

Arapahoe County School District Number Six



# ***Comprehensive Annual Financial Report***

***For the Fiscal Year Ended June 30, 2019***



5776 South Crocker Street  
Littleton, Colorado 80120

[www.littletonpublicschools.net](http://www.littletonpublicschools.net)

SCHOOLS REPRESENTED ON THE COVER—*Top row from left to right:* Powell Middle School; Littleton High School; Powell Middle School; Twain Elementary School; and Options Secondary Program. *Bottom row from left to right:* Lenski Elementary School; Heritage High School; Euclid Middle School; Highland Elementary School; and Goddard Middle School.

ARAPAHOE COUNTY  
SCHOOL DISTRICT  
NUMBER SIX

Littleton, Colorado

Comprehensive Annual  
Financial Report

For the Fiscal Year  
Ended June 30, 2019



Prepared by Financial Services

Diane Doney

Assistant Superintendent of Business Services/Chief Financial Officer

Donna Villamor

Director of Finance and Risk Management

Jonathan Levesque

Assistant Director of Finance



**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2019**

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# INTRODUCTORY SECTION





October 23, 2019

Board of Education and Citizens  
Arapahoe County School District Number Six  
Littleton, Colorado

The Comprehensive Annual Financial Report (CAFR) of the Arapahoe County School District Number Six (the district) as of June 30, 2019, and for the fiscal year then ended, is hereby submitted. Colorado state law requires that each local government undergo an annual audit of the financial statements by independent certified public accountants in accordance with generally accepted auditing standards. This report fulfills that requirement.

Responsibility for the accuracy, completeness, and fairness of the information presented in this report rests with the management of the district based upon a comprehensive framework of internal control that it has established for this purpose. The district's financial services department prepared this report, which contains management's representations concerning the finances of the district. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and reported in a manner to present fairly the financial position and results of operations of the district's funds. As the cost of internal controls should not outweigh the benefits, the outcome is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

The CAFR is presented in conformity with Statement No. 34 of the Governmental Accounting Standards Board (GASB), titled *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments (as amended)*. This reporting standard is intended to parallel private sector reporting by consolidating governmental 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, and should be read in conjunction with, the MD&A.

This is the fifth year the CAFR is required to conform to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (as amended)*, which establishes new financial reporting requirements for most governments that provide pension benefits through a multiple-employer, cost-sharing defined benefit pension plan. Statement No. 68 requires the district to record a proportionate share of the unfunded pension liability of Public Employee's Retirement Association of Colorado (PERA).

This is the second year the CAFR is required to conform to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). Statement No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by PERA to record their proportionate share of the HCTF's net OPEB liability.

**Fax Numbers**

Board/Superintendent 303-347-3439 • Instruction 303-347-4394 • Financial Services 303-347-3460  
Human Resources 303-347-3384 • Operations, Maintenance, and Construction 303-347-3454  
Communications 303-347-3476

*Serving the cities of Littleton and Centennial, southern suburbs of Denver, Colorado*

For GASB Statements No. 68 and No. 75, the district has no legal obligation to fund any shortfall, nor does it have any liability to affect funding, benefits, or annual required contribution decisions made by PERA.

Beginning July 2018, Colorado Revised Statutes (C.R.S. 24-51-413) specifies that the state is required to contribute \$225 million each year to PERA, the pension plan that covers all district employees. A portion of the direct distribution payment is allocated to the district based on the district's proportionate amount of annual payroll to the total payroll of all PERA divisions. This portion is considered a non-employer contribution for financial reporting purposes. PERA's goal is to eliminate its unfunded actuarial accrued liability and reach a 100 percent funded ratio within the next 30 years.

### **Profile of the District**

Arapahoe County School District Number Six, commonly referred to as Littleton Public Schools (LPS), is a political subdivision of the State of Colorado and a corporate body duly organized in 1889 for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The district provides a full range of educational programs and services, including Pre-K–12 instruction, special education and special education preschool, vocational education, and numerous other programs. The number of students enrolled in fiscal year 2018–2019 was 15,039.

The district encompasses approximately 28 square miles in western Arapahoe County in the southern portion of the Denver metropolitan area. The district's boundaries include the town of Columbine Valley, the majority of the city of Littleton, and portions of the municipalities of Bow Mar, Centennial, Englewood, and Greenwood Village.

The district is governed by a five-member Board of Education (the Board), whose members are elected by the qualified electors within the district's boundaries. General duties the Board is empowered to perform include employing all personnel necessary to maintain the operations and carry out the educational programs of the district and paying their compensation, fixing attendance boundaries, establishing annual budgets, determining the educational programs to be offered in the schools of the district, prescribing the textbooks of any course of instruction or study in such educational programs, and levying a property tax on both real and personal properties located within the district's boundaries.

The district includes two charter schools as component units. The charter schools are public schools, authorized by state statutes, and under the supervision of the Board provide alternatives in education for pupils, parents, and teachers. Each charter school has a separate governing board, but they are fiscally dependent on the district for the majority of their funding. The component units are discretely presented in the CAFR and have separate, audited financial statements.

### **Factors Affecting Financial Condition**

**State funding.** The state has not fully funded the Colorado Public School Finance Act of 1994 (SFA) based on the full requirement of the state constitution's Amendment 23 since the national fiscal crisis in 2008. The SFA for fiscal year 2018–2019 included an 8.7 percent reduction (known as the negative factor or budget stabilization factor) or a \$672.4 million statewide K–12 funding reduction. The district's program revenue negative factor reduction for the 2018–2019 school year was decreased by \$2.4 million from the previous year to \$11.0 million. For 2019–2020, the state funded inflation of 2.7 percent and set the negative factor to 7.02 percent. The negative factor results in another \$9.2 million annual loss of district program revenue when compared to the state fully funding the program revenue. The negative factor was originally adopted in 2008 by the state's General Assembly to reduce the overall statewide contribution to K–12 education since local funding of the SFA is primarily fixed. Beginning in fiscal year 2019–2020, House Bill (HB) 19-1262 will provide funding through the school finance formula for full-day kindergarten educational programs. A student enrolled in a full-day kindergarten program will be funded at the same amount as students enrolled full-time in other grades. A school district, including its charter

schools, that provides full-day kindergarten cannot charge tuition fees for attending kindergarten. The district will incorporate budget balancing strategies in 2020–2021 to help offset the state’s funding cuts.

**State and local economy.** The state’s economic picture is important to the district because a major source of funding for the district’s General Fund is received through the SFA established by the state legislature. Colorado’s economy grew at a moderate pace during the first half of 2019; however, it’s expected to slow. Employment and wage growth has been strong; however, the tight labor market is constraining growth as employers struggle to attract and retain employees. Inflation is lower due to lower housing and energy price growth. Export activity in Colorado for beef, computers, electronic products, medical instruments, and aircraft parts has declined due to escalating tariffs and trade policy uncertainty. Overall, Colorado’s economic expansion is expected to continue despite ongoing trade war issues in the agricultural and manufacturing industries. Additionally, recent data showing an “inverted yield curve” could be a sign of an impending recession. The Treasury yield curve inverts when short-term interest rates are higher than long-term interest rates. Although this has been a predictor in the past, it will be considered alongside other useful leading economic indicators, which show signs of economic expansion.

Colorado’s unemployment rate continues to outperform the nation with a rate of 2.9 percent in July 2019, compared to 3.7 percent nationally. While national job growth has slowed, Colorado’s job growth has accelerated during the first quarter of 2019, representing the strongest quarterly job growth since 2016. The Office of State Planning and Budgeting is forecasting a revenue increase of 4.1 percent for the General Fund for fiscal year 2019–2020. Changes to the tax base resulting from the federal government’s 2017 Tax Cuts and Jobs Act (TCJA) have contributed to strong revenue growth. Colorado’s three major revenue sources include individual income taxes, corporate income taxes, and sale and use taxes.

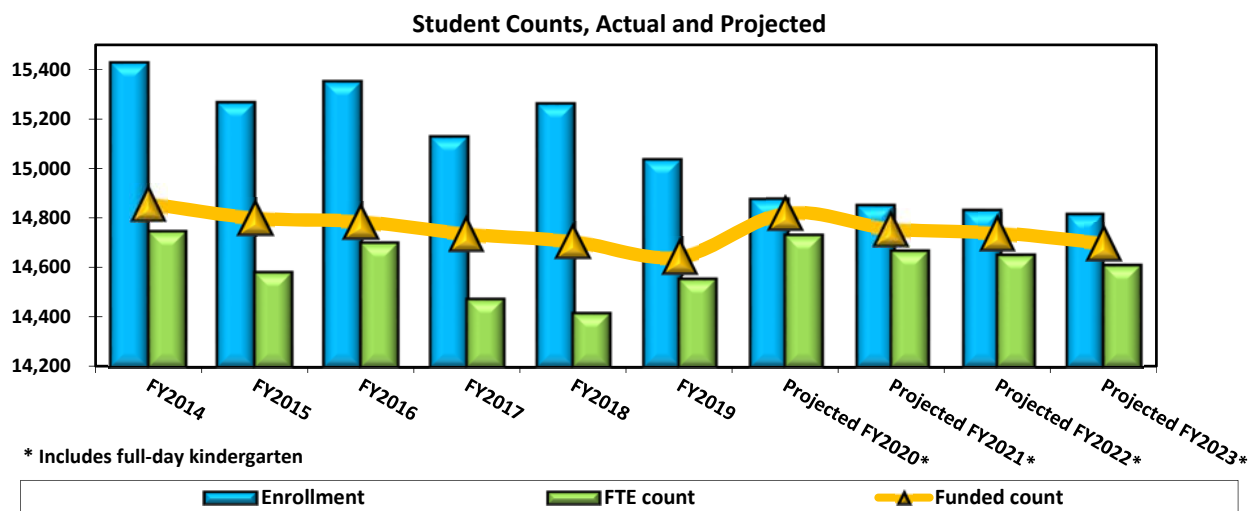
In 1992, Colorado voters approved a measure known as the Taxpayer Bill of Rights (TABOR), which amended the state’s constitution and restricted revenues for all levels of government (state, local, and schools). Under TABOR, state and local governments cannot raise tax rates without voter approval and cannot spend revenues collected under existing tax rates without voter approval if revenues grow faster than the rate of inflation and population growth. Revenue in excess of the TABOR limit, commonly referred to as the "TABOR surplus," must be refunded to taxpayers unless voters approve a revenue change as an offset in a referendum. In November 2005, voters approved Referendum C, which allowed the state to retain all revenues through fiscal year 2009–2010 and set a new cap on revenue starting in fiscal year 2010–2011. The passage of Senate Bill (SB) 17-267 during the 2017 legislative session reduced the Referendum C cap by \$200 million in fiscal year 2017–2018. The lower cap then grows by inflation and population growth in subsequent years. TABOR revenue exceeded the Referendum C cap by \$428.3 million in 2018–2019. It is expected to be above the cap by \$348.1 million in 2019–2020 and \$551.6 million in 2020–2021. Colorado law specifies how the excess revenue be refunded to taxpayers.

The State Education Fund (SEF) continues to support a large share of education funding and is expected to grow 3.4 percent in fiscal year 2019–2020 and 5.6 percent in 2020–2021. In fiscal year 2019–2020, the year-end fund balance is expected to increase from \$176.0 million to \$210.3 million. The Colorado Constitution required the SEF to receive one-third of one percent of taxable income, which equates to a General Fund transfer of \$40.3 million in fiscal year 2019–2020.

**Enrollment and demographics.** The district updated its demographic study in October 2012, which provided more insight surrounding future enrollment expectations. Long-term projections of students are expected to continue to decline but at a slower rate into the foreseeable future. Birth rates within the district are not significantly increasing, but the real estate market appears to be turning properties over to younger residents with children of school age. The district is anticipating stable student enrollment in upcoming school years through 2022–2023 with the inclusion of full-day kindergarten. Stable and declining enrollment, along with the per-pupil revenue cuts (negative factor) incorporated in the state’s

SFA, continues to challenge the district to provide services and keep a balanced budget while maintaining necessary reserves for long-term fiscal stability.

In fiscal year 2018–2019, the district’s enrollment decreased by 225 students to 15,039 students. Preliminary membership counts for the 2019–2020 school year indicate that enrollment will decrease slightly; however, demographic information indicates that while in-district student enrollment and funded pupil counts most likely will continue to decline, they are starting to stabilize into the foreseeable future. The student full-time equivalent (FTE) count is less than enrollment mostly due to part-time students. The actual SFA funded count allows for the current year FTE count to be averaged with up to four previous years’ counts.



### Major Initiatives

In 2018–2019, the LPS Long-Range Planning Committee (LRPC), representing a cross-section of the community, continued discussions on instructional programs and facility needs. Based on the LRPC’s recommendation, the Board of Education placed a \$298.9 million bond measure on the November 2018 ballot. Voters approved the bond measure, sending a strong endorsement of the district’s commitment to providing the resources needed for students to succeed. Major projects in 2019–2020 include the design development of Ames, Newton, and Franklin campuses; the demolition of the Ames campus; and the new turf fields at selected middle and high schools. Continuing into the 2019–2020 fiscal year, the LRPC will continue to explore enrollment boundaries and increased transportation challenges.

Proposition CC, referred by the state legislature and on the November 2019 ballot, proposes changes to state statute. It would change state law and allow the state to keep all of the money it collects over its revenue limit to spend on public education, higher education, and transportation projects. Currently, the state constitution caps the annual growth of spending at inflation plus population growth. Any tax money above that amount has to be returned to taxpayers. If Proposition CC passes, state law requires that the additional money be divided equally among these three areas. It is estimated that the state would have an additional \$310 million to spend next budget year. The State Auditor is required to publish a financial audit of money kept and spent as a result of Proposition CC each year. If Proposition CC fails, the money collected above the state revenue limit will continue to be refunded to taxpayers.

### Long-Term Financial Planning

The district’s long-range financial projections are regularly updated for review and consideration by the Board. These include forecasts of student enrollment, upon which school funding is computed. Without additional K–12 funding, the district’s current financial forecast indicates that budgetary efficiencies will

need to be sought and considered by the Board in 2020–2021. If additional funding under the SFA becomes available, an implementation plan will be developed in alignment with the Board’s strategic plan during calendar year 2020. This plan would then be incorporated into the district’s long-range financial forecasting and planning model.

### **Strategic Plan**

The superintendent and staff work closely with the Board to ensure that their vision and strategic plan is fulfilled. In November 2014, the Board approved revisions to the strategic plan to better guide the work of the district, students, and community and align the district’s direction to coincide with eleven core beliefs. The Board’s vision is, “Extraordinary learning, exceptional community, expanded opportunity, and success for all students.” The strategic plan includes ten focus areas to support the mission statement, “To educate all students for the future by challenging every individual to continuously learn, achieve, and act with purpose and compassion in a safe and secure environment.”

- Enhance instructional systems and career pathways that maximize achievement for all students and integrate knowledge and skills relevant to 21st century career choices.
- Expand utilization of instructional technology with appropriate use for student achievement while providing the infrastructure for organizational efficiency and effectiveness.
- Provide an educational and work environment that supports professional learning and collaborative work for all staff.
- Promote, sustain, and create quality programs that make Littleton Public Schools the uniquely preferred choice for families inside and outside the district.
- Engage the community and parents as active partners in the objectives, activities, and performance of the district and its students.
- Optimize the use of district resources and facilities to meet student learning needs while operating the district efficiently.
- Promote and provide a safe environment that fosters caring, respect, and compassion for others.
- Enhance and support quality early childhood and childcare programs.
- Educate and support staff, parents, and community to address diverse student learning by providing access and opportunities for all students.
- Partner with parents and community to expand and enhance programs that address the physical, social, and emotional well-being of students, families, and staff.

The environment should foster community engagement, staff collaboration, and student learning. The district will continue to address the diverse community needs and keep the public involved as active partners in increasing achievement levels, a major component of the LPS strategic plan. LPS has established a district achievement goal that states, “One hundred percent of LPS students will graduate prepared for meaningful post-secondary opportunities.”

### **Annual Audit**

State statutes require an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen LLP serves as the independent auditor for the district. In addition to meeting the requirements set forth in state law, the audit is also designed to meet the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the district for its CAFR for the fiscal year ended June 30, 2018. In

order to be awarded the Certificate of Achievement, the district published an easily readable and efficiently organized CAFR. That report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the award program's requirements, and we are submitting it to GFOA to determine its eligibility for a new Certificate of Achievement. The district also received the Popular Annual Financial Report (PAFR) award by GFOA for the fiscal year ended June 30, 2018. A PAFR extracts information from the CAFR and is designed to be easily understood by the general public and other interested parties without a background in public finance.

Additionally, the Meritorious Budget Award was conferred by the Association of School Business Officials International to the district for its fiscal year 2018–2019 budget document. In order to qualify for the Meritorious Budget Award, the district's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

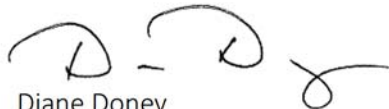
The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of financial services, grant administrators, and printing services. Each department member has our sincere appreciation for the contributions made in the preparation of this report.

In closing, we wish to thank the members of the Board of Education for their interest, leadership, and support in maintaining the highest standards of professionalism in the management of the district's finances.

Respectfully submitted,



Brian Ewert  
Superintendent



Diane Doney  
Assistant Superintendent of Business Services/Chief Financial Officer

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
CAFR AWARD CERTIFICATE



Government Finance Officers Association

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

Presented to

**Arapahoe County School District  
Number Six, Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
PRINCIPAL OFFICIALS

Board of Education



Jack Reutzel  
President  
Term: 2017–2021



Kelly Perez  
Vice President  
Term: 2017–2021



Robert Reichardt  
Secretary  
Term: 2015–2019



Jim Stephens  
Assistant Secretary  
Term: 2015–2019



Carrie Warren-Gully  
Treasurer  
Term: 2017–2021

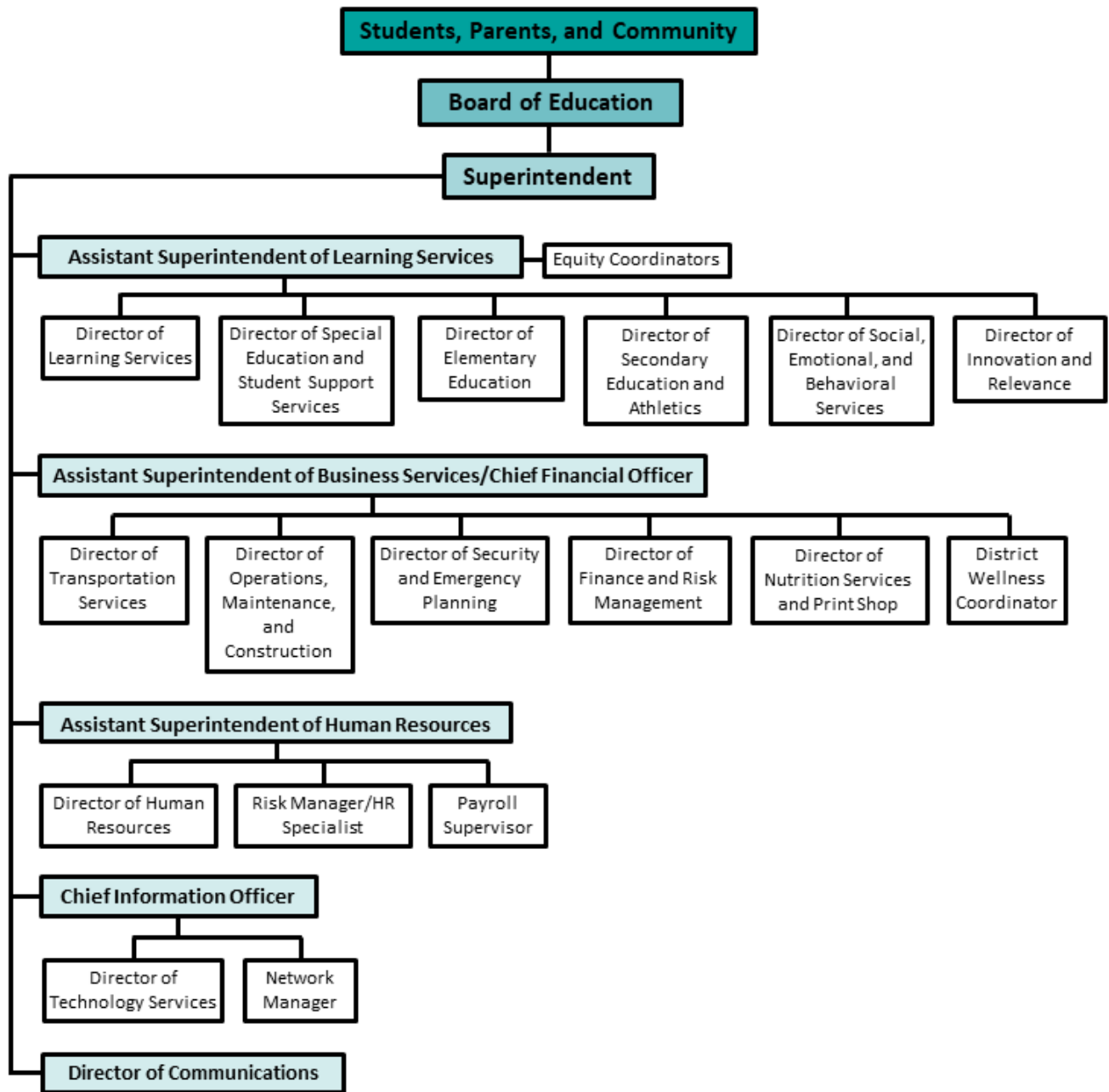
Superintendent and Superintendent’s Staff

- Brian Ewert ..... Superintendent  
Dr. Tera Helmon ..... Assistant Superintendent of Learning Services  
Mike Jones ..... Assistant Superintendent of Human Resources  
Diane Doney ..... Assistant Superintendent of Business Services/Chief Financial Officer  
Mark Lindstone ..... Chief Information Officer  
Diane Leiker ..... Director of Communications

MISSION STATEMENT

To educate all students for the future by challenging every individual to continuously learn, achieve, and act with purpose and compassion in a safe and secure environment.

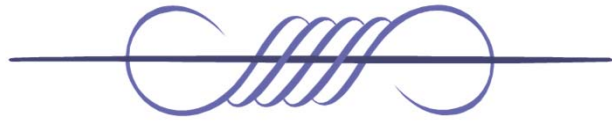
ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
ORGANIZATIONAL CHART



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# FINANCIAL SECTION







## INDEPENDENT AUDITORS' REPORT

Board of Education  
Arapahoe County School District Number Six  
Littleton, 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 the Arapahoe County School District Number Six, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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.

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, 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 Arapahoe County School District Number Six as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and the GASB required pension and OPEB schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arapahoe County School District Number Six’s basic financial statements. The combining and individual nonmajor fund financial statements and schedules, combining component unit financial statements, and the Auditor’s Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, combining component unit financial statements, the Auditor’s Integrity Report 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. In our opinion, the information is 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 23, 2019, on our consideration of the Arapahoe County School District Number Six’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Arapahoe County School District Number Six’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arapahoe County School District Number Six’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
October 23, 2019

# Management's Discussion and Analysis



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**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Management's Discussion and Analysis**  
**As of and For the Fiscal Year Ended June 30, 2019**

As management of the Arapahoe County School District Number Six, Arapahoe County, 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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages 1–6.

**Financial Highlights**

- Beginning June 30, 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established new financial reporting requirements for most governments that provide pension benefits through a multiple-employer, cost-sharing defined-benefit pension plan. District employees, including the two charter schools' employees, are in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the district and its charter schools to record a proportionate share of PERA's unfunded pension liability. The district and its charter schools have no legal obligation to fund any shortfall, nor do they have any liability to affect funding, benefits, or annual required contribution decisions made by PERA.
- Beginning June 30, 2018, the district adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for financial statements beginning after June 15, 2017. Statement No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). Statement No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by PERA to record their proportionate share of the HCTF's net OPEB liability. For the district, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability.
- Beginning June 30, 2019, the district is reporting the resulting effects of the Senate Bill (SB) 18-200 passed and signed into Colorado law June 4, 2018. SB 18-200 makes changes in several key ways to the PERA retirement plan including increasing contribution rates from employers and employees, directing the state to make a \$225 million on-behalf contribution each year to PERA to reduce the unfunded liability, modifying the retirement benefits including reducing the annual increase for all current and future retirees as well as raising retirement age for new employees, and establishing an automatic adjustment provision designed to keep PERA on a path to full funding in 30 years.
- The liabilities and deferred inflows of resources of the district, sometimes referred to as the primary government, exceeded assets and deferred outflows of resources at June 30, 2019, by \$428.0 million, primarily due to the net OPEB and pension liabilities, noted above, of \$338.3 million.
- The financial position of the primary government increased as the total net position increased by \$41.6 million, primarily from the net pension income of \$39.3 million due to the requirement of GASB Statement No. 68.
- The total cost of basic programs decreased \$141.5 million, or 45.7 percent, to \$167.9 million primarily due to the decrease of \$159.8 million of net pension expense.
- Revenues increased \$24.5 million, or 13.2 percent, to \$209.5 million due to an increase in state funding for inflation, specific ownership taxes, sale of voter-approved general obligation bonds, and interest income.
- The net cost of governmental activities decreased \$142.9 million, or 50.3 percent, primarily due to change of \$159.8 million in net pension expense (net pension income) due to the requirement of GASB Statement No. 68.

## Overview of the Financial Statements

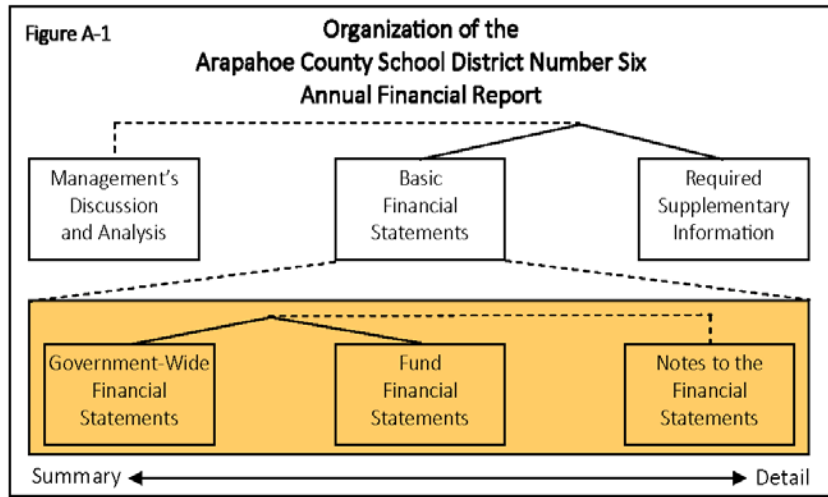
Management’s discussion and analysis is intended to serve as an introduction to the district’s annual report and basic financial statements. The financial section of the annual report consists of four parts: management’s discussion and analysis, basic financial statements, required supplementary information, and combining and individual fund statements and schedules. The basic financial statements include two types of statements that present different views of the district.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the district’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district’s operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services, such as instruction and support services, were financed in the short-term as well as what remains for future spending.
- The fiduciary funds statement of assets and liabilities presents the financial position of an agency fund in which the district acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the district’s budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the district’s financial statements, including the portion of activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.



**Figure A-2**  
**Major Features of the Districtwide and Fund Financial Statements**

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Fund
<b>Scope</b>	Entire district (except the fiduciary fund)	The activities of the district which are not proprietary or fiduciary, such as instruction and support services	Instances in which the district administers resources on behalf of someone else, such as student clubs
<b>Required Financial Statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of assets and liabilities</li> </ul>
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**Government-Wide Financial Statements**

The government-wide statements report information about the district as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the district’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the district’s net position and how it has changed. Net position—the difference between the district’s assets, liabilities, and deferred outflows and inflows of resources—is one way to measure the district’s financial health or position.

- Over time, increases or decreases in the district’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district’s overall health, additional nonfinancial factors may need to be considered, such as changes in the district’s property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the district’s activities are divided into two categories:

- Governmental activities: Most of the district’s basic services are included here, such as instruction and support services.
- Component units: The district’s two charter schools have independent governing boards but are financially dependent upon the district for most of their funding. Generally accepted accounting principles (GAAP) prescribe a discrete presentation of the component units—meaning separate presentation from the primary government.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the district’s funds, focusing on its most significant or “major” funds—not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law or GAAP.
- The district establishes other funds to control and manage money for particular purposes (i.e., athletics and activities funded largely by fees and ticket sales) or to show that it is properly using certain revenues, such as federal grants.

The district has two categories of funds:

- *Governmental funds*: Most of the district's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flow in and out and the balances left at fiscal year-end that are available for spending. Consequently, the governmental fund statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs.
- *Fiduciary fund*: The district is the trustee, or fiduciary, for the assets of student clubs. 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. The district excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

The district's net position of the governmental activities on June 30, 2019, increased \$41.6 million to a negative \$428.0 million from what it was the previous year (see Figure A-3), primarily as a result of the impact of GASB Statements No. 68 and No. 75.

Assets, deferred outflows of resources, liabilities, and deferred inflows of resources changed from the prior year for the following reasons:

- Current and other assets increased by \$362.2 million, primarily from increased restricted cash and investments. The increase is primarily from the sale of general obligation bonds, the proceeds of which are in the Capital Projects–Building Fund.
- Capital assets decreased \$2.4 million, the net result of capital asset depreciation expense offset by asset additions.
- Deferred outflows of resources for deferred charges on refunding decreased \$0.5 million due to amortization expense. Deferred outflows related to OPEB increased \$0.2 million due to the district's OPEB contribution subsequent to the measurement date and actual actuarial experience. Deferred outflows related to pension decreased \$96.1 million due to an increase of \$0.5 million to the district's pension contribution subsequent to the measurement date; investment earnings, which were more than expected by \$17.6 million; a decrease of deferred assumptions of \$112.7 million; and the difference between expected and actual actuarial experience of \$1.5 million.
- Current and other liabilities increased \$5.2 million, mainly due to higher contracts payable in the Capital Projects–Building Fund.
- The net OPEB liability increased \$0.6 million due to the GASB Statement No. 75 requirement to record a proportionate share of PERA's Health Care Trust Fund (HCTF) net OPEB liability. The net pension liability decreased \$354.6 million due to the GASB Statement No. 68 requirement to record a proportionate share of PERA's unfunded pension liability.
- Noncurrent liabilities increased \$351.5 million, the net result of sale of general obligation bonds, bond principal payments, amortization of bond premium, and accreted interest on bonds.
- Deferred inflows of resources for OPEB decreased \$0.2 million which includes interest earnings and the change in proportionate share of contributions. Deferred inflows of resources for pension increased \$219.3 million for pension-related activities, of which \$26.6 million is the change in investment earnings and an increase of deferred assumptions of \$199.2 million. The balance of \$46.6 million includes the change in proportion and the differences between contributions recognized and the proportionate share of contributions.
- Net position increased \$41.6 million. This change included a \$0.6 million decrease to net investment in capital assets (capital assets less related debt), a \$7.0 million increase in restricted net position, and a \$35.2 million increase in unrestricted net position due to the adoption of GASB Statements No. 68 and No. 75.

Figure A-3 presents a two-year, condensed statement of the district's net position.

**Figure A-3**  
**Condensed Statement of Net Position (in millions of dollars)**

	<b>Primary Government Governmental Activities</b>		<b>Total Dollars Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018–2019</b>
<b>Assets</b>			
Current and other assets	\$ 74.7	\$ 436.9	\$ 362.2
Capital assets	135.5	133.1	(2.4)
Total assets	<u>210.2</u>	<u>570.0</u>	<u>359.8</u>
<b>Deferred outflows of resources</b>			
Deferred charges on refunding	2.6	2.1	(0.5)
Deferred OPEB outflows	0.6	0.8	0.2
Deferred pension outflows	194.6	98.5	(96.1)
Total deferred outflows	<u>197.8</u>	<u>101.4</u>	<u>(96.4)</u>
<b>Liabilities</b>			
Current and other liabilities	11.6	16.8	5.2
Net OPEB liability	15.5	16.1	0.6
Net pension liability	676.8	322.2	(354.6)
Noncurrent liabilities	141.6	493.1	351.5
Total liabilities	<u>845.5</u>	<u>848.2</u>	<u>2.7</u>
<b>Deferred inflows of resources</b>			
Deferred OPEB inflows	0.4	0.2	(0.2)
Deferred pension inflows	31.7	251.0	219.3
Total deferred inflows	<u>32.1</u>	<u>251.2</u>	<u>219.1</u>
<b>Net position</b>			
Net investment in capital assets	1.8	1.2	(0.6)
Restricted	19.7	26.7	7.0
Unrestricted	<u>(491.1)</u>	<u>(455.9)</u>	<u>35.2</u>
Total net position	<u>\$ (469.6)</u>	<u>\$ (428.0)</u>	<u>\$ 41.6</u>

The district's change in financial position is related to operating results (see Figure A-4), which are highlighted as follows:

- Revenues of \$209.5 million exceeded expenses of \$167.9 million, resulting in the \$41.6 million increase in net position. Total revenues increased \$24.5 million over revenues of the prior year and total expenses decreased \$141.5 million, primarily due to the decrease of \$159.8 million of net pension expense due to GASB Statement No. 68.
- The State of Colorado's General Assembly included an 8.7 percent negative per-pupil budget stabilization factor into the School Finance Act (SFA) for fiscal year 2018–2019. This negative factor was to help the state balance its budget due to the fiscal crisis. The district's per-pupil revenue was \$7,819, compared to \$8,567 without the negative factor. The SFA was supported by state equalization funds, local taxes, and property taxes in the fiscal year.
- The average funded student count, which is the per-pupil basis for fiscal year 2018–2019 SFA program funding, decreased slightly by 0.4 percent to 14,642.7 from 14,703.7 the previous year.
- Total expenses of \$167.9 million represent a \$141.5 million, or 45.7 percent, decrease compared to the prior year. Instructional expenses decreased \$100.1 million, of which \$13.7 million represents the net OPEB and pension expense increase compared to the 2017–2018 fiscal year. Support services

expenses decreased \$46.6 million, of which \$6.8 million represents the net OPEB and pension expense increase compared to the 2017–2018 fiscal year. Interest expenses increased \$5.2 million based on the debt service payment schedule.

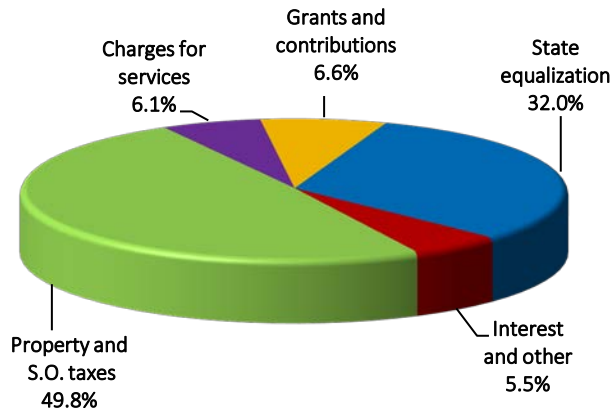
- The Board of Education approved \$11.8 million of one-time spending from the unassigned fund balance for student needs starting in 2017-2018. During the 2018–2019 fiscal year, \$3.7 million was spent on new curriculum, technology, and staffing support at the schools.

Figure A-4 presents a two-year summary of change in net position.

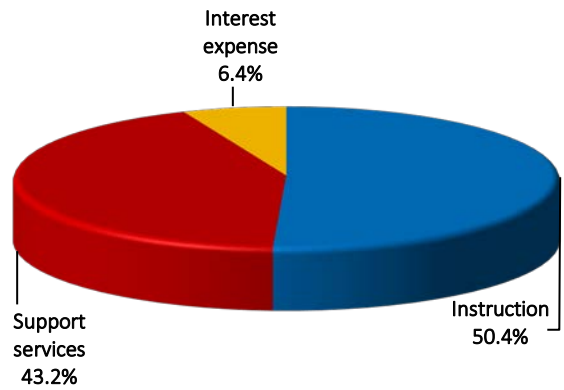
**Figure A-4**  
**Change in Net Position from Operating Results (in millions of dollars)**

	<u>Primary</u> <u>Government</u> <u>Governmental</u> <u>Activities</u>		<u>Total</u> <u>Percent</u> <u>Change</u> <u>2018–2019</u>
	<u>2018</u>	<u>2019</u>	
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 12.1	\$ 12.8	5.8%
Operating grants/contributions	13.1	13.7	4.6
Capital grants/contributions	-	-	-
General revenues			
Property and S.O. taxes	94.2	104.4	10.8
State equalization aid	62.0	67.1	8.2
Interest and other revenues	3.6	11.5	219.4
Total revenues	<u>185.0</u>	<u>209.5</u>	<u>13.2</u>
<b>Expenses</b>			
Instruction	185.0	84.9	(54.1)
Support services	118.9	72.3	(39.2)
Interest	5.5	10.7	94.5
Total expenses	<u>309.4</u>	<u>167.9</u>	<u>(45.7)</u>
<b>Change in net position</b>	(124.4)	41.6	133.4
<b>Net position—beginning of year—restated</b>	<u>(345.2)</u>	<u>(469.6)</u>	
<b>Net position—end of year</b>	<u><u>\$(469.6)</u></u>	<u><u>\$(428.0)</u></u>	

**Figure A-5**  
Sources of Revenue for Fiscal Year 2019



**Figure A-6**  
Expenses for Fiscal Year 2019



**Governmental Activities**

Revenues increased \$24.5 million, or 13.2 percent, to \$209.5 million. Total expenses decreased \$141.5 million to \$167.9 million as a result of the net OPEB and pension expense of \$159.8 million due to GASB Statements No. 68 and No. 75, salary and benefit increases, inflationary pressures, and one-time spending. Revenues exceeded expenditures resulting in a \$41.6 million increase in net position.

Figure A-7 summarizes the net cost of governmental activities, as presented in the statement of activities in the government-wide financial statements. The table also shows each activity’s *net cost* (total cost less fees generated by the activities and other aid provided for specific programs). The net cost shows the financial burden placed on local and state taxpayers for each of the functions. Program revenues of \$26.5 million are a much smaller funding source for public school district governmental activities, representing only 12.6 percent of total revenues of \$209.5 million.

**Figure A-7**  
Net Cost of Governmental Activities (in millions of dollars)

Function/Program	Total Cost of Services		Percent Change 2018–2019	Net Cost of Services		Percent Change 2018–2019
	2018	2019		2018	2019	
Instruction	\$ 185.0	\$ 84.9	(54.1)%	\$ 173.4	\$ 72.7	(58.1)%
Support services	118.9	72.3	(39.2)	105.4	58.0	(45.0)
Interest expense	5.5	10.7	94.5	5.5	10.7	94.5
Total	<u>\$ 309.4</u>	<u>\$ 167.9</u>	(45.7)	<u>\$ 284.3</u>	<u>\$ 141.4</u>	(50.3)

Other items of note about governmental activities from the statement of activities are as follows:

- The cost of all governmental activities for the year was \$167.9 million.
- Some of the cost was financed by the users of the programs, \$12.8 million.
- The federal and state governments, along with private donors, subsidized certain programs with operating grants of \$13.7 million.
- Most of the net cost of \$141.4 million was financed by general revenues from state and local taxpayers.
- Net cost of governmental services decreased \$142.9 million, or 50.3 percent, from \$284.3 million in the previous year to \$141.4 million.

- General revenues total \$183.0 million, consisting of \$104.4 million in property and specific ownership taxes, \$67.1 million in state equalization aid, and \$11.5 million of interest earnings and other revenue.
- The resulting increase in governmental activities' net position was \$41.6 million.

### **Financial Analysis of the District's Governmental Funds**

As noted earlier, the district uses fund accounting to ensure and demonstrate compliance with GAAP, the SFA, and other related legal requirements. The governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements.

#### **Fund Analysis**

The General Fund, including the Risk Management sub-fund, is a major fund and is the most significant fund of the district. The Capital Projects Fund and the Student Athletic and Activities Fund are supported by the General Fund, with transfers out totaling \$3.9 million for the year. The Capital Projects—Building Fund is a capital improvement fund used to account for the major capital outlays for district facilities supported by the voter-approved 2013 and 2018 bond elections. The Designated Purpose Grant Fund is supported by grant revenues and the Debt Service Fund by voter-approved property tax mill levies to meet general obligation debt service requirements. The Extended Day Care Fund is supported by tuition, while the Nutrition Services Fund received funding from federal grants along with sales of breakfast and lunch meals.

Total General Fund school finance program funding, which includes property taxes, specific ownership taxes, and state equalization for fiscal year 2018–2019, was impacted by the state's cost-of-living increase, a negative per-pupil budget stabilization factor of 8.7 percent, and stable enrollment.

- Overall, the General Fund reported revenue of \$161.5 million for fiscal year 2018–2019, which was \$10.6 million higher when compared to the previous year. This increase includes an on-behalf state contribution to PERA's retirement plan of \$2.6 million.
- Expenditures reported in the General Fund increased \$13.1 million to \$164.2 million for fiscal year 2019. Net transfers to other funds decreased \$0.7 million to \$3.9 million when compared to the prior year. Increased expenditures included higher salaries and benefits, one-time spending, overall inflationary pressures, and \$2.6 million of on-behalf state contribution to PERA's retirement plan. The fund balance in the General Fund decreased \$6.3 million for fiscal year 2018–2019, primarily in the assigned category.

District management intends to continue to balance the General Fund's current resources with budgeted expenditures in order to maintain an adequate fund balance. Administration, with Board approval, will continue to make the necessary long-term budgetary adjustments in order to achieve a continued healthy financial outlook.

#### **General Fund Budget**

Current General Fund expenditures, excluding the Risk Management sub-fund, totaling \$158.5 million were 97.1 percent of the final budget of \$163.2 million compared to the 95.4 percent of the prior year. Budget carryovers are allowed by policy in various operating areas, and the carryovers primarily resulted from the changes of the final budget when compared to the original budget. The unspent expenditure budget at the end of 2018–2019 is mostly due to the under-spending of the final budget that will be rolled into the subsequent year. The district's contingency budget represents the majority of unspent appropriation and anticipated ending fund balance. The final budget reported a contingency reserve of \$21.2 million, which represents 11.5 percent of budgeted expenditures. Revenues of the General Fund amounted to 101.5 percent of budgeted revenues.

## Capital Assets and Long-Term Debt

### Capital Assets

As shown in Figure A-8, total primary government capital assets, net of depreciation, decreased a net \$2.5 million to \$133.0 million from the previous year. This was the result of \$9.1 million of net depreciation expense, \$0.8 million of asset disposals, \$2.1 million of assets capitalization, and \$4.5 of construction in progress. Asset additions consisted of land improvements, buildings, equipment, and vehicles.

**Figure A-8**  
**Capital Assets (net of depreciation, in millions of dollars)**

	<b>Total Primary Government Governmental Activities</b>		<b>Dollars Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018–2019</b>
	<u>2018</u>	<u>2019</u>	<u>2018–2019</u>
Land	\$ 5.9	\$ 5.9	\$ -
Land improvements	4.2	3.8	(0.4)
Buildings	121.9	114.5	(7.4)
Equipment	1.8	1.9	0.1
Vehicles	1.7	2.4	0.7
Construction in progress	0.0	4.5	4.5
<b>Total</b>	<b><u>\$ 135.5</u></b>	<b><u>\$ 133.0</u></b>	<b><u>\$ (2.5)</u></b>

More detailed information about capital assets is presented in Note II, C. Capital Assets, of the financial statements.

### Long-Term Debt

As of year-end, the district had \$493.1 million in general obligation bonds and other long-term debt outstanding, an increase of \$351.5 million, as shown in Figure A-9. The outstanding general obligation bonds at June 30, 2019, consisted of the 2010 general obligation refunding bonds of \$41.5 million, 2013 general obligation bonds of \$50.0 million, 2014 general obligation bonds of \$17.0 million, 2015 general obligation bonds of \$15.6 million, and the new 2019 general obligation bonds of \$298.9 million.

More detailed information about long-term liabilities is presented in Note II, E. Long-Term Debt, of the financial statements.

**Figure A-9**  
**Outstanding Long-Term Debt (in millions of dollars)**

	<b>Governmental Activities</b>		<b>Dollars Change</b>	<b>Credit Rating Moody's Underlying Rate</b>
	<b>2018</b>	<b>2019</b>	<b>2018–2019</b>	
	<u>2018</u>	<u>2019</u>	<u>2018–2019</u>	
General obligation (G.O.) bonds	\$ 130.1	\$ 423.0	\$ 292.9	Aa1
Premium on G.O. bonds	8.5	66.8	58.3	
Accreted interest	0.7	0.9	0.2	
Compensated absences	2.3	2.4	0.1	
<b>Total</b>	<b><u>\$ 141.6</u></b>	<b><u>\$ 493.1</u></b>	<b><u>\$ 351.5</u></b>	

## Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the district contemplated the following factors that could significantly affect its financial health in the future.

- The state's General Assembly incorporated a statewide base per-pupil revenue (PPR) increase of 2.7 percent for inflation; however, the state set a negative factor of 7.02 percent for 2019–2020. This kept the statewide average total PPR at \$8,477, thus reducing the state share by \$572.4 million for a total reduction of approximately \$8.1 billion over the last ten years. The average statewide PPR funding without the negative factor funding cut would have been \$9,117, or \$640 more per student.
- Despite the state funding cuts, it is projected that the district's per-pupil funding will increase \$6.6 million when compared to 2018–2019 to \$121.1 million in 2019–2020. However, full per-pupil funding would have equated to \$130.3 million, a loss of revenue to the district of \$9.2 million.
- The 2019–2020 budget includes one-time spending of \$2.4 million for new curriculum development, technology upgrades, and educator effectiveness. The budget also includes an additional assignment of General Fund fund balance of \$2.5 million for future planned spending as approved by the Board. The budget of one-time spending for student needs, as outlined in the *Anticipated Funding Needs– Short- and Long-Term White Paper 2.0*, will provide funds for curriculum, technology, and other student needs over multiple years. New recurring expenditures include salary and benefit increases and inflationary cost increases.
- Beginning in fiscal year 2019–2020, House Bill (HB) 19-1262 will provide funding through the school finance formula for full-day kindergarten educational programs. A student enrolled in a full-day kindergarten program will be funded at the same amount as students enrolled full-time in other grades.
- The Board of Education placed a \$298.9 million bond measure on the November 2018 ballot and voters approved the bond measure. The major projects in 2019–2020 include the design development of Ames, Newton, and Franklin campuses; the demolition of the Ames campus; and the installation of new turf fields at selected middle and high schools. Continuing into the 2019–2020 fiscal year, the Long-Range Planning Committee (LRPC) will continue to explore enrollment boundaries and increased transportation challenges.
- Proposition CC, referred by the state legislature, will be placed on the November 2019 ballot. It would change state law and allow the state to keep all of the money it collects over its revenue limit to spend on public education, higher education, and transportation projects. Currently, the state constitution caps the annual growth of spending at inflation plus population growth. Any tax money above that amount has to be returned to taxpayers. It is estimated that the state would have an additional \$310 million to spend next budget year. If Proposition CC fails, the money collected above the state revenue limit will continue to be refunded to taxpayers.
- Actual average funded counts of student enrollment are expected to increase for 2019–2020 due to the implementation of full-day kindergarten. Although demographic information indicates student enrollment will continue to decline, it is beginning to stabilize into the foreseeable future.

## 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 financial information, please contact the Finance Office, Littleton Public Schools, 5776 South Crocker Street, Littleton, CO 80120. Additional information is available on the district website at [www.littletonpublicschools.net](http://www.littletonpublicschools.net).

# Basic Financial Statements



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**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**

**Statement of Net Position**

**June 30, 2019**

	<u>Primary Government</u>	<u>Component</u>
	<u>Governmental</u>	<u>Units</u>
	<u>Activities</u>	<u>Charter</u>
		<u>Schools</u>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 47,393,243	\$ 4,044,482
Restricted cash and investments	382,030,321	1,367,145
Taxes receivable—net	2,125,418	-
Due from other governments	1,414,855	-
Interest receivable	3,165,888	-
Other accounts receivable	184,125	-
Inventories	449,164	-
Deposits	124,667	-
Capital assets—net of accumulated depreciation where applicable:		
Land	5,857,507	1,889,806
Land improvements	3,797,408	114,287
Buildings and leasehold improvements	114,508,305	9,861,392
Equipment	1,902,414	40,329
Vehicles	2,485,095	-
Construction in progress	4,521,275	375,248
Total assets	<u>569,959,685</u>	<u>17,692,689</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on refunding	2,094,731	283,238
Deferred OPEB outflows	788,977	37,290
Deferred pension outflows	98,471,940	4,635,673
Total deferred outflows of resources	<u>101,355,648</u>	<u>4,956,201</u>
<b>LIABILITIES</b>		
Accounts and contracts payable	5,647,208	50,931
Accrued compensation	8,097,551	475,448
Accrued interest payable	1,699,210	105,848
Unearned revenue	1,385,341	18,530
Noncurrent liabilities:		
Due within one year	7,580,000	302,982
Due in more than one year	485,496,327	10,432,287
Net OPEB liability	16,098,938	748,004
Net pension liability	322,173,249	15,145,617
Total liabilities	<u>848,177,824</u>	<u>27,279,647</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred OPEB inflows	196,052	9,109
Deferred pension inflows	250,986,202	11,799,058
Total deferred inflows of resources	<u>251,182,254</u>	<u>11,808,167</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,147,396	2,642,504
Restricted for:		
Debt service	20,571,235	187,823
Nutrition services	1,201,409	-
Emergency reserve under TABOR	4,950,000	291,600
Repair and replacement	-	260,000
Unrestricted	(455,914,785)	(19,820,851)
Total net position	<u>\$ (428,044,745)</u>	<u>\$ (16,438,924)</u>

See accompanying Notes to Basic Financial Statements.



**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**

**Balance Sheet  
Governmental Funds  
June 30, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects— Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 36,712,756	\$ -	\$ -	\$ 10,680,487	\$ 47,393,243
Restricted investments	-	22,620,126	359,410,195	-	382,030,321
Taxes receivable from the county treasurer	832,452	49,698	-	-	882,150
Taxes receivable—net	1,578,922	546,496	-	-	2,125,418
Due from other governments	61,349	-	-	471,356	532,705
Other accounts receivable	184,125	-	-	-	184,125
Interest receivable on investments	-	-	3,165,888	-	3,165,888
Inventories	449,164	-	-	-	449,164
Deposits	124,667	-	-	-	124,667
<b>Total assets</b>	<b>\$ 39,943,435</b>	<b>\$ 23,216,320</b>	<b>\$ 362,576,083</b>	<b>\$ 11,151,843</b>	<b>\$ 436,887,681</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and contracts payable	\$ 1,883,463	\$ 570	\$ 3,681,381	\$ 81,794	\$ 5,647,208
Accrued compensation	7,375,061	-	-	722,490	8,097,551
Other unearned revenue	222,592	-	-	1,162,749	1,385,341
<b>Total liabilities</b>	<b>9,481,116</b>	<b>570</b>	<b>3,681,381</b>	<b>1,967,033</b>	<b>15,130,100</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property tax revenue	1,578,922	546,496	-	-	2,125,418
<b>Total deferred inflows</b>	<b>1,578,922</b>	<b>546,496</b>	<b>-</b>	<b>-</b>	<b>2,125,418</b>
<b>FUND BALANCES</b>					
Nonspendable for:					
Inventories	449,164	-	-	-	449,164
Deposits	124,667	-	-	-	124,667
Restricted for:					
Emergency (TABOR)	4,950,000	-	-	-	4,950,000
Debt service	-	22,669,254	-	-	22,669,254
Nutrition services	-	-	-	1,201,409	1,201,409
Capital projects	-	-	358,894,702	-	358,894,702
Committed for:					
Risk management	1,085,875	-	-	-	1,085,875
Capital projects	-	-	-	4,521,305	4,521,305
Student care services	-	-	-	2,778,614	2,778,614
Pupil activities	-	-	-	682,794	682,794
Assigned for:					
Beverage sponsorship for student needs	-	-	-	688	688
Budget carryovers	3,587,241	-	-	-	3,587,241
One-time spending for student needs	3,943,233	-	-	-	3,943,233
Subsequent year expenditures	6,796,612	-	-	-	6,796,612
Unassigned	7,946,605	-	-	-	7,946,605
<b>Total fund balances</b>	<b>28,883,397</b>	<b>22,669,254</b>	<b>358,894,702</b>	<b>9,184,810</b>	<b>419,632,163</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 39,943,435</b>	<b>\$ 23,216,320</b>	<b>\$ 362,576,083</b>	<b>\$ 11,151,843</b>	

**Reconciliation of the Balance Sheet to the Statement of Net Position for Governmental Activities:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This amount of capital assets is net of accumulated depreciation.	133,072,004
Other long-term assets are not available to pay for current year expenditures and, therefore, are unearned in the funds.	2,125,418
Other postemployment benefits (OPEB) liability activities including deferred OPEB outflows of \$788,977, net OPEB liability of (\$16,098,938), and deferred OPEB inflow of (\$196,052), are not due and payable in the current year and therefore not reported in the funds.	(15,506,013)
Pension liability activities including deferred pension outflows of \$98,471,940, net pension liability of (\$322,173,249), and deferred pension inflow of (\$250,986,202), are not due and payable in the current year and therefore not reported in the funds.	(474,687,511)
Long-term liabilities, including bonds payable, accreted interest and compensated absences of (\$493,076,327) and deferred charges on refunding of \$2,094,731, are not due and payable in the current period and therefore are not reported in the funds.	(490,981,596)
Interest payable on general obligation debt is not recorded on the fund financial statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.	(1,699,210)
<b>Governmental activities net position</b>	<b>\$ (428,044,745)</b>

See accompanying Notes to Basic Financial Statements.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	General Fund	Debt Service Fund	Capital Projects — Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 73,467,975	\$ 25,068,057	\$ -	\$ -	\$ 98,536,032
Specific ownership taxes	6,957,456	-	-	-	6,957,456
Federal grants	727,180	-	-	5,811,744	6,538,924
State equalization aid	67,076,082	-	-	-	67,076,082
State education of students with disabilities	2,836,346	-	-	-	2,836,346
Other state entitlements and state grants	2,047,735	-	-	1,084,081	3,131,816
Food sales	-	-	-	2,443,505	2,443,505
Donated commodities	-	-	-	257,196	257,196
Student care	-	-	-	6,177,021	6,177,021
Pupil activities	-	-	-	2,332,383	2,332,383
Investment earnings	380,775	290,878	7,372,390	216,026	8,260,069
State contributions—pension	2,616,432	-	-	-	2,616,432
Other	5,407,242	-	-	437,089	5,844,331
Total revenues	<u>161,517,223</u>	<u>25,358,935</u>	<u>7,372,390</u>	<u>18,759,045</u>	<u>213,007,593</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	101,928,903	-	-	2,855,822	104,784,725
Support services	62,153,699	-	-	16,735,701	78,889,400
Debt service:					
Principal retirement	-	6,045,000	-	-	6,045,000
Interest and fiscal charges	-	11,195,343	-	-	11,195,343
Bond issuance costs	-	-	1,582,620	-	1,582,620
Capital outlay	80,334	-	8,853,370	1,860,036	10,793,740
Total expenditures	<u>164,162,936</u>	<u>17,240,343</u>	<u>10,435,990</u>	<u>21,451,559</u>	<u>213,290,828</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,645,713)</u>	<u>8,118,592</u>	<u>(3,063,600)</u>	<u>(2,692,514)</u>	<u>(283,235)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	298,870,000	-	298,870,000
Premium on bonds	-	-	60,756,343	-	60,756,343
Transfers in	238,280	-	-	3,907,625	4,145,905
Transfers out	(3,907,625)	-	-	(238,280)	(4,145,905)
Total other financing sources (uses)	<u>(3,669,345)</u>	<u>-</u>	<u>359,626,343</u>	<u>3,669,345</u>	<u>359,626,343</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(6,315,058)</u>	<u>8,118,592</u>	<u>356,562,743</u>	<u>976,831</u>	<u>359,343,108</u>
<b>FUND BALANCE—BEGINNING</b>	<u>35,198,455</u>	<u>14,550,662</u>	<u>2,331,959</u>	<u>8,207,979</u>	<u>60,289,055</u>
<b>FUND BALANCES—ENDING</b>	<u>\$ 28,883,397</u>	<u>\$ 22,669,254</u>	<u>\$ 358,894,702</u>	<u>\$ 9,184,810</u>	<u>\$ 419,632,163</u>

See accompanying Notes to Basic Financial Statements.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**

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

Net change in fund balances—total governmental funds	\$ 359,343,108
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$9,133,594) and net book value of disposed assets (\$5,434) exceeds capital asset additions of \$6,653,799.	(2,485,229)
Property tax revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements.	2,125,418
Unearned property tax revenue of the prior year received in the current year is recognized in the prior year statement of activities and in the current year fund statements.	(3,227,222)
Repayments of bond principal of \$6,045,000 reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	6,045,000
The premium received on the issuance of bonds and the book loss on refunding of bonds are amortized over the life of the bonds. Current year amortization of the premium on bonds of \$2,492,996, net of amortization on the loss on refunding of (\$523,683), is reported as a reduction to interest expense on the statement of activities.	1,969,313
In the statement of activities, certain operating expenses, such as compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which benefits of \$1,404,730 exceeds usage of (\$1,288,228).	(116,502)
Debt proceeds provide current financial resources to governmental funds; however issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: bond proceeds (\$298,870,000) and bond premium (\$60,756,343).	(359,626,343)
Net OPEB liability activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of OPEB expense of (\$1,275,569) and net of employer contribution expenditures of \$1,046,642.	(228,927)
Net pension liability activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of pension income \$58,906,591, including change in contribution subsequent to measurement date (\$486,634), and net of employer contribution expenditures of \$19,631,529.	39,275,062
Interest payable on general obligation debt is not recorded on the fund financial statements because it is not a current use of cash. Interest of \$1,699,210 is accrued on the government-wide statements since the liability is to be paid in the near term. Accreted interest of \$945,305 is on the government-wide statements classified as due in more than one year. The liability in the prior year was \$1,135,019, resulting in additional interest expense reported for the current year.	<u>(1,509,496)</u>
Change in net position of governmental activities	<u>\$ 41,564,182</u>

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Fund (Agency Fund)  
June 30, 2019

**ASSETS**

Equity in pooled cash and investments	<u>\$ 300,926</u>
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**LIABILITIES**

Accounts payable	\$ 167
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Due to student clubs and other organizations	<u>300,759</u>
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Total liabilities	<u>\$ 300,926</u>
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See accompanying Notes to Basic Financial Statements.

# ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

## Notes to Basic Financial Statements

June 30, 2019

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Arapahoe County School District Number Six (the district) is a political subdivision of the state of Colorado, and it is governed by an elected five-member Board of Education (the Board). The accompanying financial statements present the district, the primary government, and its component units, entities for which the district is considered financially accountable. The *discretely* presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the district.

**Discretely Presented Component Units.** The district's charter schools consist of two separately authorized charters: Littleton Academy and Littleton Preparatory. Charter schools are public schools authorized by the state of Colorado to provide alternatives for parents, pupils, and teachers. The charter schools are organized as legal entities, each with a separate governing board; however, the district must approve all charter school applications. Funding, as required by law, flows from the Colorado Department of Education through the district to the charter schools on a monthly basis. The charter schools are *discretely* presented component units because of the significance of their financial relationship with the district and the services they provide to the district's students. Separate financial statements for each of the charter schools can be found at the following websites: [www.academy.littletonpublicschools.net](http://www.academy.littletonpublicschools.net) and [www.littletonprep.littletonpublicschools.net](http://www.littletonprep.littletonpublicschools.net).

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are primarily supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: 1) charges for services that relate to a given function or program; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. The fiduciary fund is reported using the accrual basis of accounting.

# ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

## Notes to Basic Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within 90 days for federal grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period, provided the availability criteria has been met. All other revenue items are considered to be measurable and available only when cash is received by the district.

The district reports the following major governmental funds:

- The General Fund is the district's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Debt Service Fund accounts for dedicated revenue for the payments of principal and interest on long-term general obligation debt.
- The Capital Projects–Building Fund is a capital improvement fund to account for the major capital outlays for district facilities funded by the voter-approved 2019 general obligation bonds.

Additionally, the district reports the following fund type:

- The Fiduciary Fund accounts for assets held by the district as an agent for student clubs and other organizations.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. An exception to this general rule is that inter-fund services provided and used are not eliminated in order to avoid distortion of direct costs and program revenues.

Amounts reported as program revenues include charges for services and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all state formula aid and local property taxes.

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

### **D. Assets, Liabilities, and Net Position or Equity**

#### **1. Deposits and Investments**

In order to facilitate the recording of cash transactions and maximize earnings on investments, the district has combined the cash resources of its funds and maintains accountability for each fund's equity in the pooled cash and investments reported at net asset value, amortized cost, or categorized by level within GASB Statement No. 72.

#### **2. Receivables**

Property taxes levied in 2018 but not yet collected in 2019 are identified as property taxes receivable in the governmental funds balance sheet at June 30, 2019, and are presented net

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Notes to Basic Financial Statements**

of an allowance for uncollectible taxes. Intergovernmental receivables include amounts due from grantors for specific program grants.

**3. Inventories, Deposits, and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased. The district deposited an amount with an insurance provider, which is termed deposits.

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of acquisition (purchase method).

**4. Restricted Assets**

As required by state law, a third party custodian administers the district's Debt Service Fund. The trust department of a commercial bank serves as custodian, receiving property taxes collections directly from the county treasurer, investing money, and making debt service payments. The balance in the bank account is reported as a restricted investment. The Capital Projects–Building Fund has a balance related to general obligation bonds for capital improvements. The balance of this fund is reported as restricted.

**5. Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the district as assets with an initial individual cost of \$5,000 or more for government activities and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	20–50
Equipment	5–20
Vehicles	8–15

**6. Compensated Absences**

District policy allows unlimited accumulation of vacation leave and unused sick days. Accrued vacation is paid to eligible employees upon termination of employment, limited to two years accrual. Payment for unused sick days is made upon an employee's retirement as defined by the district, for unused sick time over 45 days, and not exceeding annual contract days, times a factor approximating the daily pay rate of a substitute teacher. Each fund liquidates the accrued vacation and sick leave for its respective liabilities.

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a

## ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

### Notes to Basic Financial Statements

consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note III D for deferred pension outflows of resources and Note III E for deferred OPEB outflows of resources.

In addition to liabilities, the district's financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. One type of item that qualifies for reporting in this category is property tax revenue, which is considered a deferred inflow of resources in the year the taxes are levied and measurable and is recognized as an inflow of resources in the period they are collected. See Note III D for deferred pension inflows of resources and Note III E for deferred OPEB inflows of resources.

#### **8. On-Behalf Payments**

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the state of Colorado is required to make a payment to PERA each year equal to \$225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. The amount of on-behalf payments made for the district by the state of Colorado has been recorded in the fund financial statements.

#### **9. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

#### **10. Property Taxes**

Property taxes are levied by the Board. The levy is based on assessed valuations determined by the county assessor. The levy is set by December 15 by certification to the county commissioners to levy the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or, if in equal installments, at the taxpayers' election on February 28 and June 15. Delinquent taxpayers are notified in August and tax sales of the liens on delinquent properties are held in November. The county treasurer remits taxes collected to the district monthly.

# ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

## Notes to Basic Financial Statements

In the fund financial statements, property taxes are recorded initially as a receivable, net of allowance for doubtful collections and as a deferred inflow of resources in the year they represent an enforceable lien and are measurable. The deferred inflow of resources is recorded as revenue in the year they are available.

### 11. State Equalization Aid

State equalization aid is revenue received from the state of Colorado computed in accordance with a funding formula as defined by state statute. The funding formula considers such factors as pupil enrollment and other revenue sources.

### 12. Net Position/Fund Balance

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 based on financial reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make the nature and extent of constraints more useful and understandable. The classifications comprise a hierarchy based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned.

**Nonspendable Fund Balance**—amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact, i.e., inventories and prepaids.

**Restricted Fund Balance**—amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation that are legally enforceable, i.e., Taxpayer's Bill of Rights (TABOR).

**Committed Fund Balance**—amounts that can only be used for specific purposes pursuant to constraints imposed by the Board by resolution. The committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

**Assigned Fund Balance**—amounts that are constrained by the district's intent to be used for specific purposes but are neither restricted nor committed. Per Board policy, authority is delegated to the superintendent, or the superintendent's designee, to assign fund balance.

**Unassigned Fund Balance**—the remaining fund balance, after amounts are set aside for other classifications. The Board assigns the superintendent or designee the responsibility of accumulating and maintaining a minimum General Fund unassigned fund balance of five percent of the district's adopted General Fund revenue budget of the current fiscal year.

The district has established a policy for its use of restricted and unrestricted fund balances. When expenditures are incurred, the district uses restricted fund balances first if the expenditure is for a restricted purpose. Unrestricted expenditures are applied to committed, assigned, and unassigned fund balances in that order.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Notes to Basic Financial Statements**

**II. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

Cash and investments as of June 30, 2019, consist of the following:

Cash on hand	\$ 28,197
Deposits with financial institutions	6,088,253
Investments	<u>427,652,522</u>
Total cash and investments	<u><u>\$ 433,768,972</u></u>

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of net position:	
Equity in pooled cash and investments, primary government	\$ 47,393,243
Restricted investments, primary government	382,030,321
Equity in pooled cash and investments, component units	4,044,482
Fiduciary Fund:	
Equity in pooled cash and investments	<u>300,926</u>
Total cash and investments	<u><u>\$ 433,768,972</u></u>

**Deposits with Financial Institutions**

The district's cash and deposit policies are approved by the Board of Education and governed by Colorado statutes. 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. 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 102.0 percent of the uninsured deposits.

**Investments**

Investment policies of the district and the component units, which comply with state statutes, permit investments in:

- U.S. Treasury obligations
- Federal instrumentality securities
- Repurchase agreements with a termination date of 180 days or less
- Time certificates of deposit
- Local government investment pools
- Money market mutual funds
- Commercial paper
- Municipal notes or bonds
- Any other investment which is authorized by state statutes

Investments of June 30, 2019, consist of the following:

Investments	12 months or less	1 to 5 years	Total Investment
Local government investment pools	\$ 164,815,139	\$ -	\$ 164,815,139
U.S. agencies	-	61,459,336	61,459,336
Corporate Notes	-	8,833,777	8,833,777
U.S. Treasury Notes	-	145,730,534	145,730,534
Mutual Fund	<u>46,813,736</u>	-	<u>46,813,736</u>
Total	<u><u>\$ 211,628,875</u></u>	<u><u>\$ 216,023,647</u></u>	<u><u>\$ 427,652,522</u></u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Notes to Basic Financial Statements**

*Interest rate risk* is the extent to which changes in interest rates will adversely affect the fair value of an investment. The district’s investment policy limits investment maturities to less than five years as a means of managing its exposure to interest rate risk. The district investments have a maturity of less than twelve months.

Investments as of June 30, 2019, consist of the following by Standard & Poor’s Rating:

<u>Investments</u>	<u>A-1</u>	<u>A-1+</u>	<u>AA-</u>	<u>AA+</u>	<u>AAAm</u>	<u>Total</u>
Local government investment pools	\$ -	\$ -	\$ -	\$ -	\$164,815,139	\$164,815,139
U.S. Agencies	-	-	-	61,459,336	-	61,459,336
U.S. Treasury Notes	-	-	-	145,730,534	-	145,730,534
Corporate Notes	-	-	2,990,886	5,842,891	-	8,833,777
Mutual Fund	<u>33,775,688</u>	<u>11,938,039</u>	<u>-</u>	<u>-</u>	<u>1,100,009</u>	<u>46,813,736</u>
Total	<u>\$33,775,688</u>	<u>\$11,938,039</u>	<u>\$2,990,886</u>	<u>\$213,032,761</u>	<u>\$165,915,148</u>	<u>\$427,652,522</u>

*Credit risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. Other investment instruments, including bank obligations, general obligation bonds, and commercial paper, are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to Federal Investment Company Act 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of \$1 billion or the highest credit rating from at least one nationally recognized rating agency.

*Concentration of credit risk*—State statutes generally do not limit the amount the district may invest in one issuer. The investments of Federal Home Loan Bank for \$25,922,660 and Federal National Mortgage Association for \$29,841,976, individually garner greater than five percent of total investments.

*Fair value measurement*—The district categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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; Level 3 inputs are significant unobservable inputs.

The district has the following recurring fair value measurements as of June 30, 2019:

- U.S. Agencies’ securities of \$61.5 million are valued using quoted market prices (Level 1 inputs)
- U.S. Treasury securities of \$145.7 million are valued using quoted market prices (Level 1 inputs)
- Corporate Notes of \$8.8 million are valued using quoted market prices (Level 1 inputs)
- Local government investment pool (CSIP Term) of \$79.6 million is valued using net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is a seven-day redemption period.

The district does not hold any investments that meet the definition of Level 3 inputs.

As of June 30, 2019, the district invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
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surplus funds. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund, and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest-rated commercial paper, and any security allowed under C.R.S. 24-75-601. A designated custodial bank serves as custodian for COLOTRUST’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the COLOTRUST’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by COLOTRUST. COLOTRUST is rated AAAM by Standard & Poor’s. COLOTRUST records investments at fair value, and the district records investments in COLOTRUST at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

As of June 30, 2019, the district invested in the Colorado Surplus Asset Fund Trust (CSAFE) Colorado CORE, an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing CSAFE. CSAFE operates similarly to a money market fund, and each share is equal in value to \$2.00. CSAFE is rated AAAM by Standard & Poor’s and is valued at fair value basis. CSAFE records investments at fair value, and the district records investments in CSAFE at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is a one-day redemption notice period.

As of June 30, 2019, the district invested in the Colorado Statewide Investment Program (CSIP), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing CSIP. CSIP operates similarly to a money market fund, and each share is equal in value to \$1.00. CSIP Liquid Portfolio is rated AAAM by Standard & Poor’s and is valued at amortized cost. CSIP Term is rated AAAM by Standard & Poor’s, and records investments at fair value, and the district records investments in CSIP Term at net asset value. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

**Component Units**

The district's two charter schools’ restricted investments at June 30, 2019, consist of the following:

<u>Investments</u>	<u>Total Investments</u>	<u>Standard &amp; Poor’s Rating</u>
Littleton Academy Charter School:		
COLOTRUST Plus+ Fund (government investment pool)	\$ 607,360	AAAM
Littleton Preparatory Charter School:		
Government Liquidity Fund #8352	<u>759,785</u>	AAAM
Total	<u>\$1,367,145</u>	

*Interest rate risk* is the extent to which changes in interest rates will adversely affect the fair value of an investment. The charter schools do not have a formal investment policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorized the investment for a period in excess of five years. The charter schools’ investments have a maturity of less than twelve months.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
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*Credit risk* for the charter schools is the same as the district's. The charter schools' investments as of June 30, 2019, were rated AAAM by Standard & Poor's.

*Concentration of credit risk*—State statutes generally do not limit the amount the charter schools may invest in one issuer.

**B. Inter-Fund Receivables, Payables, and Transfers**

Inter-fund transfers in/out for the fiscal year ended June 30, 2019, are shown below.

	Transfers In			Total
	General Fund	Nonmajor Funds		
Transfers Out		Student Athletic and Activities Fund	Capital Projects Fund	
General Fund	\$ -	\$ 1,872,623	\$ 2,035,002	\$ 3,907,625
Nonmajor Funds:				
Extended Day Care Program Fund	\$ 238,280	\$ -	\$ -	\$ 238,280

Annually, the district subsidizes the Student Athletic and Activities Fund and the Capital Projects Fund by a transfer from the General Fund. District policy requires annual transfers by the Extended Day Care Program Fund to the General Fund for overhead.

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019, is shown below.

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,857,507	\$ -	\$ -	\$ 5,857,507
Construction in progress	-	4,521,275	-	4,521,275
Total capital assets not being depreciated	5,857,507	4,521,275	-	10,378,782
Capital assets being depreciated:				
Land improvements	13,734,800	193,816	-	13,928,616
Buildings	276,500,249	101,645	(243,134)	276,358,760
Equipment	5,852,060	634,919	(147,929)	6,339,050
Vehicles	7,746,379	1,202,144	(429,876)	8,518,647
Total capital assets being depreciated	303,833,488	2,132,524	(820,939)	305,145,073
Less accumulated depreciation for:				
Land improvements	(9,462,366)	(668,842)	-	(10,131,208)
Buildings	(154,619,381)	(7,474,208)	243,134	(161,850,455)
Equipment	(4,071,732)	(507,399)	142,495	(4,436,636)
Vehicles	(5,980,283)	(483,145)	429,876	(6,033,552)
Total accumulated depreciation	(174,133,762)	(9,133,594)	815,505	(182,451,851)
Total capital assets being depreciated—net	129,699,726	(7,001,070)	(5,434)	122,693,222
Governmental activities capital assets—net	\$ 135,557,233	\$ (2,479,795)	\$ (5,434)	\$ 133,072,004

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

	<b>Governmental Activities</b>
Instruction	\$ 7,881,463
Support services	1,252,131
Total depreciation expense—governmental activities	\$ 9,133,594

	<b>Balance July 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2019</b>
<b>Component units:</b>				
Capital assets not being depreciated:				
Land	\$ 1,889,806	\$ -	\$ -	\$ 1,889,806
Construction in progress	-	375,248	-	375,248
Total capital assets not being depreciated	1,889,806	375,248	-	2,265,054
Capital assets being depreciated:				
Land improvements	286,101	-	-	286,101
Building and improvements	12,338,380	169,160	(25,425)	12,482,115
Equipment	57,521	15,797	-	73,318
Total capital assets being depreciated	12,682,002	184,957	(25,425)	12,841,534
Less accumulated depreciation for:				
Land improvements	(157,509)	(14,305)	-	(171,814)
Building and improvements	(2,330,703)	(314,809)	24,789	(2,620,723)
Equipment	(26,391)	(6,598)	-	(32,989)
Total accumulated depreciation	(2,514,603)	(335,712)	24,789	(2,825,526)
Total capital assets being depreciated—net	10,167,399	(150,755)	(636)	10,016,008
Component units capital assets—net	\$ 12,057,205	\$ 224,493	\$ (636)	\$ 12,281,062

**D. Accrued Compensation**

Accrued compensation relates to salaries and benefits of certain contractually employed personnel, which are paid over a 12-month period from August to July, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid at June 30, 2019, are estimated to be \$8,097,551.

**E. Long-Term Debt**

**General Obligation Bonds.** The district has issued general obligation (G.O.) bonds to provide funds for major improvement projects to existing facilities. These bond issues were primarily for governmental activities. The issued amount of the 2010 G.O. bonds was \$80,575,000 for G.O. refunding bonds issued September 2010 to refund a portion of the outstanding G.O. bonds, Series 2002, on an advance refunding basis. The issued amounts of the 2013 G.O. bonds, the 2014 G.O. bonds, and the 2015 G.O. bonds are \$50,000,000; \$17,000,000; and \$12,998,580 (with additional 'B' interest certificates of \$2,627,615), respectively, as part of the November 2013 voter-approved \$80,000,000 capital improvement projects. The district issued the 2019 G.O. bonds for \$298,870,000 as part of the November 2018 voter-approved capital improvement projects.

Premiums on bonds were received with the 2010 G.O. refunding bonds issue as additional proceeds of \$9,845,145; the 2013 G.O. bonds issue as additional proceeds of \$2,336,062; the 2014 general obligation bonds issue as additional proceeds of \$1,115,552; the 2015 G.O. bonds issue as additional proceeds of \$2,262,339; and the 2019 G.O. bonds issue as additional proceeds

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of \$60,756,343. For full accrual accounting purposes, the premium is combined with the debt and amortized over the life of the bonds.

G.O. bonds are direct obligations and pledge the full faith and credit of the district. General property taxes provide the revenue for payments of principal and interest on the bonds; voters in the district approved the increase in property taxes for the debt service costs in general elections. The bonds are generally issued as 20-year serial bonds with semi-annual payments of either principal, interest, or both. G.O. bonds outstanding at June 30, 2019, are shown below.

<u>Bond Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
2010 G.O. refunding bonds	General government	1.75%–5.0%	Dec. 1, 2024	\$ 41,485,000
2013 G.O. bonds	General government	4.5%–5.0%	Dec. 1, 2037	\$ 50,000,000
2014 G.O. bonds	General government	3.0%–4.0%	Dec. 1, 2038	\$ 17,000,000
2015 G.O. bonds	General government	2.9%–5.0%	Dec. 1, 2038	\$ 15,626,195
2019 G.O. bonds	General government	5.0%–5.5%	Dec. 1, 2043	\$298,870,000

Annual debt service requirements to maturity for G.O. bonds are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 6,230,000	\$ 21,359,538	\$ 27,589,538
2021	16,710,000	20,870,125	37,580,125
2022	17,515,000	20,028,500	37,543,500
2023	18,390,000	19,130,875	37,520,875
2024	19,310,000	18,188,375	37,498,375
2025–2029	110,382,615	76,830,672	187,213,287
2030–2034	60,685,000	54,111,375	114,796,375
2035–2039	74,373,580	40,140,658	114,514,238
2040-2044	99,385,000	14,249,813	113,634,813
Totals	<u>\$422,981,195</u>	<u>\$ 284,909,931</u>	<u>\$ 707,891,126</u>

**Changes in Long-Term Debt.** The changes in long-term liabilities for the primary government for the fiscal year ended June 30, 2019, were as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
G.O. bonds payable	\$ 130,156,195	\$ 298,870,000	\$ (6,045,000)	\$ 422,981,195	\$ 6,230,000
Premium on bonds	8,503,610	60,756,343	(2,492,996)	66,766,957	-
Accreted interest on bonds	687,538	257,767	-	945,305	-
Compensated absences	2,266,368	1,404,730	(1,288,228)	2,382,870	1,350,000
Totals	<u>\$ 141,613,711</u>	<u>\$ 361,288,840</u>	<u>\$ (9,826,224)</u>	<u>\$ 493,076,327</u>	<u>\$ 7,580,000</u>

Payment of G.O. bonds debt service, including bonds principal, is made from the Debt Service Fund. The General Fund typically liquidates compensated absences.

**Component Unit Mortgage Loan.** On December 19, 2006, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$5,235,000 of Charter School Revenue Refunding Bonds, Series 2006, to advance refund CECFA's outstanding Series 2001 Bonds on behalf of Littleton Academy

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Building Foundation (Foundation). Proceeds of the Series 2001 Bonds were used by the Foundation to acquire and remodel the school building for Littleton Academy Charter School.

Littleton Academy Charter School is obligated under a lease agreement to make monthly lease payments to the Foundation for using the building. The Foundation is required to make semi-annual loan payments to the trustee for payment of the bonds. Bond interest payments are due semi-annually on January 15 and July 15, with interest accruing at rates ranging from 3.75 percent to 4.38 percent. Principal payments are due annually on January 15 through 2036.

Annual debt service requirements to maturity for the mortgage loan are as follows:

Fiscal Year Ending June 30	Mortgage Loan		
	Principal	Interest	Total
2020	\$ 160,000	\$ 169,623	\$ 329,623
2021	170,000	163,223	333,223
2022	175,000	155,913	330,913
2023	180,000	148,388	328,388
2024	190,000	140,648	330,648
2025–2029	1,080,000	572,886	1,652,886
2030–2034	1,335,000	315,875	1,650,875
2035–2036	620,000	40,906	660,906
Totals	\$ 3,910,000	\$ 1,707,462	\$ 5,617,462

On January 31, 2013, Littleton Preparatory Charter School Building Corporation (Corporation) borrowed \$7.34 million to acquire and remodel a building for the Littleton Preparatory Charter School. The loan was obtained through a mortgage loan agreement with CECFA, which sold \$7.34 million of Charter School Revenue Bonds, Series 2013, on behalf of the Corporation.

The Corporation and CECFA entered into a mortgage loan agreement. Littleton Preparatory Charter School is obligated under a lease agreement to make monthly lease payments to the Corporation for use of the building. The Corporation is required to make semi-annual loan payments to the trustee for payment of the bonds. Bond interest payments are due semi-annually on June 1 and December 1, with interest accruing at 5.0 percent. Principal payments are due annually on December 1, beginning in 2014 through 2043.

Annual debt service requirements to maturity for the mortgage loan are as follows:

Fiscal Year Ending June 30	Mortgage Loan		
	Principal	Interest	Total
2020	\$ 140,000	\$ 333,750	\$ 473,750
2021	145,000	326,625	471,625
2022	155,000	319,125	474,125
2023	160,000	311,250	471,250
2024	170,000	303,000	473,000
2025–2029	1,000,000	1,373,750	2,373,750
2030–2034	1,270,000	1,091,250	2,361,250
2035–2039	1,610,000	733,250	2,343,250
2040–2043	2,095,000	250,875	2,345,875
Totals	\$ 6,745,000	\$ 5,042,875	\$ 11,787,875

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**Notes to Basic Financial Statements**

**Component Unit Changes in Long-Term Debt.** The changes in long-term debt for Littleton Academy Charter School for the fiscal year ended June 30, 2019, were as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Mortgage loan payable	\$ 4,065,000	\$ -	\$ 155,000	\$ 3,910,000	\$ 160,000
Discount on loan	(38,519)	-	(2,092)	(36,427)	(2,092)
Totals	<u>\$ 4,026,481</u>	<u>\$ -</u>	<u>\$ 152,908</u>	<u>\$ 3,873,573</u>	<u>\$ 157,908</u>

The changes in long-term debt for Littleton Preparatory Charter School for the fiscal year ended June 30, 2019, were as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Mortgage loan payable	\$ 6,880,000	\$ -	\$ 135,000	\$ 6,745,000	\$ 140,000
Premium on loan	121,770	-	5,074	116,696	5,074
Totals	<u>\$ 7,001,770</u>	<u>\$ -</u>	<u>\$ 140,074</u>	<u>\$ 6,861,696</u>	<u>\$ 145,074</u>

**III. OTHER INFORMATION**

**A. Risk Management**

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Liability and property.** The district has a self-insured retention on its general liability, errors and omissions, and auto claims up to \$150,000 per occurrence. For claims in excess of \$150,000 up to \$5,000,000, the district is a member of the Excess-of-Loss Self-Insurance Pool (ELSIP), a public entity risk pool. ELSIP operates risk management and insurance programs for three participating member school districts. The district pays an annual premium for its coverage. ELSIP may require additional contributions if it determines the financial condition, including cash flow availability, so necessitates additional contributions. Additionally, the district purchases cyber liability coverage through ELSIP. The district self-insures the first \$25,000 for each property claim and insures through Travelers additional losses up to approximately \$394.1 million. The district purchases other insurance policies for crime and fiduciary with varying deductibles and limits. Both charter schools participate with the district for all coverages.

**Employee health care.** All employee health care benefit plans of the district and the component units are commercially insured.

**Workers' compensation.** In 1986, the district joined with other school districts in the state of Colorado to form the Joint School Districts' Workers' Compensation Self-Insurance Pool (Joint Pool), a public entity risk pool currently operating as a common risk management and insurance program with four participating members. The district pays an annual premium to the Joint Pool for its workers' compensation coverage. The Joint Pool may require additional contributions if it determines the financial condition, including cash flow availability, so necessitates additional contributions. Each member of the Joint Pool is responsible for \$100,000 of each loss. Losses between \$100,000 and \$500,000 are pooled between the member districts, and losses in excess of \$500,000 are reinsured for up to statutory limits. The component units participate with the district in the Joint Pool.

# ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

## Notes to Basic Financial Statements

### B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

The district is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the district's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the district.

### C. Constitutional TABOR Amendment

In the November 1992 general election, Colorado voters approved an amendment to the Colorado Constitution, commonly known as TABOR. This amendment limits the ability of the state and local governments, such as the district, to increase revenues, debt, and spending. In addition, TABOR requires that the state and local governments obtain voter approval to create any multiple fiscal year direct or indirect debt or other financial obligations without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

In the November 1998 general election, the district's electorate authorized the district to collect, retain, and expend all revenues and other funds collected during fiscal year 1999 and each subsequent year from any source, notwithstanding the TABOR limitations. The district remains subject to TABOR with respect to general mill levy increase restrictions and to the issuance of any new debt without taxpayers' approval. The TABOR amendment is subject to many interpretations, but the district believes it is in compliance. TABOR requires that an emergency reserve be established. Net position and fund balances of \$4,950,000 have been restricted for this emergency reserve at June 30, 2019.

### D. Public Employees' Retirement Association of Colorado (PERA)

#### Summary of Significant Accounting Policies

The district and its two charter schools, Littleton Academy and Littleton Preparatory, participate 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.

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. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov).

- Increases employer contribution rates for the SCHDTF by one-quarter of one percent on July 1, 2019.

## ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

### Notes to Basic Financial Statements

- Increases employee contribution rates for the SCHDTF by a total of two percent (to be phased in over a period of three years starting on July 1, 2019).
- As specified in C.R.S. 24-51-413, the state is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees; increases the highest average salary for employees with less than five years of service credit on December 31, 2019; and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

#### General Information about the Pension Plan

**Plan description.** Eligible employees of the district, Littleton Academy, and Littleton Preparatory 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](http://www.copera.org/investments/pera-financial-reports).

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

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

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

In all cases, the service retirement benefit is limited to 100 percent of highest average salary and 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 five years of service credit has been obtained, and the benefit structure under which contributions were made.

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As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases (AI) in statute. Pursuant to SB 18-200, there are no AIs for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 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. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of one percent based on the parameters specified in C.R.S. 24-51-413.

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

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

**Contributions.** Eligible employees and the district, Littleton Academy, and Littleton Preparatory 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. and 24-51-413. Eligible employees are required to contribute eight percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below.

	<u>January 1, 2018 Through December 31, 2018</u>	<u>January 1, 2019 Through December 31, 2019</u>
Employer contribution rate*	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) *	<u>(1.02)</u>	<u>(1.02)</u>
Amount Apportioned to the SCHDTF*	9.13	9.13
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411 *	4.50	4.50
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411 *	<u>5.50</u>	<u>5.50</u>
Total Employer Contribution Rate to the SCHDTF*	<u><u>19.13%</u></u>	<u><u>19.13%</u></u>

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

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As specified in C.R.S. 24-51-413, the state is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member, and the district, Littleton Academy, and Littleton Preparatory are statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the district, Littleton Academy, and Littleton Preparatory were \$19,631,529; \$385,441; and \$522,693 respectively for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The district's proportion of the net pension liability was based on the district's contributions to the SCHDTF for the calendar year 2018 relative to the total contributions of participating employers and the state to the SCHDTF.

At June 30, 2019, the district, Littleton Academy, and Littleton Preparatory reported a liability for its proportionate share of the net pension liability that reflected a reduction for support from the state pension support provided to the district and the two charter schools under the direct distribution provision to allocate funds from the state of Colorado budget to PERA on an annual basis beginning in July 2018. The amount recognized by the district, Littleton Academy, and Littleton Preparatory as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the district, Littleton Academy, and Littleton Preparatory were as follows:

	<b>District</b>	<b>Littleton Academy</b>	<b>Littleton Preparatory</b>
Proportionate share of the net pension liability	\$ 322,173,249	\$ 6,240,399	\$ 8,905,218
State's proportionate share of the net pension liability associated with the district	44,052,718	853,288	1,217,665
Total	\$ 366,225,967	\$ 7,093,687	\$ 10,122,883

At December 31, 2018, the district's and the two charter schools' proportion was 1.905 percent, which was a decrease of 0.285 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the district, Littleton Academy, and Littleton Preparatory recognized net pension income of \$38,788,428; \$196,373; and \$1,225,816 respectively. For the year ended June 30, 2019, the district, Littleton Academy, and Littleton Preparatory recognized pension revenue of \$226,316; \$4,384; and \$6,256 respectively. At June 30, 2019, the district, Littleton Academy, and Littleton Preparatory reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below.

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	District		Littleton Academy		Littleton Preparatory	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,928,476	\$ -	\$ 211,681	\$ -	\$ 302,075	\$ -
Changes of assumptions or other inputs	60,135,044	200,357,107	1,164,798	3,880,857	1,662,198	5,538,088
Net difference between projected and actual earnings on pension plan investments	17,560,453	-	340,141	-	485,390	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	50,629,095	-	980,670	-	1,399,443
Contributions subsequent to the measurement date	9,847,967	-	203,362	-	266,028	-
<b>Total</b>	<b>\$ 98,471,940</b>	<b>\$250,986,202</b>	<b>\$ 1,919,982</b>	<b>\$4,861,527</b>	<b>\$2,715,691</b>	<b>\$6,937,531</b>

The \$9,847,967; \$203,362; and \$266,028 from the district, Littleton Academy, and Littleton Preparatory, respectively, are reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	District	Littleton Academy	Littleton Preparatory
2020	\$ (32,776,643)	\$ (634,874)	\$ (905,982)
2021	(83,961,137)	(1,626,302)	(2,320,777)
2022	(55,230,357)	(1,069,795)	(1,526,627)
2023	9,605,908	186,064	265,518
Total	<u>\$ (162,362,229)</u>	<u>\$ (3,144,907)</u>	<u>\$ (4,487,868)</u>

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### Notes to Basic Financial Statements

**Actuarial assumptions.** The December 31, 2017, actuarial valuation used 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	4.78 percent
Future post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007	2.00 percent
PERA benefit structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 (automatic)	0 percent through 2019 and 1.5 percent compounded annually, thereafter
PERA benefit structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during their meeting on November 18, 2016.

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

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frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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

**Discount rate.** The discount rate used to measure the total pension liability was 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:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are

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### Notes to Basic Financial Statements

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.

- As specified in law, the state of Colorado, as a nonemployer contributing entity, will provide an annual direct distribution of \$225,000,000, commencing July 1, 2018, and is proportioned between the state, district, judicial, and DPS division trust funds based upon covered payroll of each division. The annual direct distribution ceases when all division trust funds are fully funded.
- 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. 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 middle of the year.

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 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 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent.

**Sensitivity of the district's, Littleton Academy's, and Littleton Preparatory'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 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
District's proportionate share of the net pension liability	\$409,588,172	\$322,173,249	\$248,817,388
Littleton Academy's proportionate share of the net pension liability	7,933,600	6,240,399	4,819,518
Littleton Preparatory's proportionate share of the net pension liability	11,321,461	8,905,218	6,877,582

**Pension plan fiduciary net position.** Detailed information about the SCHDTF's fiduciary net position is available in PERA's CAFR, which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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## Notes to Basic Financial Statements

### E. Postemployment Benefits Other Than Pensions (OPEB)

#### Summary of Significant Accounting Policies

The district, Littleton Academy, and Littleton Preparatory participate in the Health Care Trust Fund (HCTF), a cost-sharing, multiple-employer defined benefit OPEB fund administered by Colorado PERA. The net OPEB liability, deferred 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.

#### General Information about the OPEB Plan

**Plan Description.** Eligible employees of the district, Littleton Academy, and Littleton Preparatory are provided with OPEB through the HCTF—a cost-sharing, multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by Colorado PERA. The HCTF is established under Title 24, Article 51, Part 12 of the C.R.S., as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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 Denver Public Schools (DPS) division and one or more of the other four divisions (state division, district division, local government division, and judicial division trust funds), the premium subsidy is allocated between the HCTF and the DPS HCTF. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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 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

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### Notes to Basic Financial Statements

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 five percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

**Contributions.** Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the state, district, 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, Littleton Academy, and Littleton Preparatory are statutorily committed to pay the contributions. Employer contributions recognized by the HCTF were \$1,046,642; \$20,551; and \$27,870 respectively for the year ended June 30, 2019.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At June 30, 2019, the district, Littleton Academy, and Littleton Preparatory reported a liability of \$16,098,938; \$311,668; and \$436,336 respectively for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018. The district's and the two charter schools' proportion of the net OPEB liability was based on total contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF. At December 31, 2018, the district's, Littleton Academy's, and Littleton Preparatory's total proportion was 1.238 percent, which was a decrease of 0.006 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the district and Littleton Academy recognized OPEB expense of \$254,822 and \$21,503 respectively, and Littleton Preparatory recognized OPEB income of \$6,209. At June 30, 2019, the district, Littleton Academy, and Littleton Preparatory reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources shown below.

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	District		Littleton Academy		Littleton Preparatory	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 58,430	\$ 24,505	\$ 1,131	\$ 474	\$ 1,584	\$ 664
Changes of assumptions or other inputs	112,932	-	2,186	-	3,061	-
Net difference between projected and actual earnings on OPEB plan investments	92,579	-	1,792	-	2,509	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	171,547	-	3,321	-	4,650
Contributions subsequent to the measurement date	525,036	-	10,843	-	14,184	-
<b>Total</b>	<b>\$ 788,977</b>	<b>\$ 196,052</b>	<b>\$ 15,952</b>	<b>\$ 3,795</b>	<b>\$ 21,338</b>	<b>\$ 5,314</b>

The \$525,036; \$10,843; and \$14,184 from the district, Littleton Academy, and Littleton Preparatory, respectively, are reported as deferred outflows of resources related to OPEB resulting from the district, Littleton Academy, and Littleton Preparatory contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2020. 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	District	Littleton Academy	Littleton Preparatory
2020	\$ (100)	\$ (2)	\$ (3)
2021	(100)	(2)	(3)
2022	(77)	(1)	(2)
2023	64,198	1,243	1,740
2024	3,785	73	103
Thereafter	183	3	5
<b>Total</b>	<b>\$ 67,889</b>	<b>\$ 1,314</b>	<b>\$ 1,840</b>

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**Actuarial assumptions.** The total OPEB liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.25% for 2018, gradually rising to 5.00% in 2025

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 costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, 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 their meeting on November 18, 2016. 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 discussed below.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA benefit structure:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
Self-Funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

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In determining the additional liability for PERACare enrollees in the PERA benefit structure who are age 65 or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>
Self-Funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates.

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 and Medicaid Services. Effective December 31, 2017, 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.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2018	5.00%	3.25%
2019	5.00	3.50
2020	5.00	3.75
2021	5.00	4.00
2022	5.00	4.25
2023	5.00	4.50
2024	5.00	4.75
2025+	5.00	5.00

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, district, 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.

## ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

### Notes to Basic Financial Statements

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.

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 on next page:

- 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 health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The 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.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Notes to Basic Financial Statements**

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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

**Sensitivity of the District’s, Littleton Academy’s, and Littleton Preparatory’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the district’s, Littleton Academy’s, and Littleton Preparatory’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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25	3.25	4.25
Ultimate Medicare Part A trend rate	4.00	5.00	6.00
District’s proportionate share of the net OPEB liability	\$15,654,382	\$16,098,938	\$16,610,254
Littleton Academy’s proportionate share of the net OPEB liability	303,062	311,668	321,567
Littleton Preparatory’s proportionate share of the net OPEB liability	424,287	436,336	450,194

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Notes to Basic Financial Statements**

**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, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the HCTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate. There was no change in the discount rate from the prior measurement date.

**Sensitivity of the District’s, Littleton Academy’s, and Littleton Preparatory’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, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current discount rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
District’s proportionate share of the next OPEB liability	\$18,013,310	\$16,098,938	\$14,462,328
Littleton Academy’s proportionate share of the next OPEB liability	348,730	311,668	279,984
Littleton Preparatory’s proportionate share of the next OPEB liability	488,222	436,336	391,978

**OPEB Plan Fiduciary Net Position**

Detailed information about the HCTF’s fiduciary net position is available in PERA’s CAFR, which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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# Required Supplementary Information



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**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 71,993,118	\$ 71,993,118	\$ 73,467,975	\$ 1,474,857
Specific ownership taxes	6,702,806	6,702,806	6,957,456	254,650
Intergovernmental revenue:				
Federal grants	752,912	752,912	727,180	(25,732)
State equalization aid	67,720,733	67,720,733	67,076,082	(644,651)
State education of students with disabilities	2,600,000	2,600,000	2,836,346	236,346
Other state entitlements	2,121,000	2,121,000	2,047,735	(73,265)
Investment earnings	300,000	300,000	349,237	49,237
Other	4,215,228	4,215,228	5,274,188	1,058,960
Total revenues	<u>156,405,797</u>	<u>156,405,797</u>	<u>158,736,199</u>	<u>2,330,402</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	97,250,960	99,342,842	99,312,471	30,371
Support services:				
Pupil services	8,248,459	8,902,398	8,666,537	235,861
Instructional staff services	10,693,927	12,626,805	10,209,133	2,417,672
General administration	1,929,913	2,254,256	2,005,213	249,043
School administration	10,084,726	10,372,282	9,944,686	427,596
Financial administration	1,841,192	2,794,685	1,492,486	1,302,199
Operations administration	13,027,955	13,300,028	13,007,208	292,820
Transportation	5,033,748	5,231,359	6,160,875	(929,516)
Central administration	7,269,094	7,984,474	7,364,199	620,275
Community services	312,669	360,028	290,430	69,598
Contingency reserve	28,670,043	21,193,529	-	21,193,529
Total expenditures	<u>184,362,686</u>	<u>184,362,686</u>	<u>158,453,238</u>	<u>25,909,448</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(27,956,889)</u>	<u>(27,956,889)</u>	<u>282,961</u>	<u>28,239,850</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	263,196	263,196	238,280	(24,916)
Transfers out	<u>(7,035,302)</u>	<u>(7,035,302)</u>	<u>(6,284,531)</u>	<u>750,771</u>
Total other financing sources (uses)	<u>(6,772,106)</u>	<u>(6,772,106)</u>	<u>(6,046,251)</u>	<u>725,855</u>
<b>NET CHANGE IN FUND BALANCE</b>	(34,728,995)	(34,728,995)	(5,763,290)	28,965,705
<b>FUND BALANCE—BEGINNING</b>	<u>34,728,995</u>	<u>34,728,995</u>	<u>33,486,145</u>	<u>(1,242,850)</u>
<b>FUND BALANCE—ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,722,855</u>	<u>\$ 27,722,855</u>
<b>RECONCILIATION to GAAP Basis:</b>				
Total Revenue and Transfers In Above			\$ 158,974,479	
On-Behalf Contribution to PERA Retirement Plan			2,616,432	
Total Revenue, GAAP Basis			<u>161,590,911</u>	
Total Expenditures and Transfers Out Above			164,737,769	
On-Behalf Contribution to PERA Retirement Plan			2,616,432	
Total Expenditures, GAAP Basis			<u>167,354,201</u>	
Change in Fund Balance, GAAP Basis			(5,763,290)	
<b>FUND BALANCE—BEGINNING, GAAP Basis</b>			<u>33,486,145</u>	
<b>FUND BALANCE—ENDING, GAAP Basis</b>			<u>\$ 27,722,855</u>	

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Risk Management Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 15,150	\$ 15,150	\$ 31,538	\$ 16,388
Other	106,425	106,425	133,054	26,629
Total revenues	<u>121,575</u>	<u>121,575</u>	<u>164,592</u>	<u>43,017</u>
<b>EXPENDITURES</b>				
Current:				
Risk management	2,795,005	2,795,005	3,093,266	(298,261)
Contingency reserve	1,400,000	1,400,000	-	1,400,000
Total expenditures	<u>4,195,005</u>	<u>4,195,005</u>	<u>3,093,266</u>	<u>1,101,739</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,073,430)</u>	<u>(4,073,430)</u>	<u>(2,928,674)</u>	<u>1,144,756</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>2,376,906</u>	<u>2,376,906</u>	<u>2,376,906</u>	<u>-</u>
Total other financing sources	<u>2,376,906</u>	<u>2,376,906</u>	<u>2,376,906</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,696,524)	(1,696,524)	(551,768)	1,144,756
<b>FUND BALANCE—BEGINNING</b>	<u>1,696,524</u>	<u>1,696,524</u>	<u>1,712,310</u>	<u>15,786</u>
<b>FUND BALANCE—ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,160,542</u>	<u>\$ 1,160,542</u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

**NOTE 1: Budgetary Information**

- a. The District prepares budgets for all funds, except the Fiduciary Fund (Agency Fund). During May, the superintendent of schools submits to the Board of Education a proposed budget for all funds for the fiscal year commencing July 1. The budget includes proposed expenditures and the means for financing them.
- b. Notice is provided to taxpayers of the availability for inspection of the proposed budget. Prior to June 30, the budget is adopted by formal resolution of the Board of Education. C.R.S. 22-44-110 (5) allows the Board of Education to review and change the Adopted Budget, with respect to both revenues and expenditures, at any time prior to January 31.
- c. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department 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. Appropriations are based on total funds expected to be available in each budget year including beginning fund balances and reserves as established by the Board of Education.
- d. Budgets are adopted on a basis consistent with GAAP, with the exception of the no-behalf payments for retirement benefits to Colorado PERA paid by the state of Colorado.
- e. The budgets reported in the accompanying financial statements and schedules as adopted by the Board of Education were done so as authorized.
- f. Appropriations for all funds lapse at the fiscal year end.
- g. The Risk Management Fund is a sub-fund of the General Fund and its budget is approved by the Board of Education annually. The Statement of Revenues, Expenditures, and Changes in Fund Balances combines the actual revenues and expenditures of the General Fund and the Risk Management Fund. A budgetary comparison schedule is provided separately for both the General Fund and the Risk Management Fund. The following is a reconciliation of the General Fund actual revenues and expenditures as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

	<b>General Fund</b>	<b>Risk Management Fund</b>	<b>Total</b>
Revenue, GAAP Basis	\$ 161,590,911	\$ 2,541,498	\$ 164,132,409
Expenditures, GAAP Basis	<u>(167,354,201)</u>	<u>(3,093,266)</u>	<u>(170,447,467)</u>
Change in Fund Balances, GAAP Basis	(5,763,290)	(551,768)	(6,315,058)
Fund Balance—Beginning, GAAP Basis	<u>33,486,145</u>	<u>1,712,310</u>	<u>35,198,455</u>
Fund Balance—Ending, GAAP Basis	<u><u>\$ 27,722,855</u></u>	<u><u>\$ 1,160,542</u></u>	<u><u>\$ 28,883,397</u></u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Schedules of Required Supplementary Information**  
**June 30, 2019**

**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**PERA Pension Plan**  
**Last Ten Fiscal Years\***  
**(Dollar amounts in thousands)**

	2013	2014	2015	2016	2017	2018
District's proportion of the net pension liability (asset)	2.27%	2.25%	2.22%	2.21%	2.19%	1.82%
District's proportionate share of the net pension liability (asset)	\$277,142	\$291,875	\$325,723	\$629,668	\$676,856	\$322,173
State's proportionate share of the net pension liability associated with the district **	-	-	-	-	-	44,053
Total	\$277,142	\$291,875	\$325,723	\$629,668	\$676,856	\$366,226
District's covered payroll	\$90,007	\$90,761	\$93,180	\$94,917	\$96,531	\$100,073
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	307.91%	321.59%	349.56%	663.39%	701.18%	321.94%
Plan fiduciary net position as a percentage of the total pension liability	64.06%	62.80%	59.20%	43.10%	43.96%	57.01%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

\* Information for 2009 to 2012 is not available.

\*\* A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

**Schedule of the District Contributions**  
**PERA Pension Plan**  
**Last Ten Fiscal Years\***  
**(Dollar amounts in thousands)**

	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$12,046	\$13,039	\$14,260	\$15,327	\$16,843	\$17,498	\$18,436	\$19,631
Contributions in relation to the contractually required contribution	(12,046)	(13,039)	(14,260)	(15,327)	(16,843)	(17,498)	(18,436)	(19,631)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$88,496	\$90,415	\$89,784	\$91,217	\$94,995	\$95,196	\$97,621	\$102,612
Contributions as a percentage of covered payroll	13.61%	14.42%	15.88%	16.80%	17.73%	18.38%	18.89%	19.13%

Note: The amounts presented for each fiscal year were determined as of June 30.

\* Information for 2010 to 2011 is not available.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Schedules of Required Supplementary Information**  
**June 30, 2019**

**Schedule of the District's Proportionate Share of the OPEB Liability**  
**Last Ten Fiscal Years\***  
**(Dollar amounts in thousands)**

	2016	2017	2018
District's proportion of the net OPEB liability (asset)	1.25%	1.24%	1.18%
District's proportionate share of the net OPEB liability (asset)	\$ 15,585	\$ 15,456	\$ 16,099
District's covered payroll	\$ 94,917	\$ 96,531	\$100,073
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.42%	16.01%	16.09%
Plan fiduciary net position as a percentage of the total OPEB liability	16.72%	17.53%	17.03%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.  
\* Information for 2009 to 2015 is not available.

**Schedule of the District Contributions**  
**PERA OPEB Plan**  
**Last Ten Fiscal Years\***  
**(Dollar amounts in thousands)**

	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 903	\$ 921	\$ 916	\$ 930	\$ 968	\$ 971	\$ 996	\$ 1,047
Contributions in relation to the contractually required contribution	(903)	(921)	(916)	(930)	(968)	(971)	(996)	(1,047)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 88,496	\$ 90,415	\$ 89,784	\$ 91,217	\$ 94,995	\$ 95,196	\$ 97,621	\$102,612
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Note: The amounts presented for each fiscal year were determined as of June 30.  
\* Information for 2010 to 2011 is not available.

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# Combining and Individual Fund Statements and Schedules



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# ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

## Nonmajor Governmental Funds

The first statements and schedules in this supplementary information are those of the nonmajor governmental funds. Special revenue funds are used to account for specific revenues that are restricted or committed to expenditures for particular purposes.

**Designated Purpose Grants Fund.** This fund is used to account for federal, state, and local grants which are restricted as to the type of expenditures for the grants may be used.

**Nutrition Services Fund.** This fund is used to account for the operation of breakfast, lunch, and summer feeding programs.

**Extended Day Care Fund.** This fund is used to account for preschool, full-day kindergarten, and before- and after- school day care programs.

**Student Athletic and Activities Fund.** This fund accounts for extracurricular activities at the elementary, middle, and high school levels; intramural athletic programs at the middle level; and varsity athletics programs and district-sponsored activities at the high school level.

**Capital Projects Fund.** This fund is used to account for the acquisition of land, construction of new facilities, alterations and improvements to existing structures, and the acquisition of school buses and/or other equipment.

**Capital Projects—Building Fund.** This fund is a capital improvement fund to account for the major capital outlays for district facilities funded by the voter-approved 2013, 2014, 2015, and 2019 general obligation bonds.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<u>Designated Purpose Grants Fund</u>	<u>Nutrition Services Fund</u>	<u>Extended Day Care Program Fund</u>
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 771,693	\$ 1,410,700	\$ 3,154,102
Due from other governments	453,035	18,321	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,224,728</u>	<u>\$ 1,429,021</u>	<u>\$ 3,154,102</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts and contracts payable	\$ 15,190	\$ 4,656	\$ 11,183
Accrued compensation	293,192	50,273	340,585
Unearned revenue	916,346	172,683	23,720
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>1,224,728</u>	<u>227,612</u>	<u>375,488</u>
 Fund balances:			
Restricted for:			
Nutrition services	-	1,201,409	-
Committed for:			
Capital projects	-	-	-
Student care services	-	-	2,778,614
Pupil activities	-	-	-
Assigned for:			
Social Committee Funds Collected	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>-</u>	<u>1,201,409</u>	<u>2,778,614</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 1,224,728</u>	<u>\$ 1,429,021</u>	<u>\$ 3,154,102</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019

Student Athletic and Activities Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 724,757	\$ 4,619,235	\$ 10,680,487
-	-	471,356
\$ 724,757	\$ 4,619,235	\$ 11,151,843
-	-	-
2,835	47,930	81,794
38,440	-	722,490
-	50,000	1,162,749
41,275	97,930	1,967,033
-	-	1,201,409
-	4,521,305	4,521,305
-	-	2,778,614
682,794	-	682,794
688	-	688
683,482	4,521,305	9,184,810
\$ 724,757	\$ 4,619,235	\$ 11,151,843

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Designated Purpose Grants Fund	Nutrition Services Fund	Extended Day Care Program Fund
<b>REVENUES</b>			
Intergovernmental revenue:			
Federal grants	\$ 4,519,889	\$ 1,291,855	\$ -
Donated commodities	-	257,196	-
State grants	1,028,186	55,895	-
Food sales	-	2,443,505	-
Pupil activities	-	-	-
Student care	-	-	6,177,021
Investment earnings	-	28,675	64,619
Other	113,829	15,272	40,621
	<u>5,661,904</u>	<u>4,092,398</u>	<u>6,282,261</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	2,855,822	-	-
Support services	2,790,044	3,941,244	5,568,686
Capital outlay	16,038	47,307	34,507
	<u>5,661,904</u>	<u>3,988,551</u>	<u>5,603,193</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	-	103,847	679,068
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	(238,280)
	<u>-</u>	<u>-</u>	<u>(238,280)</u>
Total other financing sources (uses)	-	-	(238,280)
<b>NET CHANGE IN FUND BALANCE</b>	-	103,847	440,788
<b>FUND BALANCE—BEGINNING</b>	<u>-</u>	<u>1,097,562</u>	<u>2,337,826</u>
<b>FUND BALANCES—ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ 1,201,409</u></u>	<u><u>\$ 2,778,614</u></u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2019

Student Athletic and Activities Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 5,811,744
-	-	257,196
-	-	1,084,081
-	-	2,443,505
2,332,383	-	2,332,383
-	-	6,177,021
18,106	104,626	216,026
-	267,367	437,089
2,350,489	371,993	18,759,045
-	-	2,855,822
4,435,727	-	16,735,701
56,499	1,705,685	1,860,036
4,492,226	1,705,685	21,451,559
(2,141,737)	(1,333,692)	(2,692,514)
1,872,623	2,035,002	3,907,625
-	-	(238,280)
1,872,623	2,035,002	3,669,345
(269,114)	701,310	976,831
952,596	3,819,995	8,207,979
\$ 683,482	\$ 4,521,305	\$ 9,184,810

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
 Designated Purpose Grants Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal grants	\$ 4,467,074	\$ 4,467,074	\$ 4,519,889	\$ 52,815
State grants	1,146,609	1,146,609	1,028,186	(118,423)
Other	381,469	381,469	113,829	(267,640)
Total revenues	<u>5,995,152</u>	<u>5,995,152</u>	<u>5,661,904</u>	<u>(333,248)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	3,986,776	3,986,776	2,855,822	1,130,954
Support services	2,008,376	2,008,376	2,806,082	(797,706)
Total expenditures	<u>5,995,152</u>	<u>5,995,152</u>	<u>5,661,904</u>	<u>333,248</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE—BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE—ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**

**Nutrition Services Fund**

**Budgetary Comparison Schedule**

**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Food sales	\$ 2,396,000	\$ 2,396,000	\$ 2,443,505	\$ 47,505
Federal aid:				
Federal government programs reimbursements	1,386,500	1,386,500	1,291,855	(94,645)
Donated commodities	239,187	239,187	257,196	18,009
State programs reimbursement	55,500	55,500	55,895	395
Investment earnings	4,500	4,500	28,675	24,175
Other	5,000	5,000	15,272	10,272
	<u>4,086,687</u>	<u>4,086,687</u>	<u>4,092,398</u>	<u>5,711</u>
<b>EXPENDITURES</b>				
Salaries and employee benefits	2,100,985	2,100,985	1,955,138	145,847
Purchased services	277,137	277,137	238,151	38,986
Supplies	19,538	19,538	16,632	2,906
Food costs:				
Purchased food	1,385,000	1,385,000	1,424,987	(39,987)
Donated commodities	239,187	239,187	257,196	(18,009)
Equipment	57,440	57,440	90,144	(32,704)
Other	7,400	7,400	6,303	1,097
Contingency reserve	1,112,141	1,112,141	-	1,112,141
	<u>5,198,828</u>	<u>5,198,828</u>	<u>3,988,551</u>	<u>1,210,277</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,112,141)	(1,112,141)	103,847	1,215,988
<b>FUND BALANCE—BEGINNING</b>	<u>1,112,141</u>	<u>1,112,141</u>	<u>1,097,562</u>	<u>(14,579)</u>
<b>FUND BALANCE—ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,201,409</u>	<u>\$ 1,201,409</u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Extended Day Care Program Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance With
	Original	Final		Final Budget- Positive (Negative)
<b>REVENUES</b>				
Student care fees	\$ 6,097,755	\$ 6,097,755	\$ 6,177,021	\$ 79,266
Investment earnings	28,000	28,000	64,619	36,619
Contributions	10,000	10,000	40,621	30,621
Total revenues	<u>6,135,755</u>	<u>6,135,755</u>	<u>6,282,261</u>	<u>146,506</u>
<b>EXPENDITURES</b>				
Salaries and employee benefits	5,139,646	5,211,341	4,974,518	236,823
Purchased services	210,502	249,065	232,936	16,129
Supplies	427,926	347,377	220,849	126,528
Equipment	7,000	85,771	110,546	(24,775)
Other	87,485	88,514	64,344	24,170
Transfers out	263,196	263,196	238,280	24,916
Contingency reserve	2,109,898	2,000,389	-	2,000,389
Total expenditures	<u>8,245,653</u>	<u>8,245,653</u>	<u>5,841,473</u>	<u>2,404,180</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,109,898)	(2,109,898)	440,788	2,550,686
<b>FUND BALANCE—BEGINNING</b>	<u>2,109,898</u>	<u>2,109,898</u>	<u>2,337,826</u>	<u>227,928</u>
<b>FUND BALANCE—ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,778,614</u></u>	<u><u>\$ 2,778,614</u></u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Student Athletic and Activities Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Pupil activities	\$ 2,204,030	\$ 2,204,030	\$ 2,332,383	\$ 128,353
Investment earnings	8,500	8,500	18,106	9,606
Other	14,760	14,760	-	(14,760)
Total revenues	<u>2,227,290</u>	<u>2,227,290</u>	<u>2,350,489</u>	<u>123,199</u>
<b>EXPENDITURES</b>				
Current:				
Support services	4,099,913	4,944,231	4,492,226	452,005
Contingency reserve	844,318	-	-	-
Total expenditures	<u>4,944,231</u>	<u>4,944,231</u>	<u>4,492,226</u>	<u>452,005</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,716,941)	(2,716,941)	(2,141,737)	575,204
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>1,872,623</u>	<u>1,872,623</u>	<u>1,872,623</u>	<u>-</u>
Total other financing sources	<u>1,872,623</u>	<u>1,872,623</u>	<u>1,872,623</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(844,318)	(844,318)	(269,114)	575,204
<b>FUND BALANCE—BEGINNING</b>	<u>844,318</u>	<u>844,318</u>	<u>952,596</u>	<u>108,278</u>
<b>FUND BALANCE—ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683,482</u>	<u>\$ 683,482</u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance With
	Original	Final		Final Budget- Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 35,000	\$ 35,000	\$ 104,626	\$ 69,626
Other revenue	474,000	474,000	267,367	(206,633)
Total revenues	<u>509,000</u>	<u>509,000</u>	<u>371,993</u>	<u>(137,007)</u>
<b>EXPENDITURES</b>				
Capital outlay	2,497,386	2,938,121	1,705,685	1,232,436
Contingency reserve	4,547,884	4,107,149	-	4,107,149
Total expenditures	<u>7,045,270</u>	<u>7,045,270</u>	<u>1,705,685</u>	<u>5,339,585</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(6,536,270)	(6,536,270)	(1,333,692)	5,202,578
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>2,785,773</u>	<u>2,785,773</u>	<u>2,035,002</u>	<u>(750,771)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,750,497)	(3,750,497)	701,310	4,451,807
<b>FUND BALANCE—BEGINNING</b>	<u>3,750,497</u>	<u>3,750,497</u>	<u>3,819,995</u>	<u>69,498</u>
<b>FUND BALANCE—ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,521,305</u></u>	<u><u>\$ 4,521,305</u></u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Capital Projects—Building Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest earnings	\$ 10,000	\$ 10,000	\$ 7,372,390	\$ 7,362,390
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>7,372,390</u>	<u>7,362,390</u>
<b>EXPENDITURES</b>				
Capital projects:				
Building and improvements	2,597,875	8,341,959	8,853,370	(511,411)
Bond issuance costs	-	400,000	1,582,620	(1,182,620)
Contingency reserve	-	292,460,000	-	292,460,000
Total expenditures	<u>2,597,875</u>	<u>301,201,959</u>	<u>10,435,990</u>	<u>290,765,969</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,587,875)</u>	<u>(301,191,959)</u>	<u>(3,063,600)</u>	<u>298,128,359</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds proceeds	-	298,604,084	298,870,000	265,916
Premium on bonds	-	-	60,756,343	60,756,343
Total other financing sources (uses)	<u>-</u>	<u>298,604,084</u>	<u>359,626,343</u>	<u>61,022,259</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,587,875)	(2,587,875)	356,562,743	237,106,100
<b>FUND BALANCE—BEGINNING</b>	<u>2,587,875</u>	<u>2,587,875</u>	<u>2,331,959</u>	<u>(255,916)</u>
<b>FUND BALANCE—ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 358,894,702</u>	<u>\$ 236,850,184</u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 14,442,937	\$ 14,442,937	\$ 25,068,057	\$ 10,625,120
Investment earnings	120,500	120,500	290,878	170,378
Total revenues	<u>14,563,437</u>	<u>14,563,437</u>	<u>25,358,935</u>	<u>10,795,498</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	6,045,000	6,045,000	6,045,000	-
Interest and fiscal charges	5,556,850	5,556,850	11,195,343	(5,638,493)
Contingency reserve	17,619,079	17,619,079	-	17,619,079
Total expenditures	<u>29,220,929</u>	<u>29,220,929</u>	<u>17,240,343</u>	<u>11,980,586</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(14,657,492)</u>	<u>(14,657,492)</u>	<u>8,118,592</u>	<u>22,776,084</u>
<b>NET CHANGE IN FUND BALANCE</b>	(14,657,492)	(14,657,492)	8,118,592	22,776,084
<b>FUND BALANCE—BEGINNING</b>	<u>14,657,492</u>	<u>14,657,492</u>	<u>14,550,662</u>	<u>(106,830)</u>
<b>FUND BALANCE—ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,669,254</u>	<u>\$ 22,669,254</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
Statement of Changes in Assets and Liabilities  
Fiduciary Fund (Agency Fund)  
For the Fiscal Year Ended June 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 278,660	\$ 540,973	\$ 518,707	\$ 300,926
Total assets	<u>\$ 278,660</u>	<u>\$ 540,973</u>	<u>\$ 518,707</u>	<u>\$ 300,926</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 167	\$ -	\$ 167
Due to student clubs and other organizations	278,660	540,973	518,874	300,759
Total liabilities	<u>\$ 278,660</u>	<u>\$ 541,140</u>	<u>\$ 518,874</u>	<u>\$ 300,926</u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2019**

	Littleton Academy Charter School	Littleton Preparatory Charter School	Total Component Units
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 2,247,470	\$ 1,797,012	\$ 4,044,482
Restricted cash and investments	607,360	759,785	1,367,145
Capital assets—net of accumulated depreciation			
Land	1,019,806	870,000	1,889,806
Land improvements	114,287	-	114,287
Building and leasehold improvements	4,241,195	5,620,197	9,861,392
Equipment	24,359	15,970	40,329
Construction in progress	-	375,248	375,248
Total assets	<u>8,254,477</u>	<u>9,438,212</u>	<u>17,692,689</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding	283,238	-	283,238
Deferred OPEB outflows of resources	15,952	21,338	37,290
Deferred pension outflows of resources	1,919,982	2,715,691	4,635,673
Total deferred outflows	<u>2,219,172</u>	<u>2,737,029</u>	<u>4,956,201</u>
<b>LIABILITIES</b>			
Accounts and contracts payable	18,084	32,847	50,931
Accrued compensation	206,194	269,254	475,448
Accrued interest	77,744	28,104	105,848
Unearned revenue	7,420	11,110	18,530
Noncurrent liabilities:			
Due within one year	157,908	145,074	302,982
Due in more than one year	3,715,665	6,716,622	10,432,287
Net OPEB liability	311,668	436,336	748,004
Net pension liability	6,240,399	8,905,218	15,145,617
Total liabilities	<u>10,735,082</u>	<u>16,544,565</u>	<u>27,279,647</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred OPEB inflows of resources	3,795	5,314	9,109
Deferred pension inflows of resources	4,861,527	6,937,531	11,799,058
Total deferred inflows	<u>4,865,322</u>	<u>6,942,845</u>	<u>11,808,167</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,142,535	499,969	2,642,504
Restricted for:			
Debt service	96,392	91,431	187,823
Emergency reserve under TABOR	128,400	163,200	291,600
Repair and replacement	100,000	160,000	260,000
Unrestricted	(7,594,082)	(12,226,769)	(19,820,851)
Total net position	<u>\$ (5,126,755)</u>	<u>\$ (11,312,169)</u>	<u>\$ (16,438,924)</u>

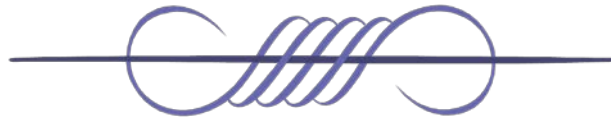
**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Combining Statement of Activities**  
**Component Units**  
**For the Fiscal Year Ended June 30, 2019**

	Littleton Academy Charter School	Littleton Preparatory Charter School	Total Component Units
<b>REVENUES</b>			
Intergovernmental revenue:			
State equalization aid	\$ 3,474,902	\$ 4,238,815	\$ 7,713,717
Supplemental funding from District	361,440	376,068	737,508
Fees for services	155,624	406,647	562,271
Investment earnings	66,960	52,752	119,712
Capital grants and contributions	133,266	537,811	671,077
Operating grants and contributions	101,906	86,999	188,905
Other	50,658	145,152	195,810
	<u>4,344,756</u>	<u>5,844,244</u>	<u>10,189,000</u>
<b>EXPENSES</b>			
Current:			
Instruction	2,816,422	2,619,981	5,436,403
Support services	1,198,597	1,022,480	2,221,077
Debt service:			
Interest charges	198,841	334,988	533,829
	<u>4,213,860</u>	<u>3,977,449</u>	<u>8,191,309</u>
<b>EXCESS OF REVENUE OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<u>130,896</u>	<u>1,866,795</u>	<u>1,997,691</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	330,123	526,786	856,909
Transfers out	<u>(330,123)</u>	<u>(526,786)</u>	<u>(856,909)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	130,896	1,866,795	1,997,691
<b>NET POSITION—BEGINNING</b>	<u>(5,257,651)</u>	<u>(13,178,964)</u>	<u>(18,436,615)</u>
<b>NET POSITION—END OF THE YEAR</b>	<u>\$ (5,126,755)</u>	<u>\$ (11,312,169)</u>	<u>\$ (16,438,924)</u>

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# STATISTICAL SECTION





# ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

## Statistical Section

### (Unaudited)

This part of the Arapahoe County School District Number Six's (the district) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the district's overall financial health.

<u>Contents</u>	<u>Pages</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.	78–85
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	86–90
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the district's current level of outstanding debt and the district's ability to issue additional debt in the future.	91–94
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment in which the district's financial activities take place.	95–97
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the educational services provided and the activities performed.	98–100

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

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 14,946,827	\$ 15,424,322	\$ 15,993,324	\$ 16,784,912	\$ 17,125,693
Restricted	10,557,222	10,769,180	11,538,069	13,518,897	12,961,494
Unrestricted	16,571,476	31,709,176	37,861,152	38,273,133	39,579,060
Total governmental activities net position	<u>42,075,525</u>	<u>57,902,678</u>	<u>65,392,545</u>	<u>68,576,942</u>	<u>69,666,247</u>
<b>Business-type activities:</b>					
Net investment in capital assets	1,709,469	1,599,267	684,349	590,080	485,840
Unrestricted	2,124,913	2,327,981	2,272,209	2,230,341	2,480,355
Total business-type activities net position	<u>3,834,382</u>	<u>3,927,248</u>	<u>2,956,558</u>	<u>2,820,421</u>	<u>2,966,195</u>
<b>Primary government:</b>					
Net investment in capital assets	16,656,296	17,023,589	16,677,673	17,374,992	17,611,533
Restricted	10,557,222	10,769,180	11,538,069	13,518,897	12,961,494
Unrestricted	18,696,389	34,037,157	40,133,361	40,503,474	42,059,415
Total primary government net position	<u>\$ 45,909,907</u>	<u>\$ 61,829,926</u>	<u>\$ 68,349,103</u>	<u>\$ 71,397,363</u>	<u>\$ 72,632,442</u>

(a) GASB 68 was adopted in Fiscal Year 2015; see accompanying Notes to Basic Financial Statements. Additionally, beginning July 1, 2014, business-type activities funds were reclassified as special revenue funds and are included in governmental activities.

(b) GASB 75 was adopted in Fiscal Year 2018; see accompanying Notes to Basic Financial Statements.

2014	2015 (a)	2016	2017	2018 (b)	2019
\$ 17,125,693	\$ 14,567,407	\$ 12,428,571	\$ 5,825,329	\$ 1,847,800	\$ 1,147,396
12,961,494	14,416,693	15,789,139	16,869,202	19,679,141	26,722,644
39,579,060	(238,088,742)	(251,710,052)	(352,808,225)	(491,135,868)	(455,914,785)
69,666,247	(209,104,642)	(223,492,342)	(330,113,694)	(469,608,927)	(428,044,745)
485,840	-	-	-	-	-
2,480,355	-	-	-	-	-
2,966,195	-	-	-	-	-
17,611,533	14,567,407	12,428,571	5,825,329	1,847,800	1,147,396
12,961,494	14,416,693	15,789,139	16,869,202	19,679,141	26,722,644
42,059,415	(238,088,742)	(251,710,052)	(352,808,225)	(491,135,868)	(455,914,785)
\$ 72,632,442	\$ (209,104,642)	\$ (223,492,342)	\$ (330,113,694)	\$ (469,608,927)	\$ (428,044,745)

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Expenses, Program Revenues, and Net (Expense)/Revenue**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year			
	2010	2011	2012	2013
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 91,762,213	\$ 88,502,483	\$ 88,858,394	\$ 91,006,798
Support services	55,456,067	50,731,776	52,512,328	55,463,678
Interest expense	4,842,756	2,615,800	3,491,373	3,130,818
Total governmental activities expenses	<u>152,061,036</u>	<u>141,850,059</u>	<u>144,862,095</u>	<u>149,601,294</u>
Business-type activities:				
Nutrition services	3,932,099	4,055,026	4,326,269	4,328,968
Extended day care	4,096,499	3,647,186	3,829,475	4,111,643
Total business-type activities expenses	<u>8,028,598</u>	<u>7,702,212</u>	<u>8,155,744</u>	<u>8,440,611</u>
Total primary government expenses	<u>160,089,634</u>	<u>149,552,271</u>	<u>153,017,839</u>	<u>158,041,905</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Direct instruction	1,055,511	906,655	841,942	1,022,049
Support services	2,982,932	3,160,481	3,263,591	3,390,229
Operating and capital grants and contributions:				
Direct instruction	11,939,665	15,522,034	9,472,083	9,822,212
Support services	855,157	873,883	1,291,065	940,261
Total governmental activities program revenues	<u>16,833,265</u>	<u>20,463,053</u>	<u>14,868,681</u>	<u>15,174,751</u>
Business-type activities:				
Charges for services:				
Nutrition services	2,340,125	2,348,588	2,395,991	2,379,229
Extended day care	4,163,045	3,922,751	4,036,077	4,337,682
Operating grants and contributions:				
Nutrition services	1,413,772	1,654,068	1,726,855	1,778,437
Extended day care	30,595	12,210	43,558	18,925
Total business-type activities program revenues	<u>7,947,537</u>	<u>7,937,617</u>	<u>8,202,481</u>	<u>8,514,273</u>
Total primary government revenues	<u>24,780,802</u>	<u>28,400,670</u>	<u>23,071,162</u>	<u>23,689,024</u>
<b>Net (Expenses) Revenue</b>				
Governmental activities	(135,227,771)	(121,387,006)	(129,993,414)	(134,426,543)
Business-type activities	(81,061)	235,405	46,737	73,662
Total primary government net expense	<u>\$ (135,308,832)</u>	<u>\$ (121,151,601)</u>	<u>\$ (129,946,677)</u>	<u>\$ (134,352,881)</u>

(a) Beginning July 1, 2014, business-type activities funds were reclassified as special revenue funds and are included in governmental activities.

	2014	2015 (a)	2016	2017	2018	2019
\$	94,047,589	\$ 103,545,270	\$ 109,313,858	\$ 169,532,622	\$ 185,027,246	\$ 84,903,900
	58,352,705	74,121,159	77,014,745	109,440,454	118,896,968	72,312,065
	3,947,566	5,136,295	5,637,212	5,682,433	5,501,741	10,735,526
	156,347,860	182,802,724	191,965,815	284,655,509	309,425,955	167,951,491
	4,370,253	-	-	-	-	-
	4,230,932	-	-	-	-	-
	8,601,185	-	-	-	-	-
	164,949,045	182,802,724	191,965,815	284,655,509	309,425,955	167,951,491
	1,152,943	1,260,425	1,308,087	1,238,727	1,244,972	1,201,349
	3,357,085	10,328,932	10,585,801	11,059,436	10,840,527	11,581,916
	10,662,617	10,578,555	10,162,428	9,437,377	10,415,285	11,037,389
	944,094	3,181,197	2,732,523	2,714,781	2,642,877	2,711,678
	16,116,739	25,349,109	24,788,839	24,450,321	25,143,661	26,532,332
	2,407,863	-	-	-	-	-
	4,719,822	-	-	-	-	-
	1,775,706	-	-	-	-	-
	13,234	-	-	-	-	-
	8,916,625	-	-	-	-	-
	25,033,364	25,349,109	24,788,839	24,450,321	25,143,661	26,532,332
	(140,231,121)	(157,453,615)	(167,176,976)	(260,205,188)	(284,282,294)	(141,419,159)
	315,440	-	-	-	-	-
\$	(139,915,681)	\$ (157,453,615)	\$ (167,176,976)	\$ (260,205,188)	\$ (284,282,294)	\$ (141,419,159)

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**General Revenues and Total Change in Net Position**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year			
	2010	2011	2012	2013
<b>Net (Expenses) Revenue</b>				
Governmental activities	\$ (135,227,771)	\$ (121,387,006)	\$ (129,993,414)	\$ (134,426,543)
Business-type activities	(81,061)	235,405	46,737	73,662
Total primary government net expense	<u>(135,308,832)</u>	<u>(121,151,601)</u>	<u>(129,946,677)</u>	<u>(134,352,881)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes:				
Property taxes levied for general purposes	50,267,070	62,687,915	60,839,693	61,187,557
Property taxes levied for debt service	10,379,885	10,180,222	10,168,244	10,734,463
Specific ownership taxes	4,074,337	4,213,487	4,605,805	4,953,385
Intergovernmental revenue—unrestricted				
State equalization aid	67,164,756	58,533,506	59,015,556	58,137,361
Investment earnings	49,051	33,880	50,898	69,676
Other	1,529,984	1,415,363	1,781,401	1,767,344
Total governmental activities	<u>133,465,083</u>	<u>137,064,373</u>	<u>136,461,597</u>	<u>136,849,786</u>
Business-type activities:				
Investment earnings	13,606	7,247	4,257	4,509
Other	-	-	-	-
	<u>13,606</u>	<u>7,247</u>	<u>4,257</u>	<u>4,509</u>
<b>Transfers In/(Out)</b>				
Governmental activities	150,623	149,786	1,021,684	214,308
Business-type activities	(150,623)	(149,786)	(1,021,684)	(214,308)
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>				
Governmental activities	(1,612,065)	15,827,153	7,489,867	2,637,551
Business-type activities	(218,078)	92,866	(970,690)	(136,137)
Total primary government change in net position	<u>\$ (1,830,143)</u>	<u>\$ 15,920,019</u>	<u>\$ 6,519,177</u>	<u>\$ 2,501,414</u>

(a) Beginning July 1, 2014, business-type activities funds were reclassified as special revenue funds and are included in governmental activities.

2014	2015 (a)	2016	2017	2018	2019
\$ (140,231,121)	\$ (157,453,615)	\$ (167,176,976)	\$ (260,205,188)	\$ (284,282,294)	\$ (141,419,159)
315,440	-	-	-	-	-
(139,915,681)	(157,453,615)	(167,176,976)	(260,205,188)	(284,282,294)	(141,419,159)
62,352,507	61,600,095	68,066,334	67,201,560	72,777,313	72,355,611
10,927,873	10,882,156	12,871,720	12,823,760	14,435,952	25,078,617
5,254,030	5,675,945	6,049,245	6,445,006	7,012,770	6,957,456
59,798,784	64,807,999	62,961,971	63,606,020	62,030,988	67,076,082
84,479	197,283	532,626	372,214	624,135	5,093,934
2,729,875	2,387,705	2,307,380	3,135,276	3,003,408	6,421,641
141,147,548	145,551,183	152,789,276	153,583,836	159,884,566	182,983,341
3,212	-	-	-	-	-
-	-	-	-	-	-
3,212	-	-	-	-	-
172,878	-	-	-	-	-
(172,878)	-	-	-	-	-
-	-	-	-	-	-
1,089,305	(11,902,432)	(14,387,700)	(106,621,352)	(124,397,728)	41,564,182
145,774	-	-	-	-	-
\$ 1,235,079	\$ (11,902,432)	\$ (14,387,700)	\$ (106,621,352)	\$ (124,397,728)	\$ 41,564,182

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Governmental Funds, Fund Balances**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year				
	2010	2011 (a)	2012	2013	2014 (b)
General Fund					
Reserved	\$ 6,205,892	\$ -	\$ -	\$ -	\$ -
Unreserved	8,892,086	-	-	-	-
Nonspendable		678,758	572,739	456,306	443,498
Restricted	-	3,270,000	4,050,000	4,080,000	4,210,000
Committed	-	-	1,510,984	1,307,024	881,852
Assigned	-	18,818,804	15,638,543	15,661,018	13,648,357
Unassigned—unrestricted	-	7,909,800	15,291,760	18,511,203	21,512,079
Total general fund	<u>\$ 15,097,978</u>	<u>\$ 30,677,362</u>	<u>\$ 37,064,026</u>	<u>\$ 40,015,551</u>	<u>\$ 40,695,786</u>
All Other Governmental Funds					
Reserved	\$ 9,079,516	\$ -	\$ -	\$ -	\$ -
Unreserved—reported in:					
Special revenue funds	1,049,009	-	-	-	-
Restricted	-	7,485,060	7,477,587	9,458,686	57,237,608
Committed	-	-	3,460,591	2,482,956	3,457,585
Assigned	-	3,240,554	623,329	41,051	57,281
Total all other governmental funds	<u>\$ 10,128,525</u>	<u>\$ 10,725,614</u>	<u>\$ 11,561,507</u>	<u>\$ 11,982,693</u>	<u>\$ 60,752,474</u>

	Fiscal Year				
	2015 (c)	2016 (d)	2017	2018	2019 (e)
General Fund					
Nonspendable	\$ 427,218	\$ 446,501	\$ 382,179	\$ 499,955	\$ 573,831
Restricted	4,350,000	4,490,000	4,520,000	4,630,000	4,950,000
Committed	1,144,012	1,278,391	1,544,826	1,637,643	1,085,875
Assigned	11,532,298	10,060,820	20,503,140	17,067,247	14,327,086
Unassigned—unrestricted	23,464,550	23,837,029	12,554,636	11,363,610	7,946,605
Total general fund	<u>\$ 40,918,078</u>	<u>\$ 40,112,741</u>	<u>\$ 39,504,781</u>	<u>\$ 35,198,455</u>	<u>\$ 28,883,397</u>
All Other Governmental Funds					
Restricted	\$ 57,224,602	\$ 39,731,290	\$ 20,846,953	\$ 17,980,183	\$ 382,765,365
Committed	5,240,909	6,006,081	6,492,454	7,065,975	7,982,713
Assigned	53,164	45,772	38,448	44,442	688
Total all other governmental funds	<u>\$ 62,518,675</u>	<u>\$ 45,783,143</u>	<u>\$ 27,377,855</u>	<u>\$ 25,090,600</u>	<u>\$ 390,748,766</u>

- (a) Fiscal year 2011 GASB 54 was implemented with new fund balance classifications.
- (b) Fiscal year 2014 the district sold \$50 million in G.O. bonds.
- (c) Fiscal year 2015 the district sold \$17 million in G.O. bonds.
- (d) Fiscal year 2016 the district sold \$13 million in G.O. bonds.
- (e) Fiscal year 2019 the district sold \$298.9 million in G.O. bonds.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Governmental Funds, Revenues, Expenditures, and Debt Service Ratio**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Property taxes	\$ 59,579,301	\$ 73,331,965	\$ 71,229,303	\$ 72,329,790	\$ 73,352,585	\$ 72,747,131	\$ 80,262,499	\$ 80,365,923	\$ 85,532,502	\$ 98,536,032
Specific ownership taxes	4,074,337	4,213,487	4,605,805	4,953,385	5,254,030	5,675,945	6,049,245	6,445,006	7,012,770	6,957,456
Federal grants	6,723,939	11,378,368	6,651,337	5,608,361	5,815,636	6,872,388	6,399,597	6,725,781	6,525,588	6,538,924
State equalization aid	67,164,756	58,533,506	59,015,556	58,137,361	59,798,784	64,807,999	62,961,971	63,606,020	62,030,988	67,076,082
State education of students with disabilities	2,544,431	2,386,480	2,359,541	2,203,301	2,660,109	2,521,840	2,584,084	2,540,651	2,665,689	2,836,346
Other state entitlements and state grants	1,991,842	1,366,971	1,260,317	1,750,487	1,962,229	2,386,031	2,484,178	2,417,971	3,187,712	3,131,816
Food Sales	-	-	-	-	-	1,999,699	2,013,244	2,116,018	2,295,622	2,443,505
Donated Commodities	-	-	-	-	-	233,715	246,190	265,199	255,520	257,196
Student Care	-	-	-	-	-	4,936,787	5,149,373	5,476,593	5,694,761	6,177,021
Pupil activities	2,052,885	2,176,936	2,225,653	2,276,984	2,152,485	2,181,150	2,178,587	2,160,240	2,248,088	2,332,383
Investment earnings	49,051	33,880	50,898	69,676	84,479	197,283	532,626	372,214	624,135	5,093,934
Unrealized gain on investments	-	-	-	-	-	-	-	-	-	3,166,135
State contributions	-	-	-	-	-	-	-	-	-	2,616,432
Other	4,091,621	4,491,787	4,826,419	5,102,963	6,256,155	6,119,286	6,032,967	5,883,144	5,274,089	5,844,331
<b>Total revenues</b>	<b>148,272,163</b>	<b>157,913,380</b>	<b>152,224,829</b>	<b>152,432,508</b>	<b>157,336,492</b>	<b>170,679,254</b>	<b>176,894,561</b>	<b>178,374,760</b>	<b>183,347,464</b>	<b>213,007,593</b>
<b>Expenditures</b>										
Instruction	84,305,829	81,303,127	82,334,769	84,062,986	87,143,475	90,180,055	92,505,891	93,727,094	96,231,804	104,784,725
Support services	51,613,989	48,167,507	50,048,640	52,299,833	55,286,415	65,630,762	68,491,757	69,224,107	73,567,884	78,889,400
Capital outlay	3,059,473	3,245,170	1,829,509	3,975,267	6,151,478	22,598,771	39,776,526	22,835,777	8,540,912	10,793,740
Debt service:										
Principal	5,332,499	7,081,540	6,756,041	5,639,530	7,340,000	5,210,000	5,475,000	5,680,000	5,860,000	6,045,000
Interest and fiscal charges	4,932,654	2,767,022	3,572,251	3,296,289	4,110,054	5,492,555	5,922,169	5,921,030	5,740,445	11,195,343
Bond issuance costs	-	521,935	-	-	363,993	174,525	152,621	-	-	1,582,620
<b>Total expenditures</b>	<b>149,244,444</b>	<b>143,086,301</b>	<b>144,541,210</b>	<b>149,273,905</b>	<b>160,395,415</b>	<b>189,286,668</b>	<b>212,323,964</b>	<b>197,388,008</b>	<b>189,941,045</b>	<b>213,290,828</b>
<b>Other Financing Sources (Uses)</b>										
Bonds issued	-	80,575,000	-	-	50,000,000	17,000,000	15,626,195	-	-	298,870,000
Premium	-	9,845,145	-	-	2,336,062	1,115,552	2,262,339	-	-	60,756,343
Payment to escrow agent	-	(89,893,721)	-	-	-	-	-	-	-	-
Capital lease proceeds	363,221	-	-	-	-	-	-	-	-	-
Transfers in	4,454,177	4,431,256	4,572,578	4,981,338	4,516,637	4,707,814	4,446,532	4,434,529	4,572,462	4,145,905
Transfers out	(4,303,554)	(4,281,470)	(4,360,456)	(4,767,030)	(4,343,759)	(4,707,814)	(4,446,532)	(4,434,529)	(4,572,462)	(4,145,905)
<b>Total other financing sources (uses)</b>	<b>513,844</b>	<b>676,210</b>	<b>212,122</b>	<b>214,308</b>	<b>52,508,940</b>	<b>18,115,552</b>	<b>17,888,534</b>	<b>-</b>	<b>-</b>	<b>359,626,343</b>
<b>Net change in fund balances</b>	<b>\$ (458,437)</b>	<b>\$ 15,503,289</b>	<b>\$ 7,895,741</b>	<b>\$ 3,372,711</b>	<b>\$ 49,450,017</b>	<b>\$ (491,862)</b>	<b>\$ (17,540,869)</b>	<b>\$ (19,013,248)</b>	<b>\$ (6,593,581)</b>	<b>\$ 359,343,108</b>
Debt service as a percentage of noncapital expenditures	6.9%	6.9%	7.1%	6.0%	7.4%	6.2%	6.5%	6.5%	6.3%	8.3%

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Assessed Value (a)				Total Direct Tax Rate
	Residential Property	Commercial Property	Other Property (b)	Total Assessed Value	
2010	\$ 865,370,050	\$ 387,833,150	\$ 75,739,390	\$ 1,328,942,590	46.081
2011	872,161,890	381,632,950	76,268,960	1,330,063,800	55.389
2012	819,038,730	366,325,340	74,199,570	1,259,563,640	57.530
2013	821,790,000	358,479,420	95,083,650	1,275,353,070	56.935
2014	832,105,700	363,033,982	100,413,100	1,295,552,782	56.984
2015	833,309,337	358,475,451	97,954,968	1,289,739,756	56.601
2016	1,012,764,913	404,052,769	95,202,784	1,512,020,466	53.424
2017	1,017,276,107	406,455,233	96,243,256	1,519,974,596	53.030
2018	1,119,903,286	482,579,061	95,028,781	1,697,511,128	51.166
2019	1,128,771,195	501,536,998	93,577,496	1,723,885,689	56.945

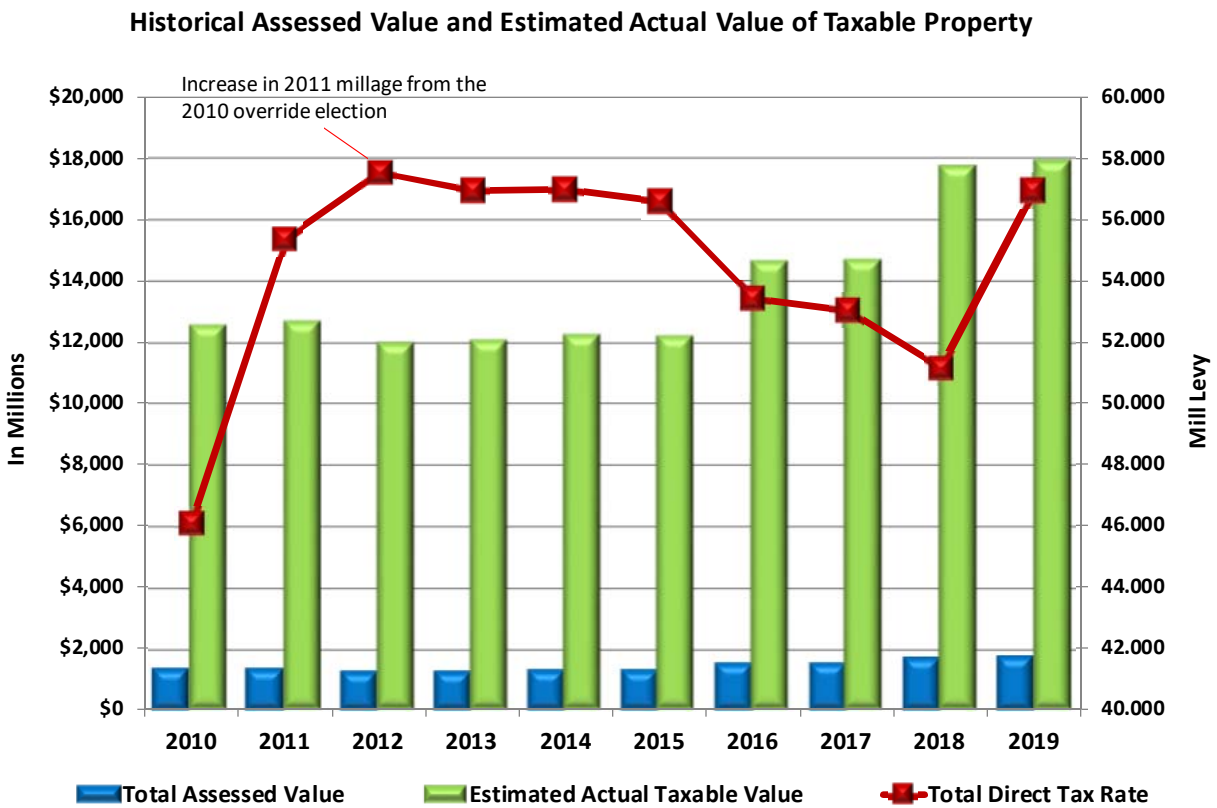
The assessment rate, expressed as a percent of estimated actual value for all taxable property in Colorado, follows:

Year	Residential	Commercial	Base Year
2010	7.96 %	29.00 %	2009
2011	7.96	29.00	2010
2012	7.96	29.00	2011
2013	7.96	29.00	2012
2014	7.96	29.00	2013
2015	7.96	29.00	2014
2016	7.96	29.00	2015
2017	7.96	29.00	2016
2018	7.20	29.00	2017
2019	7.20	29.00	2018

- (a) Assessed and estimated actual taxable values are per the Arapahoe County Assessor's Office.
- (b) Other property includes vacant land, industrial, agricultural, state assessed, and oil and gas property.

Source: Arapahoe County Assessor's Office

Estimated Actual Taxable Value (a)	Assessed Value as a Percent of Actual Taxable Value
\$ 12,501,963,899	10.63 %
12,648,458,823	10.52
11,935,264,707	10.55
12,014,618,242	10.62
12,182,666,828	10.63
12,155,370,401	10.61
14,582,623,716	10.37
14,647,201,908	10.38
17,668,425,091	9.61
17,849,401,924	9.66



**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Collection Year	Arapahoe County School District Number Six			Overlapping Rates			Grand Totals (a)
	General Fund Millage	Bond Redemption Fund Millage	Total School District	Total Cities Millage	Total County Millage	Total Special Districts Millage	
2010	38.211	7.870	46.081	46.442	15.672	149.763	257.958
2011	47.619 (b)	7.770	55.389	47.321	15.949	147.729	266.388
2012	49.286	8.244	57.530	48.643	17.316	149.824	273.313
2013	48.438	8.497	56.935	49.339	17.150	148.546	271.970
2014	48.487	8.497	56.984	50.986	17.130	134.853	259.953
2015	48.104	8.497	56.601	57.438	16.950	135.957	266.946
2016	44.927	8.497	53.424	54.599	14.856	128.855	251.734
2017	44.533	8.497	53.030	59.590	15.039	128.112	255.771
2018	42.669	8.497	51.166	58.851	13.817	108.716	232.550
2019	42.303	14.642 (c)	56.945	59.200	14.301	108.115	238.561

- (a) The grand total represents the gross millage of all taxing entities within the district boundaries. It is not representative of the mill levy assessed to an individual taxpayer.
- (b) Increase in 2011 millage results from the 2010 override election.
- (c) Increase in 2019 bond millage results from the 2018 election.

Source: Arapahoe County Assessor's Office

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

2019

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation of \$1,723,885,689
Public Service Co. of Colorado	\$ 22,641,220	1.31 %
Comcast Cable Communications	21,021,170	1.22
Qwest Corp.	17,627,000	1.02
Aspen Grove Lifestyle Center	9,762,533	0.57
Century Link Comm FKA Qwest Comm	8,324,720	0.48
Southglenn Property Holdings LLC	7,262,470	0.42
Renco Southbridge LLC	6,800,066	0.39
Cherry Hills Marketplace LLC	6,266,320	0.36
National Digital Television	6,190,630	0.36
Spirit Master Funding VIII, LLC	5,978,930	0.35
Totals	<u>\$ 111,875,059</u>	<u>6.49 %</u>

2010

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation of \$1,328,942,590
National Digital Television	\$ 21,708,500	1.63 %
Qwest Corp.	18,961,700	1.43
Public Service Co. of Colorado	11,794,400	0.89
Cherry Hills Marketplace LLC	8,682,600	0.65
AW Southglenn LLC	6,090,010	0.46
Aspen Grove Lifestyle	5,631,800	0.42
LMC Properties, LLC	4,560,050	0.34
Renco Properties VIII	4,492,100	0.34
Riverside Downs LLC	4,445,710	0.33
Sprint Nextel Corp.	4,245,950	0.32
Totals	<u>\$ 90,612,820</u>	<u>6.82 %</u>

Source: Arapahoe County Assessor's Office

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Property Tax Levies and Collections**  
**Last Ten Calendar Years**  
**(Unaudited)**

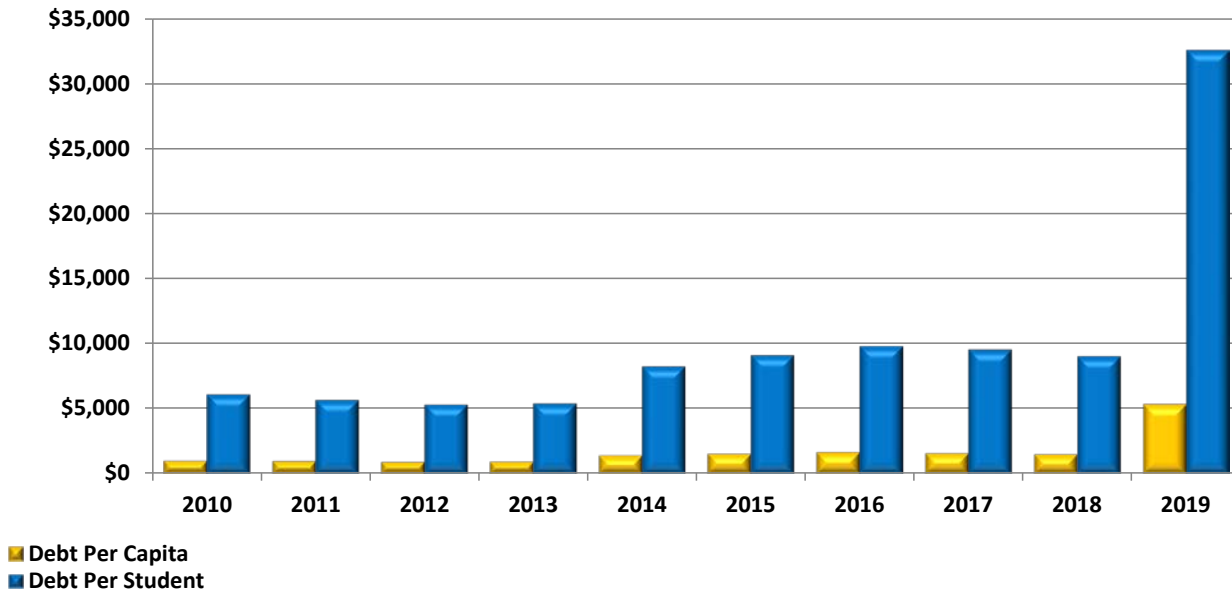
Calendar Year	Taxes Levied for the Calendar Year	Collected Within the Fiscal Year of the Levy		Collections Subsequent to Fiscal Year End	Total Collections to Date	
		Amount (a)	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 61,239,003	\$ 58,453,415	95.45 %	\$ 2,576,264	\$ 61,029,679	99.66 %
2011	73,670,904	71,241,218	96.70	816,258	72,057,476	97.81
2012	72,462,697	69,817,937	96.35	1,272,924	71,090,861	98.11
2013	72,612,227	70,455,869	97.03	1,103,038	71,558,907	98.55
2014	73,827,075	71,732,754	97.16	1,252,617	72,985,371	98.86
2015	73,000,560	71,358,349	97.75	1,094,819	72,453,168	99.25
2016	80,778,181	78,786,108	97.53	1,213,133	79,999,241	99.04
2017	80,604,253	78,743,438	97.69	1,159,582	79,903,020	99.13
2018	86,854,854	83,497,350	96.13	2,508,503	86,005,853	99.02
2019	98,166,671	95,578,192	97.36	1,495,025 (b)	97,073,217	98.89

- (a) Property tax collection amounts are for current taxes only. In the financial statements, property tax revenue also includes delinquent taxes and interest on current and delinquent taxes. Amounts reported on this schedule yield true percentages of levy.
- (b) Only July–August 2019 subsequent collections are known at this time.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Governmental Activities		Total Primary Government	Ratio of Debt to Actual Value (a)	Percentage of Personal Income (b)	Debt Per Capita (c)	Per Student (d)
	General Obligation Bonds	Capital Leases					
2010	\$ 96,025,000	\$ 367,110	\$ 96,392,110	7.25 %	2.11 %	\$ 1,006	\$ 6,210
2011	89,245,000	245,571	89,490,571	7.10	1.97	973	5,771
2012	82,610,000	124,530	82,734,530	6.57	1.76	899	5,398
2013	84,668,188 (e)	-	84,668,188	6.64	1.75	919	5,482
2014	128,805,363	-	128,805,363	9.94	2.48	1,396	8,348
2015	140,803,526	-	140,803,526	10.92	2.90	1,525	9,222
2016	152,383,312 (g)	-	152,383,312	10.07	3.03	1,647	9,914
2017	145,955,327	-	145,955,327	9.60	2.78	1,575	9,646
2018	139,347,343	-	139,347,343	8.21	- (f)	1,499	9,129
2019	490,693,458 (h)	-	490,693,458	28.46	- (f)	5,263	32,628

**Historical Outstanding Debt by Type**



- (a) See schedule on page 86 for assessed property value data.
- (b) See schedule on page 95 for personal income data.
- (c) See schedule on page 95 for estimated population data.
- (d) See schedule on page 95 for October 1 School Enrollment data.
- (e) Beginning in 2013, premium on bond sales is included in the General Obligation Bond amounts.
- (f) Personal income data for Arapahoe County is not yet available from Bureau of Economic Analysis (BEA).
- (g) Beginning in 2016, accreted interest on bond sales is included in the General Obligation Bond amounts.
- (h) Fiscal year 2019 the district sold \$298.9 million in G.O. bonds.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Governmental Activities		Less Debt Service Funds Available	Net Bonded Debt	Percentage of Estimated Actual Value of Taxable Property (a)	Percentage of Personal Income (b)	Debt Per Capita (c)	Per Student (d)
	General Obligation Bonds	Capital Leases						
2010	\$ 96,025,000	\$ 367,110	\$ -	\$ 96,392,110	0.77 %	2.11 %	\$ 1,006	\$ 6,210
2011	89,245,000	245,571	-	89,490,571	0.71	1.97	973	5,771
2012	82,610,000	124,530	-	82,734,530	0.69	1.76	899	5,398
2013	84,668,188 (e)	-	7,340,000 (f)	77,328,188	0.64	1.60	839	5,007
2014	128,805,363	-	5,210,000	123,595,363	1.01	2.38	1,340	8,011
2015	140,803,526	-	5,475,000	135,328,526	1.11	2.79	1,466	8,863
2016	152,383,312 (h)	-	5,680,000	146,703,312	1.01	2.91	1,587	9,555
2017	145,955,327	-	5,860,000	140,095,327	0.96	2.67	1,511	9,259
2018	139,347,343	-	6,045,000	133,302,343	0.75	- (g)	1,434	8,733
2019	490,693,458 (i)	-	6,230,000	484,463,458	2.71	- (g)	5,196	32,214

- (a) See schedule on page 87 for estimated actual taxable property value data.
- (b) See schedule on page 95 for personal income data.
- (c) See schedule on page 95 for estimated population data.
- (d) See schedule on page 95 for October 1 School Enrollment data.
- (e) Beginning in 2013, premium on bond sales is included in the General Obligation Bond amounts.
- (f) Beginning in 2013, debt service funds available are included to calculate the net debt for primary government.
- (g) Personal income data for Arapahoe County is not yet available from Bureau of Economic Analysis (BEA).
- (h) Beginning in 2016, accreted interest on bond sales is included in the General Obligation Bond amounts.
- (i) Fiscal year 2019 the district sold \$298.9 million in G.O. bonds.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2018**  
**(Unaudited)**

<u>Name of Governmental Entity</u>	<u>Debt Amount Outstanding</u>	<u>Percent Applicable to District</u>	<u>Amount Applicable to District</u>
Overlapping Debt:			
Aspen Grove Business Improvement District	\$ 5,435,000	99.2 %	\$ 5,391,201
Centennial Downs Metropolitan District	6,545,000	96.7	6,330,450
City of Englewood	40,565,000	5.6	2,288,146
Heritage Greens Metropolitan District	2,780,000	99.1	2,754,285
Highline Business Improvement District	1,926,000	99.9	1,923,416
Littleton Village Metro District #2	16,530,000	99.0	16,358,135
Polo Reserve Metropolitan District	455,000	99.6	453,007
South Suburban Metro Park & Recreation District	3,440,000	45.4	1,560,791
Southglenn Metropolitan District	71,530,000	99.7	71,333,337
Total overlapping debt	<u>149,206,000</u>		<u>108,392,768</u>
Direct Debt:			
Arapahoe County School District Number Six	<u>490,693,458</u>	100 %	<u>490,693,458</u>
Totals	<u>\$ 639,899,458</u>		<u>\$ 599,086,226</u>

Note: Overlapping Debt is the proportionate share of the debts of local jurisdictions located wholly or in part within the boundaries of Littleton Public Schools. The amount of debt applicable to Littleton Public Schools is computed by:

- 1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the district, and
- 2) applying this percentage to the total general obligation debt of the overlapping jurisdiction.

Source: Arapahoe County Assessor's Office, Arapahoe County Finance Office, City of Centennial Finance Office, and City of Littleton Finance Office

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Legal Debt Margin	
Calculation for Fiscal Year 2019	
Actual value	\$ 20,276,806,848 (a)
Debt limit (6% of actual value)	1,216,608,411
Debt applicable to limit	490,693,458
Legal debt margin	\$ 725,914,953

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 265,788,518	\$ 266,012,760	\$ 251,912,728	\$ 255,070,614	\$ 259,110,556	\$ 257,947,951	\$ 302,404,093	\$ 303,994,919	\$ 339,502,226	\$ 1,216,608,411
Total net debt applicable to limit	96,025,000	89,245,000	82,610,000	77,095,000	128,805,363	140,803,526	152,211,308	145,955,327	139,347,343	490,693,458
Legal debt margin	\$ 169,763,518	\$ 176,767,760	\$ 169,302,728	\$ 177,975,614	\$ 130,305,193	\$ 117,144,425	\$ 150,192,785	\$ 158,039,592	\$ 200,154,883	\$ 725,914,953
Total net debt applicable to the limit as a percentage of debt limit	36.13%	33.55%	32.79%	30.22%	49.71%	54.59%	50.33%	48.01%	41.04%	40.33%

Note: In accordance with Colorado Revised Statute (C.R.S.) 22-42-104, two calculation options are available for determining the legal debt limit available to the district. The district is allowed to use whichever calculation is greater.  
Option 1: Utilized in all years prior to and including 2018 -- 20.0 percent of the latest valuation for assessment of the taxable property in the district, as certified by the county assessor to the board of county commissioners. Using this 20.0 percent calculation, the legal debt margin for fiscal year 2018 was \$200,154,883.  
Option 2: Utilized in 2019 -- 6.0 percent of the most recent determination of the actual value of the taxable property in the district, as certified by the county assessor to the board of county commissioners.

(a) Arapahoe County Assessor's Office 2019 Certification Report Actual

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Fiscal Year</u>	<u>Estimated Population (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Total Personal Income (thousands of \$)</u>	<u>October 1 School Enrollment</u>	<u>October 1 Official Pupil Count (c)</u>	<u>Unemployment Rate (d)</u>
2010	91,869 (e)	\$ 47,622	\$ 4,374,986	15,521	15,157	8.8 %
2011	91,962	49,299	4,533,635	15,506	15,055	8.5
2012	92,056	51,163	4,709,861	15,328	14,928	7.8
2013	92,151	52,437	4,832,122	15,445	14,882	6.5
2014	92,244	56,294	5,192,784	15,429	14,858	4.9
2015	92,338	52,545	4,851,900	15,269	14,800	3.6
2016	92,432	54,452	5,033,107	15,353	14,785	3.0
2017	92,699	56,642	5,250,657	15,131	14,735	2.6
2018	92,967	- (f)	- (f)	15,264	14,704	3.0
2019	93,235	- (f)	- (f)	15,039	14,643	- (g)

Sources:

- (a) Population data from DRCOG.
- (b) Bureau of Economic Analysis (BEA), U.S. Department of Commerce, reporting Arapahoe County, CO.
- (c) Average funded pupil count is determined from the number of full-time equivalents of pupil enrollment averaged over the last five years.
- (d) Bureau of Labor Statistics (BLS) for Arapahoe County, Colorado.
- (e) Data presented from fiscal year 2010 uses a new calculation of Estimated Population supported by Denver Regional Council of Governments (DRCOG).
- (f) Personal income data is not yet available from BEA.
- (g) Unemployment data not available from BLS.

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**

**Principal Employers**

**Current Year and Nine Years Ago**

**(Unaudited)**

	2019			2010		
	Rank	Employees (a)	Percentage of Employment	Rank	Employees (a)	Percentage of Employment
Century Link (formerly Qwest)	1	2,100	8.18 %	3	1,663	7.97 %
Littleton Public Schools	2	1,604	(c) 6.25	1	1,686	(c) 8.08
Dish Network (EchoStar)	3	1,543	6.01	2	1,667	7.99
Littleton Adventist Hospital	4	1,242	4.84	4	967	4.64
Arapahoe Community College	5	706	2.75	5	632	3.03
Arapahoe County	6	522	2.03	6	522	2.50
Republic National Distributing	7	425	1.66	7	485	2.33
McDonald Volkswagon-Audi	8	360	1.40	-	-	-
City of Littleton	9	330	1.29	-	-	-
Center Point	10	320	1.25	-	-	-
Norgren		-	-	8	325	1.56
Life Care Center of Littleton		-	-	10	280	1.34
Lockhead Martin Space Systems		-	-	9	300	1.44

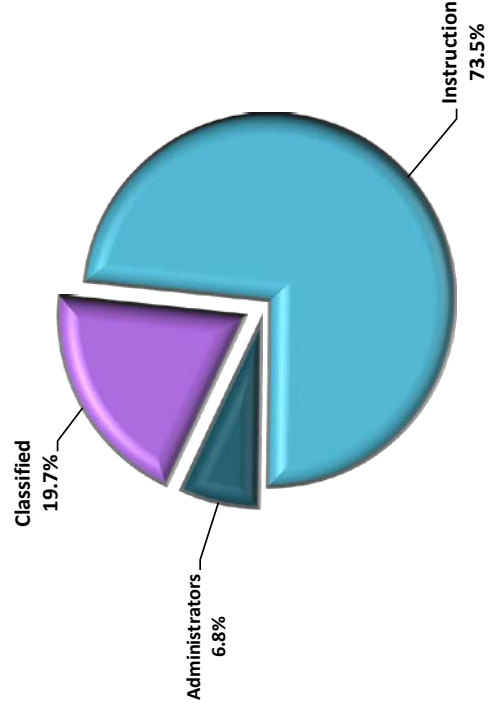
Note: Total employment for the City of Littleton in 2018 was 25,660 and for 2010 was 20,860 per the Bureau of Labor Statics Data.

Source:

- (a) City of Littleton 2018 Comprehensive Annual Financial Report
- (b) Bureau of Labor statistics data
- (c) Littleton Public Schools-provided employee data

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Full-Time Equivalent District General Fund Employees by Type**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Full-Time Equivalent Employees as of June 30</b>										
<b>Instruction</b>										
Teachers	938.8	885.0	861.5	864.3	873.6	888.5	900.6	894.3	889.5	905.4
Paraprofessionals	184.5	183.8	241.4	251.6	265.3	260.9	256.3	259.8	261.8	274.1
<b>Total instruction</b>	<b>1,123.3</b>	<b>1,068.8</b>	<b>1,102.9</b>	<b>1,115.9</b>	<b>1,138.9</b>	<b>1,149.4</b>	<b>1,156.9</b>	<b>1,154.1</b>	<b>1,151.3</b>	<b>1,179.5</b>
<b>Administrators</b>										
Professional/Technical support	70.5	64.4	59.4	59.2	61.6	61.0	61.7	62.3	63.7	68.3
Bus drivers	30.3	30.4	33.0	34.7	35.4	37.9	38.3	40.8	38.9	40.1
Clerical/Other classified	48.5	48.5	51.5	51.5	53.0	53.5	53.0	54.0	54.0	54.0
Custodians	145.2	141.0	117.8	113.6	111.7	121.9	125.9	126.9	125.5	128.4
Maintenance	92.2	84.2	88.5	90.8	90.4	90.7	90.6	90.6	87.1	88.3
<b>Total support services</b>	<b>38.2</b>	<b>37.6</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.0</b>	<b>35.5</b>	<b>35.5</b>	<b>45.2</b>	<b>45.3</b>
<b>Grand total</b>	<b>1,548.2</b>	<b>1,474.9</b>	<b>1,489.6</b>	<b>1,502.2</b>	<b>1,527.5</b>	<b>1,550.4</b>	<b>1,561.9</b>	<b>1,564.2</b>	<b>1,565.7</b>	<b>1,603.9</b>



Source: Budget data

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Operating Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Enrollment	Operating Expenditures	Cost		Expenses	Percentage Change	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
			Cost Per Pupil	Percentage Change							
2010	15,521	\$ 135,919,818	\$ 8,757	(0.77) %	\$ 152,061,036	(0.10) %	\$ 9,797	938.8	17	19.5 %	
2011	15,506	129,470,634	8,350	(4.65)	141,850,059	(6.62)	9,148	885.0	18	21.5	
2012	15,328	131,351,767	8,569	2.63	144,817,541	3.28	9,448	867.2	18	23.3	
2013	15,445	136,362,819	8,829	3.03	149,601,294	2.52	9,686	871.0	18	23.5	
2014	15,429	142,429,890	9,231	4.56	156,347,860	4.62	10,133	873.6	18	24.2	
2015	15,269	155,810,817	10,204	10.54	182,802,724	18.15	11,972	888.5	17	20.5	
2016	15,353	160,997,648	10,486	2.76	191,965,815	4.44	12,503	900.6	17	19.3	
2017	15,131	162,951,201	10,769	2.70	284,655,509	50.46	18,813	894.3	17	19.2	
2018	15,264	169,799,688	11,124	3.29	309,425,955	7.75	20,272	889.5	17	18.0	
2019	15,039	183,674,125	12,213	9.79	167,951,491 (a)	(44.91)	11,168	905.4	17	16.4	

(a) Decrease in expenses due to decrease in pension liability  
Source: district student records and payroll and budget data

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Schedule of Insurance

June 30, 2019

(Unaudited)

Coverage Description	Carrier or Pool	Coverage Limit	Deductible
General liability and School Leaders Errors and Omissions	Excess-of-Loss Self-Insurance Pool (ELSIP)	\$5,000,000 each occurrence \$5,000,000 aggregate limit	\$150,000
Property:	Travelers Insurance		
inland marine		\$360,255,084	\$25,000
boiler and machinery		\$50,000,000	\$25,000
flood and earthquake		\$25,000,000	\$25,000
automobile physical damage		\$5,848,125	\$25,000
Automobile liability	Excess-of-Loss Self-Insurance Pool (ELSIP)	\$5,000,000 each occurrence \$5,000,000 aggregate limit	\$150,000
Crime	Travelers Insurance	\$1,000,000	\$25,000
Fiduciary liability	Travelers Insurance	\$1,000,000	\$10,000
Worker's Compensation	Joint School Districts' Worker's Compensation Pool	\$1,000,000	\$500,000
Cyber liability	AIG	\$1,000,000	\$50,000

# ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

## Facilities Statistics

June 30, 2019

(Unaudited)

### Schools

#### Elementary & Preschool

Buildings	15
Square feet	705,338
Capacity	6,332
Enrollment	5,788

#### Middle

Buildings	4
Square feet	507,232
Capacity	3,252
Enrollment	3,039

#### High

Buildings	4
Square feet	839,760
Capacity	5,968
Enrollment	5,188

### Administration/Other

Buildings	2
Square feet	119,569

### Transportation

Buildings	1
Square feet	23,385

### Athletics

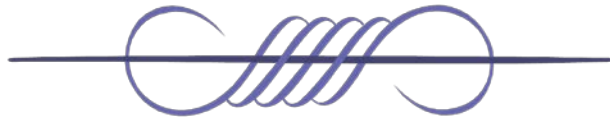
Athletics stadium	1
Football fields	4
Soccer fields	5
Running tracks	7
Swimming pools	3
Playgrounds	20

Note: Statistical section schedules normally present ten years of data.

Only one year of statistics is presented here because the number of facilities, size and capacity are essentially unchanged over that period.

Source: *Capacity Utilization Report, 2006 and 2012*, prepared by Littleton Public Schools Operations/Maintenance Department, together with fiscal year 2018 actual enrollments and insurance square footage applicable to the school buildings listed. Charter schools' enrollment sums are excluded.

# COMPLIANCE SECTION







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

Board of Education  
Arapahoe County School District Number Six  
Littleton, 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 Arapahoe County School District Number Six, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Arapahoe County School District Number Six's basic financial statements, and have issued our report thereon dated October 23, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Arapahoe County School District Number Six'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 Arapahoe County School District Number Six's internal control. Accordingly, we do not express an opinion on the effectiveness of Arapahoe County School District Number Six'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 Arapahoe County School District Number Six'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.



### **CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
October 23, 2019



**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  
Arapahoe County School District Number Six  
Littleton, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited Arapahoe County School District Number Six's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Arapahoe County School District Number Six's major federal program for the year ended June 30, 2019. Arapahoe County School District Number Six's major federal program is 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 Arapahoe County School District Number Six's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about Arapahoe County School District Number Six'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 the major federal program. However, our audit does not provide a legal determination of Arapahoe County School District Number Six's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Arapahoe County School District Number Six complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of Arapahoe County School District Number Six 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 Arapahoe County School District Number Six's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Arapahoe County School District Number Six's internal control over compliance.

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

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

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



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
October 23, 2019

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

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

**Federal Awards**

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

**Identification of Major Federal Programs**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.027, 84.173	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?   x   yes      \_\_\_\_\_ no

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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***Section IV – Prior Year Findings***

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There were no findings in the prior year that were required to be reported.

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for presentation purposes



**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2019**

Federal Agencies/Pass-Through Grantor/Program Title	Federal CFDA Number
<b>U.S. DEPARTMENT OF EDUCATION</b>	
Passed through the State of Colorado Department of Education:	
Title I, Part A, Grants to Local Educational Agencies (LEAs)—General Fund	84.010
Title I, Part A, Grants to Local Educational Agencies (LEAs)—Grant Fund	84.010
Title II, Part A, Improving Teacher Quality State Grants	84.367
Title III, Part A, English Language Acquisition Language Grants	84.365
Title IV, Part A, Student Support & Academic Enrichment Grants	84.424
Total Title	
Special Education—Grants to States (IDEA, Part B)	84.027
Special Education—Preschool Grants (IDEA Preschool)	84.173
Total Special Education Cluster	
Passed through the Colorado Community College System:	
Career and Technical Education	84.048
Total U.S. Department of Education	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	
Passed through Arapahoe County School District No. 2 (Sheridan):	
Head Start	93.600
<b>U.S. DEPARTMENT OF AGRICULTURE</b>	
Passed through the State of Colorado Department of Education:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Passed through the State of Colorado Department of Human Services:	
Food Distribution, Commodities	10.555
Total USDA Cluster	
National School Lunch Equipment Assistance	10.579
School Fresh Fruit & Vegetable	10.582
Total U.S. Department of Agriculture Reported in the Nutrition Services Fund	
<b>Totals</b>	

See Notes to the Schedule of Expenditures of Federal Awards.

<u>Pass Through Entity Grant Number</u>	<u>Accrued (Deferred) Revenue July 1, 2018</u>	<u>Cash/ Inventory Receipts</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2019</u>	<u>Pass To Subrecipient</u>
4010	\$ 46,512	\$ 712,343	\$ 727,180	\$ 61,349	\$ -
4010	8,796	116,841	114,580	6,535	-
4367	4,503	114,374	179,449	69,578	-
4365	39,131	90,462	53,487	2,156	-
4424	5,178	11,289	51,433	45,322	-
	<u>104,120</u>	<u>1,045,309</u>	<u>1,126,129</u>	<u>184,940</u>	<u>-</u>
4027	362,760	2,823,140	2,643,470	183,090	-
4173	9,312	72,404	69,021	5,929	-
	<u>372,072</u>	<u>2,895,544</u>	<u>2,712,491</u>	<u>189,019</u>	<u>-</u>
	<u>37,176</u>	<u>100,418</u>	<u>81,796</u>	<u>18,554</u>	<u>-</u>
	<u>513,368</u>	<u>4,041,271</u>	<u>3,920,416</u>	<u>392,513</u>	<u>-</u>
	<u>154,489</u>	<u>519,597</u>	<u>450,163</u>	<u>85,055</u>	<u>-</u>
4553	-	178,065	178,065	-	-
4555	-	1,068,043	1,068,043	-	-
4559	21,684	34,137	30,460	18,007	-
4555	-	257,196	257,196	-	-
	<u>21,684</u>	<u>1,537,441</u>	<u>1,533,764</u>	<u>18,007</u>	<u>-</u>
5579	-	-	-	-	-
4582	-	10,509	10,823	314	-
	<u>21,684</u>	<u>1,547,950</u>	<u>1,544,587</u>	<u>18,321</u>	<u>-</u>
	<u>\$ 689,541</u>	<u>\$ 6,108,818</u>	<u>\$ 5,915,166</u>	<u>\$ 495,889</u>	<u>\$ -</u>

**ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX**  
**Note to the Schedule of Expenditures of Federal Awards**  
**June 30, 2019**

**NOTE 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Arapahoe County School District Number Six, Colorado, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

**NOTE 2: Significant Accounting Policies**

Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when it becomes both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred. The District has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3: Noncash Federal Awards**

Commodities donated to the District by the U.S. Department of Agriculture (USDA) of \$257,196 are valued based on the USDA's Donated Commodity Price List. These are shown as part of the National School Lunch program (10.555).



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0140 - Littleton 6  
 Fiscal Year 2018-19  
 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
<b>Governmental</b>						
10 General Fund	33,486,145		146,654,388	152,417,678		27,722,855
18 Risk Mgmt Sub-Fund of General Fund	1,712,310		2,541,498	3,093,266		1,160,542
19 Colorado Preschool Program Fund	0		938,275	938,275		0
<b>Sub-Total</b>	<b>35,198,455</b>		<b>150,134,161</b>	<b>156,449,220</b>		<b>28,883,396</b>
11 Charter School Fund	4,792,446		9,975,069	9,900,797		4,866,718
20,26-29 Special Revenue Fund	2,337,826		6,043,981	5,603,194		2,778,614
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
21 Food Service Spec Revenue Fund	1,097,562		4,092,398	3,988,550		1,201,409
22 Govt Designated-Purpose Grants Fund	0		5,661,904	5,661,904		0
23 Pupil Activity Special Revenue Fund	952,596		4,223,113	4,492,226		683,483
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	14,550,663		25,358,935	17,240,343		22,669,254
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	2,331,959		366,998,733	10,435,950		358,894,702
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	3,819,895		2,406,994	1,705,685		4,521,305
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
<b>Totals</b>	<b>65,081,502</b>		<b>574,895,288</b>	<b>215,477,909</b>		<b>424,498,880</b>
<b>Proprietary</b>						
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	0		0	0		0
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>Fiduciary</b>						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	278,660		540,973	518,875		300,759
79 GASB 34:Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
<b>Totals</b>	<b>278,660</b>		<b>540,973</b>	<b>518,875</b>		<b>300,759</b>
<b>FINAL</b>						

\*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 balances on this report.