer hard disc drives	1,126	7	0.6%	1,436	10	0.7%
Amgen, Inc.	Human Therapeutics	980	8	0.5%			
West Corp (parent of Intrado Inc)	Communication/network infrastructure	960	9	0.5%			
Hunter Douglas Window Fashions	Window louvers	776	10	0.4%			
		17,309		8.9%	22,199		10.1%

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.

Note 3: Percentage of the employment is based on 193,293 and 219,290 employees in 2009 and 2018, respectively.

Source: 2018 data from Development Research Partners & Longmont Economic Development Partnership
2009 data from The Daily Camera, "Top 50 Local Employers", July 19, 2009

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>2009</u>	<u>2010 (2)</u>	<u>2011</u>
Direct Instruction	Classroom teachers, special education and English as a Second Language teachers, teachers' aides, librarians (3), counselors (3)	1,514	1,612	1,589
Classroom Support	Librarians (3), counselors (3), school principals and assistant principals, support staff including speech services, attendance, and extra-curricular activities	381	366	388
Building Support	Student transportation, utilities, maintenance, custodial services, printing, purchasing, technology services, etc.	307	336	338
Central Support/ Administration	Human resources, finance, payroll, budgeting, legal, clerical support, supervision of instruction, public information, superintendent's office, etc.	30	32	34
Total FTE		<u>2,232</u>	<u>2,346</u>	<u>2,349</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, 401 and 378 for fiscal years 2014, 2015, 2016, 2017 and 2018, respectively.

Source: District's Human Resources Department

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1,535	1,549	1,813 (4)	1,844 (4)	1,892 (4)	1,927 (4)	1,993 (4)
406	382	401 (4)	430 (4)	444 (4)	474 (4)	500 (4)
354	374	386 (4)	398 (4)	416 (4)	432 (4)	442 (4)
36	37	36	38	38	38	41
<u>2,331</u>	<u>2,342</u>	<u>2,636</u>	<u>2,710</u>	<u>2,790</u>	<u>2,871</u>	<u>2,976</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)
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
2018	32,421.0	30,032.3

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
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%
2018	591,631,020	32,421.0	18,248	25.4:1 (5)	9,484	29.3%

- 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)

	2009	2010	2011	2012	2013	2014
Elementary schools (2)	25	25	26	26	26	23
Total square feet	1,228,045	1,232,741	1,305,337	1,305,337	1,305,337	1,227,732
Total program capacity	11,505	11,641	12,291	12,336	12,065	11,068
Enrollment	11,479	11,776	11,996	12,045	12,256	11,335
Percent capacity	100%	101%	98%	98%	102%	102%
(P)K-8 schools (3)						2
Total square feet						284,649
Total program capacity						2,150
Enrollment						1,760
Percent capacity						82%
Middle schools	9	9	9	9	9	8
Total square feet	905,153	908,105	908,105	908,105	922,105	828,025
Total program capacity	6,331	6,331	6,392	5,740	6,200	5,558
Enrollment	4,901	5,065	5,081	5,122	5,365	5,075
Percent capacity	77%	80%	79%	89%	87%	91%
High schools	7	8	8	9	8	8
Total square feet	1,083,994	1,246,227	1,301,849	1,492,200	1,372,591	1,379,891
Total program capacity	6,995	7,721	8,413	8,738	8,834	8,834
Enrollment	7,034	7,175	7,288	7,463	7,719	7,929
Percent capacity	101%	93%	87%	85%	87%	90%
Alternative schools (1)	2	2	2	2	2	1
Total square feet	97,032	152,516	152,516	152,516	152,516	81,600
Enrollment	365	306	281	328	667	678
Charter schools	4	5	5	6	6	6
Enrollment	1,972	2,402	2,733	3,151	3,375	3,418
Other District Facilities						
Total square feet	144,106	169,672	169,672	185,720	305,329	271,318

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.

Note 4 : Construction of an elementary school was completed by June 30, 2018, and included in the total number and square footage above. A PK-8 and Innovation Center were completed after June 30, 2018, and will be added next year. Capacity and enrollment numbers for the new schools will be included in FY19.

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

2015	2016	2017	2018 (4)
23	23	23	24
1,240,032	1,238,072	1,238,072	1,445,269
11,068	11,068	11,277	11,577
11,507	11,693	11,662	11,489
104%	106%	103%	99%
2	2	2	2
284,649	284,649	284,649	284,649
2,150	2,150	2,150	2,150
1,810	1,844	1,829	1,859
84%	86%	85%	86%
8	8	8	8
828,025	831,766	830,846	835,166
5,640	5,640	5,640	5,640
5,241	5,453	5,514	5,746
93%	97%	98%	102%
8	8	8	8
1,379,891	1,381,331	1,382,771	1,477,331
8,890	8,890	8,890	8,890
8,169	8,381	8,790	8,895
92%	94%	99%	100%
3	3	3	3
81,600	81,600	81,600	81,600
864	1,009	1,011	1,029
6	6	6	6
3,485	3,397	3,365	3,403
272,482	272,482	271,042	271,042

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Capital Assets Group / Governmental Activities				
Land/Sites	\$ 19,792,539	\$ 19,792,539	\$ 20,073,379	\$ 20,073,379
Projects in progress	1,811,297	25,144,438	70,274,929	23,008,224
Water rights	<u>4,340,807</u>	<u>4,943,227</u>	<u>1,095,578</u>	<u>1,095,578</u>
Capital assets not depreciated	<u>25,944,643</u>	<u>49,880,204</u>	<u>91,443,886</u>	<u>44,177,181</u>
Land Improvements	20,163,514	20,178,134	23,402,497	23,402,497
Buildings	245,874,910	246,727,350	249,187,029	300,679,143
Building Improvements	99,876,713	100,398,102	112,542,642	130,861,657
Equipment	<u>27,199,661</u>	<u>29,210,118</u>	<u>30,357,183</u>	<u>24,868,107</u>
Capital assets depreciated	<u>393,114,798</u>	<u>396,513,704</u>	<u>415,489,351</u>	<u>479,811,404</u>
Less: accumulated depreciation				
Land Improvements	8,409,521	9,298,853	10,271,324	11,308,292
Buildings	46,979,138	51,412,991	56,207,902	61,282,240
Building Improvements	32,574,831	35,740,474	39,379,006	43,833,351
Equipment	<u>18,731,165</u>	<u>20,548,985</u>	<u>22,192,475</u>	<u>18,069,528</u>
Total accumulated depreciation	<u>106,694,655</u>	<u>117,001,303</u>	<u>128,050,707</u>	<u>134,493,411</u>
Capital assets depreciated, net	<u>286,420,143</u>	<u>279,512,401</u>	<u>287,438,644</u>	<u>345,317,993</u>
Total capital assets, General Capital Assets Group / Governmental Activities	<u>\$ 312,364,786</u>	<u>\$ 329,392,605</u>	<u>\$ 378,882,530</u>	<u>\$ 389,495,174</u>
Enterprise Fund / Business-type Activities				
Equipment	\$ 2,634,246	\$ 2,756,630	\$ 2,823,299	\$ 3,291,862
Less: accumulated depreciation	<u>1,558,615</u>	<u>1,714,277</u>	<u>1,914,487</u>	<u>2,089,989</u>
Total	<u>\$ 1,075,631</u>	<u>\$ 1,042,353</u>	<u>\$ 908,812</u>	<u>\$ 1,201,873</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

2013	2014	2015 (1)	2016	2017	2018
\$ 20,073,379	\$ 20,053,379	\$ 20,053,379	\$ 20,846,495	\$ 20,846,495	\$ 20,846,495
46,882,404	6,542,968	12,080,092	554,037	24,831,369	87,477,669
1,095,578	1,083,578	1,083,578	1,083,578	1,083,578	1,083,578
<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>	<u>109,407,742</u>
24,051,471	24,106,959	24,106,959	24,106,959	24,217,045	28,667,562
301,587,741	301,936,554	302,473,799	303,749,153	304,012,383	326,780,045
135,461,032	183,639,236	185,061,854	198,300,747	198,300,747	205,261,080
25,752,447	27,311,492	32,364,256	34,863,265	40,602,430	53,819,973
<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>	<u>614,528,660</u>
12,366,859	13,412,046	14,460,119	15,501,629	16,544,368	17,644,786
66,768,318	71,843,136	77,325,154	83,118,454	88,610,850	94,209,877
48,617,140	54,690,125	61,727,094	68,838,373	76,468,106	84,380,456
17,801,645	19,292,822	22,781,556	24,558,788	26,272,425	27,602,918
<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>223,838,037</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>390,690,623</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>	<u>\$ 500,098,365</u>
\$ 3,377,603	\$ 3,402,259	\$ -	\$ -	\$ -	\$ -
2,239,803	2,355,922	-	-	-	-
<u>\$ 1,137,800</u>	<u>\$ 1,046,337</u>	<u>\$ -</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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2018. 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

October 18, 2018



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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's *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, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

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

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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and District's corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

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

October 18, 2018

St. Vrain Valley School District RE-1J

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

Federal Grantor/Pass-Through Grantor Program 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			\$ 70,483	\$ -
<i>Passed through State Department of Education</i>					
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	4010, 92xx		3,479,977	-
Special Education - Grants to States (IDEA, Part B)	84.027	4027, 5027	\$ 4,264,998		
Special Education - Preschool Grants (IDEA Preschool)	84.173	4173	<u>73,874</u>		
<i>Total of Special Education Cluster</i>				4,338,872	-
Education for Homeless Children and Youth	84.196	5196		39,920	-
Charter Schools (Title V, Part B of ESEA)	84.282	5282		20,211	-
English Language Acquisition State Grants (Title III, Part A of ESEA)	84.365	4365		319,703	-
Improving Teacher Quality State Grants (Title II, Part A of ESEA)	84.367	4367		270,208	-
Student Support and Academic Enrichment Grants	84.424	4424		55,328	-
ARRA: RTTT Early Learning	84.412	5412		18,408	-
<i>Passed through Colorado Community Colleges & Occupational Education System</i>					
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	4048		<u>169,901</u>	-
Total U.S. Department of Education				8,783,011	-
Department of Defense - National Security Agency					
<i>Direct award from the Federal government</i>					
GenCyber Grants Program	12.903			<u>8,600</u>	-
Total Dept of Defense - National Security Agency				8,600	-
U.S. Department of Agriculture					
<i>Passed through State Dept of Public Health & Environment</i>					
Child and Adult Care Food Program	10.558	4558		37,175	-
<i>Passed through State Department of Human Services</i>					
National School Lunch Program (non-cash commodities entitlement)	10.555	4555	657,167		
<i>Passed through State Department of Education</i>					
School Breakfast Program	10.553	4553	1,306,491		
National School Lunch Program	10.555	4555	3,760,810		
Summer Food Service Program for Children	10.559	4559	<u>148,174</u>		
<i>Total of Child Nutrition Cluster</i>				5,872,642	-
CNP School Meals Equipment	10.579	5579		<u>13,782</u>	-
Total U.S. Department of Agriculture				5,923,599	-
Total Expenditures of Federal Awards				<u>\$ 14,715,210</u>	<u>\$ -</u>

See the accompanying notes to schedule of expenditures of federal awards.

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2018

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, 2018. 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 \$657,167 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, 2018

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
10.553, 10.555, 10.556, 10.559	School Breakfast Program, National School Lunch Program, Special Milk Program for Children and Summer Food Service Program for Children (Child Nutrition Cluster)
84.365	English Language Acquisition State 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, 2018**

Section II - Financial Statement Findings

There were no findings related to the District's financial statements for the year ended June 30, 2018.

Section III - Federal Award Findings And Questioned Costs

Finding 2018-001 - Significant Deficiency In Internal Controls Over Compliance and Compliance for Procurement

CFDA 84.365 - English Language Acquisition State Grants

***Federal Agency:* U.S. Department of Education**

***Pass-Through Entity:* State of Colorado Department of Education**

Criteria Or Specific Requirement: Title 2 U.S. Code of Federal Regulations Part 200.318(i) (the Uniform Guidance) states that a non-Federal entity must maintain records sufficient to detail the history of procurement. These records should include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis for the contract price. Additionally, the Uniform Guidance specifies methods of procurement for various purchasing thresholds. The District implemented the Uniform Guidance procurement standards effective July 1, 2017.

Condition: For a single purchase amounting to \$49,713, the District did not have evidence of price or rate quotes in advance from a reasonable number of qualified sources and document the significant history of the purchase consistent with the Uniform Guidance. The District's internal controls over procurement failed to prevent, or detect and correct, the error on a timely basis.

Cause: The District's internal control over procurement failed to ensure adherence to the District's policy.

Effect: The District was not in compliance with the District procedure policy.

Questioned Costs: None

Context: We tested the only purchase exceeding the micro-purchase threshold for the program. The District purchased \$49,713 of curriculum for the Program without documenting procurement procedures.

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For The Year Ended June 30, 2018

Identification As A Repeat Finding: Not applicable

Recommendation: We recommend the District review the current procurement policy and related controls and make necessary adjustments to ensure that procurement requirements are being followed and documented for all necessary purchases.

Views Of Responsible Officials And Planned Corrective Action: The District agrees with the finding and has put together a corrective action plan for the finding. See the corrective action plan included in this report.



Corrective Action Plan

For Fiscal Year Ended June 30, 2018

Finding 2018 – 001: Significant Deficiency over Internal Controls and Compliance for Procurement

Personnel Responsible for Corrective Action: Gregory A Fieth, Chief Financial Officer

Anticipated Completion Date: December 31, 2018

Corrective Action Plan: The District has already taken measures to ensure compliance with this requirement. All purchase requisitions of \$3,500 or more with an associated federal grant code will be routed to the accounts payable manager to review the funding source. The manager will verify that the appropriate documentation is included to support the small purchase quotations or sole source proposal.

The personnel associated with approving journal entries will be trained to review any reclassification related to federal grants for appropriate documentation (small purchase quotations or sole source). In addition, personnel responsible for reviewing purchase card transactions will be trained to ensure that the charging of purchases to federal grant account codes is in compliance with Uniform Guidance.



Auditors Integrity Report

District: 0470 - ST VRAIN VALLEY RE 1J

Fiscal Year 2017-18

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	107,386,603	275,636,090	269,089,904	113,932,789
18 Risk Mgmt Sub-Fund of General Fund	2,638,630	6,134,809	2,807,023	5,966,416
19 Colorado Preschool Program Fund	576,949	1,541,071	1,451,317	666,703
Sub- Total	110,602,182	283,311,970	273,348,244	120,565,908
11 Charter School Fund	9,864,140	30,855,712	30,296,791	10,423,060
20,26-29 Special Revenue Fund	10,748,219	9,682,070	11,060,538	9,369,751
21 Food Service Spec Revenue Fund	2,456,760	9,778,155	9,913,414	2,321,501
22 Govt Designated-Purpose Grants Fund	0	9,751,458	9,751,458	0
23 Pupil Activity Special Revenue Fund	6,170,621	8,182,966	7,744,616	6,608,971
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	55,195,385	57,366,542	49,989,081	62,572,847
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	203,121,246	2,501,536	104,181,467	101,441,315
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	6,542,464	8,931,302	7,759,576	7,714,190
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	404,701,017	420,361,711	504,045,186	321,017,543
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	1,547,299	4,458,953	839,018	5,167,234
Totals	1,547,299	4,458,953	839,018	5,167,234
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	223,512	40,479	32,740	231,251
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	200,698	4,075	204,773	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	424,210	44,554	237,513	231,251

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 beginning fund balance
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