



Student Achievement è Well-Being è Partnerships

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2013



395 South Pratt Parkway • Longmont CO • 80501-6499



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

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

Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2013

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St. Vrain Valley School District RE-1J

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INTRODUCTORY SECTION

St. Vrain Valley School District RE-1J

OUR VISION

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

OUR MISSION

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

St. Vrain Valley School District RE-1J

**BOARD OF EDUCATION
2012-2013**



Pictured from left to right:

(Row 1) President John Creighton , Vice President Bob Smith ,
Secretary Debbie Lammers, Treasurer Dori Van Lone,

(Row 2) Assistant Secretary Mike Schiers , and
Members Mr. Rod Schmidt and Ms. Joie Siegrist

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November 11, 2013

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

We are pleased to submit to the Board of Education, parents, taxpayers, and community members the Comprehensive Annual Financial Report (CAFR) of the St. Vrain Valley School District RE-1J (the District) for the year ended June 30, 2013. State law requires that the District publish within six months of the close of each fiscal year a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (US GAAS), by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the accuracy, completeness and fairness of presentation, including all disclosures, presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the District's financial statements in conformity with US GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the District as measured by the financial activity of its various funds, and contains all disclosures necessary to enable the reader to gain an understanding of the District's financial activities for the year ended June 30, 2013.

The District's financial statements have been audited by RubinBrown LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This is in conformity with the provisions of the Single Audit Act

Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the Independent Auditors' Reports related thereto, and a schedule of findings and questioned costs are included in this document.

The Comprehensive Annual Financial Report is presented in conformity with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities and business-type activities into a single total column for government-wide activities. Statement No. 34 also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found in the Financial Section immediately following the Independent Auditors' Report.

PROFILE OF THE GOVERNMENT – The District and Its Services

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

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

St. Vrain Valley School District is the educational home of more than 29,000 of Colorado's students. St. Vrain Valley jumped to the eighth largest school district in the state according to the Colorado Department of Education's 2012 District Ranking by Pupil Membership. This ranking has St. Vrain less than 700 students from seventh place Boulder Valley School District, on our southern border. St. Vrain Valley operates 53 schools that are spread over 411 square miles. The makeup of the schools include: 26 Elementary, 9 Middle, 1 Middle/Senior, 7 High, 2 Alternative, 1 Online, 1 Homeschool program and 6 Charters. Located approximately 30 miles north of Denver, the District is geographically diverse. Its physical boundaries extend from the Continental Divide into the plains of Colorado. Adding to its scenic setting are historic downtown Longmont and the backdrop of Rocky Mountain National Park and Longs Peak. The District includes approximately 162,500 residents. There are 13 different communities that make up St. Vrain Valley School District: eastern Boulder, Broomfield, Dacono, Erie, Firestone, Frederick, Hygiene, Longmont, Lyons, Mead, Niwot, Peaceful Valley, and Raymond. Parts of Boulder, Broomfield, Larimer, and Weld Counties fall within its boundaries.

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

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

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

utilities and other fixed costs at the District level, and for discretionary (site based) spending at the department or school level.

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

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

As required by accounting principles generally accepted in the United States of America, these financial statements present St. Vrain Valley School District RE-1J (the primary government) and its component units. As of June 30, 2013 there were six component units (Charter Schools). The inclusion or exclusion of component units is based on a determination of the elected official's accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

As of June 30, 2013, the District's Board of Education has approved six charter schools. The six charter schools – Aspen Ridge Preparatory School; Carbon Valley Academy; Flagstaff Academy; Imagine Charter School at Firestone; St. Vrain Community Montessori School; and Twin Peaks Charter Academy – were operational during the year ended June 30, 2013. The respective members of the Charter Schools' Governing Boards are appointed separately from the District's Board of Education. The Charter Schools are deemed to be fiscally dependent upon the District since the District provides the majority of support to the Charter Schools in the form of per pupil revenue (PPR); therefore, the Charter Schools' financial information has been presented as discretely presented component units. No new charter applications were received during the fiscal year 2012.

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

ECONOMIC CONDITION AND OUTLOOK

National Economy

This summary of the national economic conditions is derived from information posted on the Congressional Budget Office (CBO) website at www.cbo.gov. Specific documents cited are the May 14, 2013 *Updated Budget Projections: Fiscal years 2013 -2023*; the September 19, 2013 *Monthly Budget Review for August 2013*; and the *2013 Long-Term Budget Outlook*, as corrected and reposted on September 24, 2013. Also referenced are notes from the Federal Open Markets Committee (FOMC) meeting on September 18, 2013.

According to CBO estimates, for the fiscal year ending September 30, 2013, the federal budget deficit will total \$642 billion, the first year since 2008 that the deficit is projected to be less than \$1 trillion. . Relative to the size of the economy, the deficit this year—at 4.0 percent of gross domestic product (GDP)—will be less than half as large as the shortfall in 2009, which was 10.1 percent of GDP. By CBO projections, the

total federal debt held by the public will remain above 70 percent of GDP for the next decade—the highest level since 1950 and about twice the share that it measured at the end of 2007, before the financial crisis and recent recession.

This is close to the CBO's 2012 baseline projections that the deficit would shrink to an estimated \$641 billion in fiscal year 2013 (or 4.0 percent of GDP), almost \$500 billion less than the shortfall in 2012. However, the accompanying GDP decline and rise in unemployment rates did not occur as projected, mostly attributable to the Federal Reserve continuing its "quantitative easing" policies.

In the aftermath of the 2007-2008 financial crisis, the Fed embarked on a series of aggressive policy moves to stem the crisis, provide needed liquidity to the markets, and support economic recovery. These measures included several bond purchase programs, labeled by economists as "quantitative easing."

The third phase of this, known as QE3, was initiated on September 13, 2012 to purchase \$45 billion in long-term Treasuries and \$40 billion of Agency mortgage-backed securities (those issued or guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac) each month. Economists differ on the impact of the quantitative easing programs, but it does appear that long-term rates—especially mortgage rates—were pushed to extremely low levels in part due to the Fed's ongoing purchases.

Interest rates began to increase and market volatility spiked during May and June when there were suggestions by Fed Chairman Ben Bernanke and others that the current program might be scaled back late in 2013. This reflected the likelihood that the U.S. economic recovery would be sustainable, and that if improvements in business conditions, consumer confidence, and housing continued, ongoing bond purchases would no longer be necessary or desirable.

On September 18, 2013, the FOMC announced a continuation of the current program until certain economic goals are reached. In its statement, the Fed explained that "some indicators of labor market conditions have shown further improvement in recent months, but the unemployment rate remains elevated." Additionally, the Fed cited factors such as rising mortgage rates, fiscal policy restraining economy activity, and inflation running below target, which if it persists, "could pose risks to economic performance." The Fed reaffirmed its commitment to keeping the target range for the federal funds rate at zero to 0.25% as long as the unemployment rate remains above 6.5% and inflation remains in line with expectations.

While the FOMC has taken steps to stabilize the markets, the continuing partisan stalemate in Washington continues to raise uncertainty and weaken markets. Yet another fiscal cliff approaches with the failure of Congress and the President to agree to increase the debt ceiling limit, necessary for the nation to pay its current bills by October 17, 2013.

To put the federal budget on a sustainable path for the long term, lawmakers would have to make significant changes to tax and spending policies—letting revenues rise more than they would under current law, reducing spending for large benefit programs below the projected levels, or adopting some combination of those approaches.

In deciding how quickly to carry out policy changes to make the size of the federal debt more sustainable, lawmakers face other trade-offs. On the one hand, waiting to cut federal spending or raise taxes would lead to a greater accumulation of debt and would increase the size of the policy adjustments needed to put the budget on a sustainable course. On the other hand, implementing spending cuts or tax increases quickly would weaken the economy's current expansion and would give people little time to plan for and adjust to the policy changes. The negative short-term effects that deficit reduction has on output and employment would be especially large now, because output is so far below its potential level that the Federal Reserve is keeping short-term interest rates near zero and could not lower those rates further to offset the impact of changes in spending and tax policies.

There is no evidence of the political will in Washington to face these issues and negotiate compromises with the current elected politicians. Changes from November 2014 elections may be necessary to move long-term economic policies forward.

State Economy

The September 20, 2013 Office of State Planning and Budgeting (OSPB) report, the *Colorado Economic Forecast – State Revenue and Economic Quarterly Forecasts*, presents the OSPB forecast for Colorado economic and demographic indicators, including: employment and unemployment, inflation, wages and income, population and migration. A summary of this information is presented here. The full report can be found at www.colorado.gov.

The economies of Colorado and the nation continue in a slow-growth pattern. There continue to be positives, such as improvements in the long-struggling housing market, continued growth in jobs and exports, increased energy production, and reduced household debt loads. Most notably, the foundation of Colorado's economy has grown stronger; it continues to outperform the nation overall and many other states.

Unfortunately, despite Colorado's strong foundation, it is not immune from global economic issues. The forecast for both the state and national economies is for continued, albeit slower, growth as the economy muddles through an environment of heightened uncertainty and weaker global economic conditions. Colorado should continue to outperform the nation. Conditions for Colorado businesses overall continue to be relatively positive, though recent data show signs of slowing. Durable goods producers outperformed non-durable goods in Colorado.

Colorado continues to add jobs, though at a pace not strong enough to lower unemployment substantially. Uneven growth, heightened economic uncertainty, and economic restructuring continue to create a challenging job market. Colorado's job growth has been relatively strong and has outpaced the nation, with 56,800 net jobs added between August 2012 and August 2013.

Colorado's job growth has been more robust due to its larger concentration of high-skilled workers that are in higher demand in today's information and technologically -based economy. Also, its favorable mix of industries, such as professional and technical services, energy, manufacturing, and tourism, produce high economic value and generate income to the state. Despite the relatively strong growth, however, job levels remain below their pre-recession peak.

Although Colorado's economy continues to outpace the national economy, the pace of growth slowed somewhat through the summer of 2013. Job gains continue in most sectors and regions of the state. However, the unemployment rate has begun to level off, potentially indicating a slowdown in entrepreneurial activity and farm employment. Personal income, wages, and consumer spending continued to grow through the first half of the year, but at slower rates than in 2012 as households and businesses responded to changes in federal fiscal policy and economic uncertainty. Colorado's housing sector, one of the strongest in the nation, continues to heal from recession, although at a slower rate as a result of rising mortgage rates.

In September 2013, eighteen inches of rain fell in Colorado's northeastern mountains and plains, causing flash floods that ravaged communities across the state, hitting mountain canyons and many metropolitan areas on the Front Range. Roads, residences, businesses, farms, and ranches sustained significant losses. The economic impact of Colorado's floods is not yet known. In general, natural disasters tend to cause a sharp drop in economic activity during and immediately after the disaster, followed by a rebound to the pre-disaster trend as resources are poured into restoring and rebuilding damaged property and

infrastructure. The floods will redistribute economic activity across geographic regions, between industries, and over time. In the short run, employment, income, and retail trade will increase in the construction, building materials, automobile sales and repair, lodging, and food industries at the expense of other sectors. In the long run, new investment in residential, commercial, and public infrastructure should provide a boost to economic growth.

There still exists a difficult and persistent structural gap in the Colorado General Fund budget. In other words, there exists a mismatch between state General Fund revenue and the level of spending needed to support programs as they are currently structured. The state's tax structure and conflicting constitutional fiscal policies have also contributed to the structural gap. The structural gap developed over many years and will take time to resolve. Despite spending pressures from increasing costs, expiring temporary financing, the returning Senior Homestead Exemption, and rising program caseloads, the state outperformed the FY 2012-13 state budget by \$1.1 billion.

The General Fund revenue forecast increased by \$209.5 million in FY 2013-14 and \$244.7 million in FY 2014-15 because of higher expectations for individual income taxes. The General Assembly will have just under \$1.6 billion, or 18.5 percent, more to spend in FY 2014-15 than the amount budgeted for FY 2013-14.

From FY 2007-08 to FY 2013 state funding for K-12 Education has been cut by over \$1 billion, the equivalent of \$1,214 per student.

Some Colorado legislators have been focused on minimizing education cuts. For the second time in three years, there is a proposal before Colorado voters for education funding. Amendment 66 is a graduated state income tax increase that includes a new formula for Colorado school finance funding. The proposal is not expected to pass, primarily due to the sluggish economy, national political uncertainty and the economic short-term impacts of the 2013 Colorado floods.

Other legislation has directed revenues to the State Education Fund to help mitigate growth and inflation in future years. The General Fund ended FY 2012-13 with \$1.1 billion more than was budgeted to be spent or retained in the reserve. This amount will be transferred to the State Education Fund in FY 2013-14 under HB 12-1338. The State Education Fund will receive an additional \$435.1 million from the General Fund in FY 2014-15, or three quarters of the FY 2013-14 surplus, as required by Senate Bill 13-260. Net of this transfer, the General Fund will end FY 2013-14 with \$145.0 million more than the required reserve. The legislators also managed to redirect budget savings to education for FY14, funding schools for growth and inflation for the first time since FY08.

Local Economy

Colorado property is reassessed for valuation every two years. In 2012, a non-assessment year, the District's assessment came in at \$2.44 billion, a valuation growth of almost \$95 million. In August 2013, the initial certification of assessed valuations shows a minimal decline of less than 1%, mainly in the Weld County assessed valuation, as a result of slightly lower oil and gas production. The District's current assessment is \$2.43 billion. The impact of the floods in September 2013 on assessed valuation is unknown at this time.

The largest community within the District is Longmont (the City). According to the City website, with a population of 87,850, the City has reached approximately 78% of residential build out, and 43% of its job capacity build out in commercial and industrial development.

The Economic Indicators For Longmont Through June 2013, prepared by the City's financial staff provides a positive snapshot. The City's most important revenue indicator, sales and use tax, is up 4.6% from 2012 levels. Building permits through the month of May were 73 single family permits and 0 multi-family permits. This compares to 66 single family and 3 multi-family permits issued through August 2012. There were two new commercial construction permits through June 2013 compared to five through June 2012. The total valuation on permits through June 2013 increase 16.5% from valuation through June 2012. Actual number of permits issued for all purposes through June 2013 decreased by 6.3% over the same period in 2012. The U.S Department of Labor and Statistics estimated Longmont's unemployment rate as 5.9% in July 2013, down from 6.5% in July of 2012. The Longmont Area Economic Council reported 218 primary employers in the Longmont area and a net gain of 81 primary jobs through September 2013. Real estate vacancies have decreased from 17.2% in 2012 to 15.1% in September 2013.

The Weld County portion of the District includes the growing town of Erie with a population of about 21,000, increasing by 2000 over 2012 numbers; Firestone and with 11,096, compared with 10,150 in 2011; and Mead with 3,405 residents compared to 3,200 in 2011. Firestone, Mead, Frederick and Dacono are holding populations or experiencing slight growth. Other District communities with minimal growth include Niwot and Lyons, both located in Boulder County.

Both Boulder and Weld counties, including portions of the St. Vrain Valley School District, were heavily impacted by the September 2013 Colorado floods. The impacts of the floods on local populations and assessed property valuations are unknown and may negatively impact the short-term economic future in the area.

Continued Enrollment Growth

The District continues to grow in enrollment. Initial counts for the fall of 2013 show an increase of approximately 675 full-time equivalent students. Since 2003, the enrollment growth has averaged just over 760 students per year with an annual average growth rate of 3.68%. This totals 7,686 additional students in the district since 2004. Over the same ten year period, projections prepared by the District Planning Department have fallen within an average 0.35% variance. The Department projects that enrollment will continue to increase by an average of approximately 740 students per year over the next four years, to nearly 32,170 by 2017.

School Financial Issues

The primary revenue sources for the District are based on the current provisions of the Colorado Public School Finance Act of 1994, as amended yearly. Funding provided under this Act, which is from local property taxes, specific ownership taxes from vehicle registration, and state equalization, was approximately 82% of the District's Government wide general revenues for fiscal year 2012-2013.

The District is scheduled to receive \$6,506 per pupil FTE as per pupil revenue (PPR) for FY14. This compares to \$6,336 for FY13, an increase of \$170. This has been cut from \$6,945 in FY10, an overall per pupil decrease of \$439 in the last four years. State officials are planning for the first time in years that schools will be funded for growth and inflation.

In addition to the general economic conditions discussed earlier, the financial outlook is also affected by mandates which are outside the control of the District. These include two state constitutional amendments: the Gallagher Amendment and the Taxpayer's Bill of Rights (TABOR). The TABOR amendment limits the growth in both revenues and expenditures for the state, local government, and school districts. Although St. Vrain Valley School District RE-1J passed a ballot question in 1998 to remove the TABOR restrictions from the District, we are still impacted as a result of limited funding available at the state level as a result of TABOR.

The assessed property value revisions required by the 1982 Gallagher Amendment have continued to limit increases in the residential assessed values used to levy taxes for the District, even though actual property values for most residential properties are higher. This amendment requires that the residential property share of the total assessed value in the state be stabilized at approximately 45% of the total. However, by fixing the residential percentage share of property tax collections, an increasing portion of the taxes levied continues to be shifted to the commercial and nonresidential property owners.

In November 2008, District voters approved a \$189 million bond for district-wide capital building repairs, infrastructure upgrades, the construction of a new high school in the Carbon Valley, and the ability to respond to pockets of overcrowding in the District. Savings in the bond projects because of lower than anticipated construction costs have helped the District expand the project scope to help mitigate state cuts. The 2008 bond built or renovated 447 “smart” classrooms with instructional technology. The remaining 663 district classrooms have technology in varying degrees, mostly funded through school budgets, local grants, and parent fundraising contributions.

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

MAJOR INITIATIVES

In its continued efforts to increase student achievement and success, the District’s Board and administrative leadership have developed a comprehensive District-wide plan including the following seven strategic priority initiatives: increasing safety and security, strong financial management, systemic alignment of District-wide content area standards, curriculum, instruction and assessment, implementation of 21st century instructional learning focus schools, expansion of instructional technology, ensuring success for all students, and effective stakeholder communication. These areas of focus will support specific, measurable District goals in the areas of 1st grade readiness, 3rd grade reading proficiency, 5th grade reading proficiency, 8th grade algebra participation and successful completion, ACT achievement, enrollment in advanced coursework at the secondary level, and graduation rates.

Further, in order to enhance student achievement and ensure school and District accreditation, there will continue to be an emphasis on attracting and retaining superior teachers, administrators, and staff by offering a competitive compensation package and maintaining a safe, positive, and collaborative working environment.

To achieve these goals with less state funding, the District has made a concerted effort to seek grants, gifts and donations. The District was successful in the 2010 Investing in Innovation (i3) ARRA Grant competition and received \$3.6 million over five years, ending in December 2015. This grant expands the implementation of, and investment in, innovative practices that are demonstrated to have an impact on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, and increasing high school graduation rates.

Successful preliminary data results helped the District win the only Race to the Top District (RTT-D) Grant awarded in Colorado. St. Vrain Valley Schools was selected for a Race to the Top-District award for \$16.6 million in December 2012. The purpose of this grant is improving student achievement, closing achievement gaps, decreasing dropout rates, and increasing high school graduation rates in the Skyline feeder group by focusing on STEM education, summer intervention, and individual academic plans. This is a four year grant starting in January 2013.

Transitional Colorado Assessment Program Tests (TCAP)

The District's schools are accountable for many standards and practices, including achievement for special student subgroups. Most of these achievement indicators focus on student reading, writing, mathematics, and science standards as measured by the mandated TCAP tests at grades 3-10. On TCAP tests, students perform within one of four performance levels: *Advanced* (superior; substantially above grade level expectations), *Proficient* (competent; at, or somewhat above, grade level expectations), *Partially Proficient* (low; below grade level expectations), or *Unsatisfactory* (substantially below grade level expectations).

The District's Student Achievement Goals in part focus on performance and growth on the TCAP tests. Proficient or higher is the target performance range for all students.

American College Test (ACT)

Additionally, the ACT (American College Test) is administered to all 11th grade students. These coupled with 1st grade readiness, 3rd grade reading levels, 5th grade reading levels, successful participation and completion in 8th grade algebra, secondary enrollment in Advanced Level courses, and the overall graduation rate represent the District's student achievement goals.

District Performance Framework

The District is designated an accreditation category by the Colorado Department of Education based upon student achievement data compiled in the District Performance Framework report. Four performance indicators are included in the report: Academic Achievement, Academic Growth, Academic Growth Gaps, and Postsecondary and Workforce Readiness. All performance indicators are based upon student data and include achievement in reading, writing, math, science, English Language Proficiency, ACT, graduation rate, and dropout rate. The District is accredited with a Performance Plan which is the second highest level and meets expectations.

School Facilities

The continuing growth in student enrollment in the District requires ongoing construction to provide adequate District school facilities. The Planning Department projects that enrollment will continue to increase by an average of approximately 740 students per year over the next three years, to nearly 32,170 by 2017.

The \$189 million bond passed in 2008 provided funds for new schools as listed below, as well as additions and renovations to existing schools to increase capacity. In addition, \$48 million of bond proceeds was earmarked to address deferred maintenance and code issues in existing schools.

Three new elementary schools opened in August 2008, each with strong enrollment. Black Rock Elementary opened over capacity. Four additional classrooms were added during summer 2009 to help ease the strong enrollment growth in the Erie community. Mead High School opened in the fall of 2009. Red Hawk Elementary opened in the Erie community in August 2011 with an enrollment over 470 students. Frederick High School opened in August 2012 with an enrollment of 954, nearly 100 over projections.

Construction continues on new projects funded primarily through the 2008 bond project savings. The former Frederick High School has been renovated into a K-8 school to help address area growth and the former Frederick Elementary school has reopened as a regional preschool with a STEM focus. Existing school buildings in Longmont were renovated and two older elementary schools and one middle school were closed and reopened as a technology-rich PK-8 school. All three of these renovated buildings met or exceeded enrollment projections when they opened in August 2013.

FINANCIAL INFORMATION

As of June 30, 2013, the District had a fund balance of \$64.5 million in the General Fund (including its sub-funds). The increase of \$14.6 million is primarily the result of not expending appropriated fund balance as planned in the budget. As a result of the various classifications of fund balance, the ending unassigned General Fund balance is \$4.1 million.

Accounting Policies: Detailed descriptions of the District's accounting policies are contained in the Notes to Financial Statements on pages 33-40, and they are an integral part of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and investments, and other significant accounting information.

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

AWARDS and ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the ninth consecutive year that the District has achieved these prestigious awards. In order to be awarded a Certificate of Achievement and a Certificate of Excellence, the District published an easily readable and efficiently organized comprehensive annual financial report. This report also satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

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

Respectfully submitted,



Don Haddad, Ed.D.
Superintendent of Schools



Therese M. Schueler
Chief Financial Officer

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Association of School Business Officials International



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

St. Vrain Valley School District RE-1J

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



A handwritten signature in black ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO
President

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

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

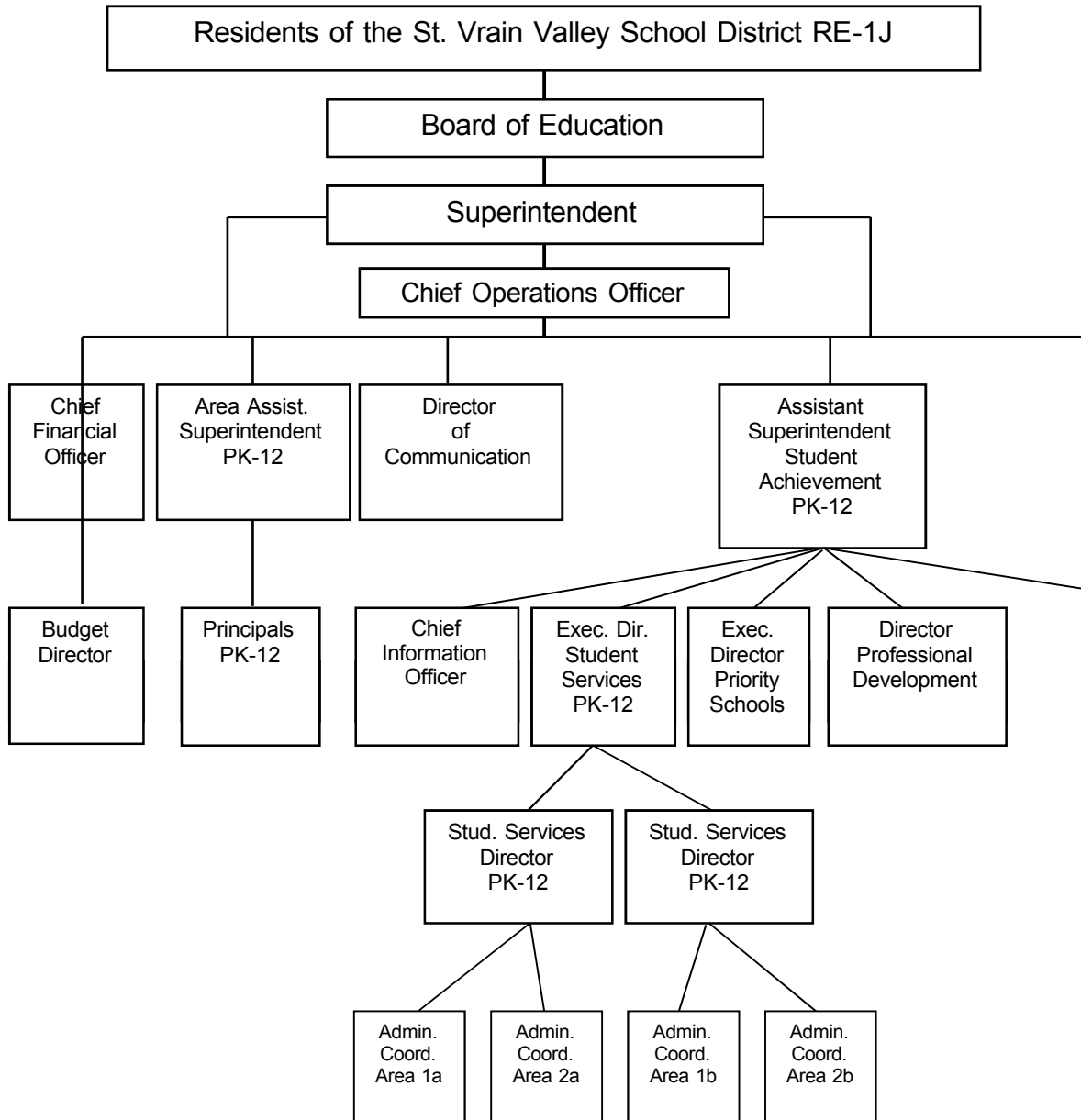
June 30, 2012

Executive Director/CEO

St. Vrain Valley School District RE-1J

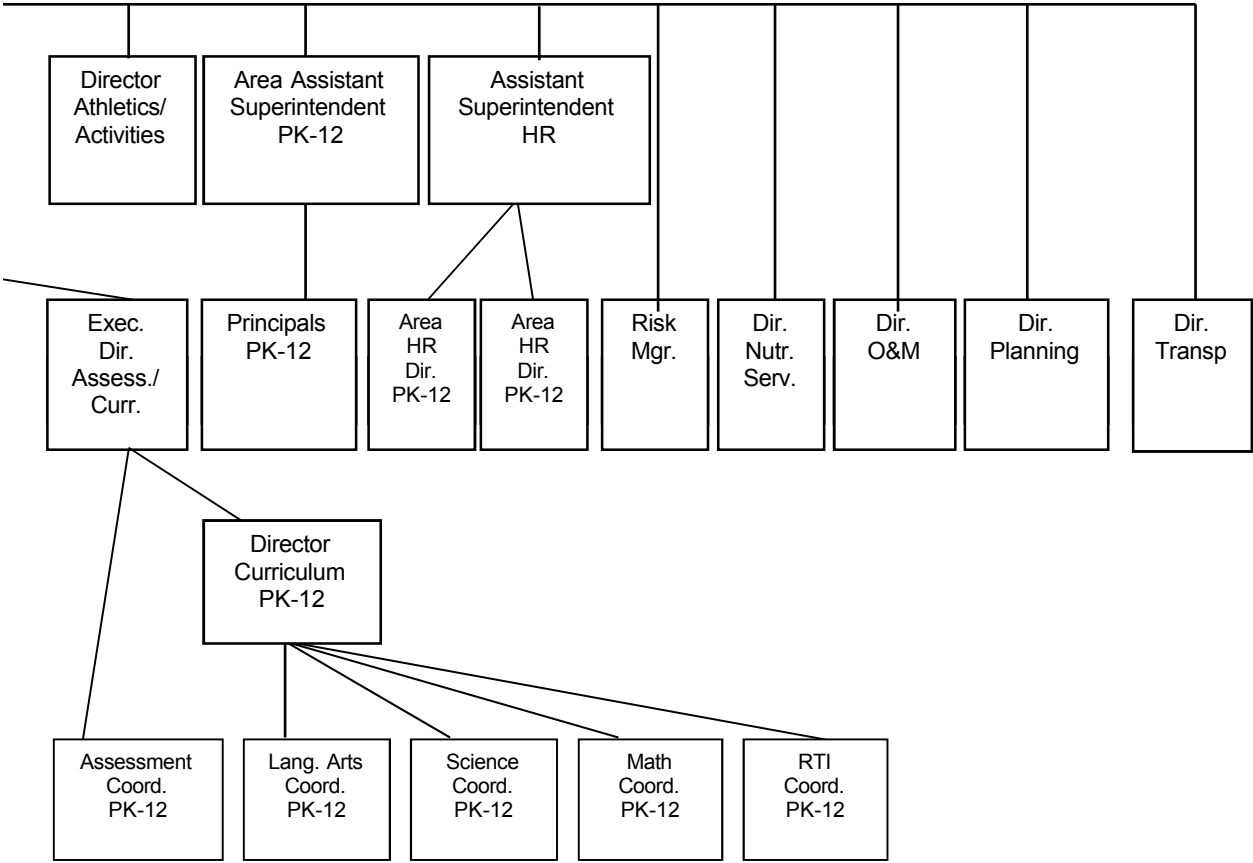
ORGANIZATIONAL CHART

June 2013



Revised September 8, 2010

Note: The organizational chart has not been updated and adopted by the Board to reflect recent changes with appointed officials.



Statement of Purpose

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

St. Vrain Valley School District RE-1J

Elected Officials

Board of Education as of June 2013

<u>Board Member</u>	<u>Term of Office</u>
District A, Joie Siegrist, Member	2/12 - 11/13 (Appointed 2/12)
District B, Debbie Lammers, Secretary	11/09 - 11/13
District C, Bob Smith, Vice President	11/09 - 11/15 (Appointed 11/07)
District D, Dori Van Lone, Treasurer	11/05 - 11/13
District E, John Creighton, President	11/07 - 11/15
District F, Rod Schmidt, Member	11/05 - 11/13
District G, Mike Schiers, Asst Secretary	11/07 - 11/15

Appointed Officials

District Leadership Team

Don Haddad	Superintendent
Rick Ring	Chief Operations Officer
Terry Schueler	Chief Financial Officer
John Poynton	Executive Director of Organizational Development & Communications
Connie Syferd	Assistant Superintendent of Student Achievement
Amy Weed	Area One Assistant Superintendent Pre-K to 12
Mark Mills	Area Two Assistant Superintendent Pre-K to 12
David Burnison	Assistant Superintendent of Human Resources
Ella Padilla	Executive Director of Human Resources
Joe McBreen	Chief Information Officer
Jackie Whittington	Executive Director of Student Services
Regina Renaldi	Assistant Superintendent of Priority Programs
Patty Quinones	Executive Director of Innovation
Tori Teague	Executive Director of Assessment and Curriculum

FINANCIAL SECTION

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Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the St. Vrain Valley School District RE-1J (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Aspen Ridge Preparatory School, the Carbon Valley Academy, the Flagstaff Academy, the Imagine Charter School at Firestone, the St. Vrain Community Montessori School and the Twin Peaks Charter Academy, which are reported as and comprise in their entirety the aggregate discretely presented component units, as described in Note 1. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Aspen Ridge Preparatory School and the Carbon Valley Academy were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 16 and 62 through 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying budgetary comparison information; combining and individual major and nonmajor fund financial statements; the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RubinBrown LLP

November 11, 2013

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St. Vrain Valley School District RE-1J
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2013

As management of the St. Vrain Valley School District RE-1J, Colorado (the District), we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal and the financial statements of the District.

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2013 by \$127.0 million (net position).
- Business-type activities unrestricted net position increased \$108 thousand from \$1.96 million to \$2.07 million. This net position may be used to meet the District's ongoing obligations of the enterprise-related activities, the Nutrition Services Fund.
- Total net position of the District increased \$33.3 million during the year ended June 30, 2013, the majority resulting from an increase in the net position of the District's governmental activities, and a \$44 thousand increase in the net position of the District's business-type activities.
- Fund balance of the District's governmental funds decreased from an ending fund balance of \$164.2 million for fiscal year ended June 30, 2012 to \$147.3 million for fiscal year ended June 30, 2013. The decrease is primarily the result of bond-related capital outlay expenditures of \$31.8 million by the Building Fund.
- During the current year, the fund balance in the District's General Fund increased by \$14.6 million leaving an ending fund balance of \$64.5 million. The increase is primarily due to the District's successful 2012 mill levy \$14.8 million override election. There was also significant savings in the salary and benefits budget due to vacant positions and decentralized position controls. As a result of the various categories of fund balance, the ending unassigned General Fund balance is \$4.1 million.
- The District's total liabilities decreased \$20.7 million to \$471.9 million primarily due to the scheduled bond debt payments and aided by the retiring of general obligation building bonds.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 19-58 are comprised of three components: 1.) Government-wide financial statements, 2.) Fund financial statements, and 3.) Notes to financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's Comprehensive Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

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

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

The government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities), and other functions that are intended to recover all or most of their costs from user fees and charges (business-type activities). Governmental activities consolidate governmental funds including the General Fund, Bond Redemption Fund, Building Fund, Governmental Designated-Purpose Grants Fund, nonmajor capital projects and special revenue funds, and internal service fund. Business-type activities consist of the Nutrition Services Fund.

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

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements

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

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

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

The District maintains eight different governmental funds. The major funds as of June 30, 2013 are the General Fund, the Governmental Designated-Purpose Grants Fund, the Bond Redemption Fund, and the Building Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled Nonmajor Governmental Funds. Individual fund information for the nonmajor funds is presented as other supplemental information elsewhere in this document.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

The District maintained two types of proprietary funds, an enterprise fund and an internal service fund. Enterprise funds are used to present the same functions as the business-type activities presented in the

government-wide financial statements. The District uses an enterprise fund, the Nutrition Services Fund, to account for its food service operation.

The other type of proprietary fund is an internal service fund. Internal service funds are used to accumulate and allocate costs internally among the governmental functions. The District has one internal service fund, the Self Insurance Fund, which is used to account for specific medical and dental plans.

The basic proprietary fund financial statements are presented on pages 27-29 of this report.

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

The basic fiduciary fund financial statements are presented on pages 30-31 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 33-58 of this report.

Other Information

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the General Fund and the major Special Revenue Governmental Designated-Purpose Fund is included as required supplementary information in the financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as other supplemental information.

Combining and individual fund statements and schedules can be found on pages 61-91 of this report.

Government-wide Financial Analysis

The assets of the District are composed of current assets, other noncurrent assets, and capital assets. Cash and investments, receivables, deposits, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. Over 90% of the current assets are cash and investments.

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

Current and noncurrent liabilities are determined based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenue, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2014. Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2014.

As of June 30, 2013, the assets of the primary government's governmental activities exceed liabilities by \$123.8 million with an unrestricted balance of \$74.4 million. For six of the seven prior fiscal years, the District was able to report positive balances in all three categories of net position, both for the District as a whole, as well as for its separate governmental and business-type activities.

In fiscal year 2013, the amount “net investment in capital assets” for the primary government’s governmental activities increased by \$10.5 million, to just over \$5.9 million. Net positive changes in other investments were enough to offset the \$32.9 million spend down of cash in the Building Fund, resulting in the increase in “net investment in capital assets”. Positive changes include long-term debt decrease of \$24.2 million (see Note 8), capital assets realized net increase of \$19.9 million, and capital assets related accounts payable decrease of \$302 thousand. The net increase in capital assets was due to the completion of construction but was slightly offset by the disposal of some capital assets in 2013, and the yearly depreciation of all depreciable capital assets in 2013. Negative changes include retainage payable increase of \$804 thousand.

Colorado Revised Statute Article X, Section 20 (Taxpayer Bill of Rights (TABOR) requires the District to establish reserves. The net position restricted for TABOR, as required by statute, increased slightly to \$6.9 million as of June 30, 2013. Net position restricted for debt service increased nearly \$395 thousand resulting in a total of \$30.6 million.

Of the \$20.6 million decrease in liabilities, most is attributable to regularly scheduled payments of bonded debt and current year adjustment to deferred loss from previously defeased bonds (see Note 8).

Table 1 provides a summary of the District’s net position as of June 30, 2013 compared to June 30, 2012.

Table 1
Comparative Summary of Net Position
As of June 30, 2013 and 2012
(in Thousands)

	Governmental	Activities	Business-Type		Total School District		Total
	2013	2012	2013	2012	2013	2012	Percentage
							Change
							2012 - 2013
Assets							
Current assets	\$ 149,935	\$ 160,970	\$ 2,185	\$ 2,183	\$ 152,120	\$ 163,153	-6.76%
Noncurrent assets							
excluding capital assets	36,315	32,510	-	-	36,315	32,510	11.70%
Capital assets	409,350	389,495	1,138	1,202	410,488	390,697	5.07%
Total assets	<u>595,600</u>	<u>582,975</u>	<u>3,323</u>	<u>3,385</u>	<u>598,923</u>	<u>586,360</u>	2.14%
Liabilities							
Current liabilities	27,608	23,844	120	226	27,728	24,070	15.20%
Long-term liabilities	444,152	468,521	-	-	444,152	468,521	-5.20%
Total liabilities	<u>471,760</u>	<u>492,365</u>	<u>120</u>	<u>226</u>	<u>471,880</u>	<u>492,591</u>	-4.20%
Net Position							
Net investment in capital assets	5,976	(4,553)	1,138	1,202	7,114	(3,351)	312.29%
Restricted for							
TABOR	6,855	6,603	-	-	6,855	6,603	3.82%
Debt service	30,558	30,164	-	-	30,558	30,164	1.31%
Colo Preschool	399	363	-	-	399	363	9.92%
Other	5,701	5,216	-	-	5,701	5,216	9.30%
Unrestricted	74,351	52,817	2,065	1,957	76,416	54,774	39.51%
Total net position	<u>\$ 123,840</u>	<u>\$ 90,610</u>	<u>\$ 3,203</u>	<u>\$ 3,159</u>	<u>\$ 127,043</u>	<u>\$ 93,769</u>	35.49%

Government-wide Activities

Governmental activities increased the net position of the District just over \$33.2 million while the increase of Business-type Activities net position was \$44 thousand. The net result is an overall increase of \$33.3 million in the net position of the District. Table 2 provides a summary of the District's change in net position for 2013 compared to 2012.

Table 2
Comparative Schedule of Changes in Net Position
For the Years Ended June 30, 2013 and 2012
(in Thousands)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2012 - 2013
Revenues							
Program revenues							
Charges for services	\$ 15,748	\$ 14,210	\$ 3,449	\$ 3,805	\$ 19,197	\$ 18,015	6.56%
Grants & contributions:							
Operating	19,285	19,577	5,035	4,884	24,320	24,461	-0.58%
Capital	742	515	109	365	851	880	-3.30%
General revenues							
Property, specific ownership, and mill levy override taxes	138,671	117,267	-	-	138,671	117,267	18.25%
State revenue	108,347	103,623	-	-	108,347	103,623	4.56%
Other	15,990	6,912	2	1	15,992	6,913	131.33%
Total revenues	<u>298,783</u>	<u>262,104</u>	<u>8,595</u>	<u>9,055</u>	<u>307,378</u>	<u>271,159</u>	13.36%
Expenses							
Instruction	162,259	156,467	-	-	162,259	156,467	3.70%
Supporting services	82,910	87,621	8,551	8,339	91,461	95,960	-4.69%
Interest expense	20,384	20,840	-	-	20,384	20,840	-2.19%
Total expenses	<u>265,553</u>	<u>264,928</u>	<u>8,551</u>	<u>8,339</u>	<u>274,104</u>	<u>273,267</u>	0.31%
Increase (decrease) in net position	33,230	(2,824)	44	716	33,274	(2,108)	1678.46%
Net position - 7/1	<u>90,610</u>	<u>93,434</u>	<u>3,159</u>	<u>2,443</u>	<u>93,769</u>	<u>95,877</u>	-2.20%
Net position - 6/30	<u>\$ 123,840</u>	<u>\$ 90,610</u>	<u>\$ 3,203</u>	<u>\$ 3,159</u>	<u>\$ 127,043</u>	<u>\$ 93,769</u>	35.49%

Total assets of governmental activities increased by \$12.6 million attributed to the following elements:

**Comparative Schedule of Assets of Governmental Activities
As of June 30, 2013 and 2012**

	2013	2012	Increase (Decrease)
Cash and investments	\$ 172,954,688	\$ 184,107,033	\$ (11,152,345)
Accounts receivable	720,912	542,052	178,860
Due from component units	11,615	130,914	(119,299)
Grants receivable	3,321,258	2,018,444	1,302,814
Interest receivable	10,200	21,239	(11,039)
Taxes receivable	5,563,334	3,454,718	2,108,616
Prepaid expenses	614,257	14,257	600,000
Deposits	484	479	5
Inventories	492,949	436,727	56,222
Deferred charges	2,560,079	2,754,375	(194,296)
Capital assets			
Non-depreciable	68,051,361	44,177,181	23,874,180
Depreciable, net	341,298,729	345,317,993	(4,019,264)
Total assets	<u>\$ 595,599,866</u>	<u>\$ 582,975,412</u>	<u>\$ 12,624,454</u>

The net decrease in cash and investments (which includes unrestricted and restricted cash and investments) is primarily due to bond-related capital outlay expenditures of \$31.8 million within the Building Fund, partially offset by additional revenue from the 2012 mill levy override. The increase in grants receivable is due to the timing of receipts of reimbursable expenditures and increased federal grant awards. Interest receivable reflects interest earned through June 2013 that was not received until July 2013; the lower amount is a result of a decreased average interest rate on secure investments and lower investment balances. In the prior three fiscal years, taxes receivable had decreased by a total of \$1.3 million to \$3.5 million. The increase in taxes receivable by \$2.1 million in the current year is due partially to the increased taxes levied for the 2012 mill levy override and the still struggling economy. The decrease in deferred charges reflects changes in the net carrying amount of bond debt due to the District refinancing higher interest bonds in previous years. The increase in non-depreciable capital assets reflects the construction projects in progress at year end. While depreciable capital assets increased, net depreciable assets decreased because annual depreciation on existing assets exceeded acquisitions and transfers of \$6.3 million from completed construction projects.

Total liabilities of governmental activities decreased by \$20.6 million as follows:

**Comparative Schedule of Liabilities of Governmental Activities
As of June 30, 2013 and 2012**

	2013	2012	Increase (Decrease)
Accounts payable	\$ 5,592,356	\$ 4,327,831	\$ 1,264,525
Due to component units	-	16,794	(16,794)
Retainage payable	1,645,711	836,935	808,776
Accrued salaries, benefits, withholdings	16,391,808	16,908,523	(516,715)
Accrued interest payable	854,198	915,586	(61,388)
Claims payable	3,123,402	838,792	2,284,610
Unearned revenues	1,853,021	2,044,296	(191,275)
Noncurrent liabilities			
Due within one year	14,673,706	15,419,000	(745,294)
Due in more than one year	427,625,204	451,057,199	(23,431,995)
Total liabilities	<u>\$ 471,759,406</u>	<u>\$ 492,364,956</u>	<u>\$ (20,605,550)</u>

Accounts payable increased by \$1.3 million as capital construction projects continued through the summer of 2013 with three major renovations of school buildings scheduled to open in August 2013. The increase in retainage payable is also related to the nearly complete construction projects. Even though accrued salaries and benefits increased slightly, contributions to external health insurance companies decreased, resulting in a net \$0.5 million. The decrease in accrued interest reflects the decreased bond interest due by the District because of the principal payments made against bonded debt. The increase in claims payable is due to estimates of claims within the Risk Management Fund and the new internal service fund created for the District's specific self-insured health and dental plans at June 30, 2013. The decrease in noncurrent liabilities due within one year is primarily due to the decrease in bond principal due in December 2013 as compared to December 2012. Noncurrent liabilities due in more than one year decreased as a result of the paying down of bond debt as well as making a current year adjustment to deferred loss from previously defeased bonds (see Note 8).

Total assets of business-type activities decreased by \$61,192 as follows:

**Comparative Schedule of Assets of Business-Type Activities
As of June 30, 2013 and 2012**

	2013	2012	Increase (Decrease)
Cash and investments	\$ 1,151,633	\$ 1,292,776	(141,143)
Accounts receivable	464,479	460,536	3,943
Inventories	569,427	429,346	140,081
Capital assets, net of accumulated depreciation	1,137,800	1,201,873	(64,073)
Total assets	<u>\$ 3,323,339</u>	<u>\$ 3,384,531</u>	<u>\$ (61,192)</u>

Cash and investments decreased in-part due to the timing of the receipt of reimbursable meal costs at year-end and the carryover of student account balances into the 2013-14 year. The increase in accounts receivable is a reflection of the increase in summer meal operations. Total assets dropped by \$61,192 as result of the net change associated with accumulated depreciation of capital assets and contributed capital.

Total liabilities for business-type activities decreased \$105,101.

**Comparative Schedule of Liabilities of Business-Type Activities
As of June 30, 2013 and 2012**

	2013	2012	Increase (Decrease)
Accounts payable	\$ 5,843	\$ 101,490	\$ (95,647)
Accrued salaries and benefits	114,650	124,104	(9,454)
Total liabilities	<u>\$ 120,493</u>	<u>\$ 225,594</u>	<u>\$ (105,101)</u>

The 2012 accounts payable amount was primarily payments due for food service equipment purchases at year-end. The 2013 accounts payable and accrued salaries and benefits reflect increased efforts to tighten the year-end close in preparation for moving to a new ERP system in FY14.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA less rescissions, the District received \$6,336 per funded pupil. For the fiscal year ended June 30, 2013, the funded pupil count was 27,207.8, a growth rate of 4.16% over the prior fiscal year. Funding for the SFA comes from real estate property taxes, specific ownership personal property tax and state equalization. For fiscal year 2013, SFA per pupil funding increased by \$4 per student.

The statement of activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities.

**Table 3
Comparative Schedule of Governmental Activities
For the Years Ended June 30, 2013 and 2012
(in Thousands)**

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Instruction	\$ 162,259	\$ 156,467	\$ 133,967	\$ 129,102
Supporting services	82,910	87,621	75,427	80,684
Interest expense	20,384	20,840	20,384	20,840
	<u>\$ 265,553</u>	<u>\$ 264,928</u>	<u>\$ 229,778</u>	<u>\$ 230,626</u>

Key elements of the governmental activities are as follows:

- The cost of all governmental activities this year was \$265.6 million compared to \$264.9 million last year. Interest expense was virtually unchanged.
- About \$15.7 million of the cost of services was financed by the users of the District's programs in the form of charges for services, an increase of \$1.5 million from 2012. The increase is primarily due to tuition charges for preschool, community school programs, and increased pupil activities and student fees.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$20.0 million, nearly unchanged from fiscal year 2012.
- The majority of the District's net cost of services, \$229.8 million, was financed by State and District taxpayers.

- General revenues accounted for \$263.0 million in revenue which was 88.0% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$35.8 million or 12.0% of total revenues of \$298.8 million. These percentages reflect a shift of 1.1% of total revenue from program specific to general revenues.

Business-type activities consist of the Nutrition Services Fund. This program had revenues and contributions totaling \$8.59 million and expenses of \$8.55 million. Due to improved operations, the program realized an operating income in fiscal years 2010 through 2013, unlike the operating losses in the three previous fiscal years. Business-type activities receive no support from local tax revenue; however, they generate support from student meal charges. In addition, the business-type activities receive funding from the National School Lunch Program (NSLP) and some revenue through state matching funds.

Financial Analysis of the District's Governmental Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$147.3 million, a decrease from \$164.2 million in the prior year. As noted earlier, this decrease is predominantly the result of bond-related capital outlay expenditures of \$31.8 million within the building fund.

Among major funds, the General Fund is the chief operating fund of the District. The General Fund had \$224.9 million in revenues, and \$206.8 million in expenditures. The General Fund's fund balance increased from \$49.9 million to \$64.5 million. The increase of \$14.6 million is primarily the result of the FY13 Amended Budget being designed to build fund balance, the increased revenues due to the successful 2012 Mill Levy Override, encumbering funds for work in process, and not expending all accounts as planned in the budget. As a result of the various categories of fund balance, the ending unassigned General Fund balance is \$4.1 million.

For four of the past five fiscal years, the Governmental Designated-Purpose Grants Fund met the minimum criteria to be reported as a major special revenue fund. Although the fund did not meet the minimum requirement in fiscal year 2012, the District elected to continue reporting it as such. Revenues of \$10.3 million were offset by equal expenditures.

The fund balance of the Bond Redemption Fund had a slight increase of \$395 thousand, resulting in a balance of \$30.6 million as of June 30, 2013. The Bond Redemption Fund has adequate resources accumulated to make the December 2013 principal and interest payments. The mill levy to accumulate resources for the June 2014 interest payment will be certified in December 2013.

The Building Fund is used to record the proceeds, interest revenue and corresponding construction expenditures for bonds. The fund balance decreased by \$33.5 million due to planned capital outlay construction activity during the fiscal year. The fund had total revenues of just over \$427 thousand and total expenditures of \$33.9 million for the construction of schools and other capital improvements during the year.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2013 is \$410.5 million (net of accumulated depreciation). Capital assets include land and improvements, buildings and improvements, water rights, projects in progress, and equipment. The District's investment in capital assets, net of accumulated depreciation, increased for the current fiscal year by \$19.8 million. Major capital events during the year included the renovation of three district buildings included as projects in progress and the opening of Frederick High School in August 2012.

Table 4 shows fiscal year 2013 capital assets compared to 2012.

Table 4
Comparative Schedule of Capital Assets
As of June 30, 2013 and 2012
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2012 - 2013
Land	\$ 20,073	\$ 20,073	\$ -	\$ -	\$ 20,073	\$ 20,073	0.00%
Water rights	1,096	1,096	-	-	1,096	1,096	0.00%
Projects in progress	46,882	23,008	-	-	46,882	23,008	103.76%
Land improvements	11,685	12,094	-	-	11,685	12,094	-3.38%
Buildings	234,820	239,397	-	-	234,820	239,397	-1.91%
Building improvements	86,844	87,029	-	-	86,844	87,029	-0.21%
Equipment	7,950	6,798	1,138	1,202	9,088	8,000	13.60%
Totals	<u>\$ 409,350</u>	<u>\$ 389,495</u>	<u>\$ 1,138</u>	<u>\$ 1,202</u>	<u>\$ 410,488</u>	<u>\$ 390,697</u>	5.07%

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

Debt Administration. The District was assigned an underlying rating of Aa2 rating from Moody's Investors Service for its general obligation refunding bond issues in 2012. The custodian and paying agent for all of the District's bond debt is Wells Fargo Bank located in Denver, Colorado. Total long-term debt outstanding as of June 30, 2013 as compared to June 30, 2012 is shown in Table 5. State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$492 million and the legal debt margin was \$67 million.

Table 5
Comparative Schedule of Outstanding Debt
As of June 30, 2013 and 2012
(in Thousands)

	2013	2012	Increase (Decrease)
General obligation bonds	\$ 424,925	\$ 438,795	\$ (13,870)
Deferred bond premium	23,517	24,459	(942)
Deferred loss	(9,832)	-	(9,832)
Registered coupons	300	700	(400)
Reg'd coupons discount	(20)	(21)	1
Capital leases	924	-	924
Benefits payable	2,485	2,543	(58)
Total debt	<u>\$ 442,299</u>	<u>\$ 466,476</u>	<u>\$ (24,177)</u>

Additional information on the District's total bonded debt can be found in Note 8 beginning on page 49 of this report.

Factors Bearing on the District's Future

The Colorado State Constitutional Amendment 23, passed by the voters in November 2000, required an increase in per pupil funding by at least inflation plus 1% through 2011. After 2011, the per pupil funding is required to increase by at least inflation. A change in the interpretation of Amendment 23 has resulted in reduced financial support. In fact, because of the budget shortfalls at the state level, per pupil funding was cut by the State Legislature in fiscal years 2010, 2011, and 2012 despite Amendment 23.

The District per pupil revenue (PPR) decreased from \$6,945 in FY10 to \$6,663 in FY11 to \$6,332 in FY12. Legislative efforts and out performance of the state budget raised PPR to \$6,336 for FY13. The state economy continues to show signs of recovery and there is new legislation in place to funnel the majority of revenue over budget into the state education fund. PPR funding is set at \$6506 for FY14, as the legislature has attempted to fund inflation plus growth for the first time since FY09.

In an effort to help Districts deal with the funding rescissions, the State eliminated the mandatory requirements for contributions to instructional materials and the Capital Reserve/Risk Management Funds in FY10. In response, the School Board passed policy requiring that the contribution levels continue. The Board did waive these contribution levels and carryover practices in developing the FY12 and FY13 budgets due to the issues with the State economy and the reductions to K-12 education.

The St. Vrain Valley Schools passed a \$14.8 million Mill Levy Override in November 2012. The Mill Levy Override is being used to maintain class size, recruit and retain excellent staff, create and maintain a Technology Refresh initiative, and expand and sustain an excellent early childhood program.

The District's assessed valuation has remained level for the past two years, so the override revenue has also remained level. In fiscal year 2012, assessed valuation went up by \$95 million due to oil and gas production and increased "new construction". 2013 assessed valuation is relatively flat. Both the 2008 and 2012 mill levy override revenues are expected to grow over time since they are fixed mill initiatives.

The District enrollment continues to increase each year. The District budgeted for an increase of 280 students in fiscal year 2013, but early indications indicate similar growth to previous years (approximately 675 students).

Due to improved budgeting and financial oversight, and two successful Mill Levy Override Elections, the District has generated a positive cash flow. As a result, the District has not borrowed from the State's interest-free loan program since fiscal year 2007 and is not expected to borrow from the State in fiscal year 2014.

The adopted General Fund budget for fiscal year 2013-2014 includes a 4.6% increase for employees, funded by the successful mill levy election. The agreement also includes funding for education advancement, additional mandated PERA funding of 0.9%, and stable employee contributions for health and dental insurance premiums.

St. Vrain Valley Schools was selected for a Race to the Top-District award for \$16.6 million in December 2012. The Race to the Top-District 2012 competition was sponsored by the United States Department of Education as a grant opportunity for districts demonstrating how they can personalize education for all students in their schools. It is a four year grant that will create opportunities for students to identify and pursue areas of personal academic interest—all while ensuring that each student masters critical areas identified in college- and career-ready standards or college- and career-ready high school graduation requirements. The goal of the SVVSD Race to the Top plan is to replicate what we learn in other district feeders freeing up resources district wide for additional innovative programming to be developed and implemented.

Seventy percent of St. Vrain Valley schools were accredited with Distinction or Performance as of June 30, 2013. That number has increased to 79% for FY14. This compares with a state average of 65% of schools being accredited with Distinction or Performance. In addition, St. Vrain Valley had six schools honored with John Irwin Schools of Excellence Award for outstanding academic achievement.

Dr. Don Haddad is now in his fifth year as the Superintendent of Schools. He has established strong relationships with the business and community leaders throughout the District. The School Board is united in their support of his management and vision for the District. His leadership is being acknowledged in many arenas. Dr. Haddad was recognized by the National Association of School Superintendents as the 2013 National Superintendent of the Year.

The District is now in its fifth year of operating Leadership St. Vrain, a formal training program providing community members an opportunity to obtain a foundation in district operations and governance and become more effective participants in school district affairs. This has led to a group of highly engaged graduates to form Grassroots St. Vrain, comprised of 2,600 district residents linked by email and engaged in educational issues.

Two members of the School Board are term-limited in November 2013. Two Leadership St. Vrain graduates have stepped forward for the vacant positions and with no opposition, the election has been cancelled. This is welcome assurance that the current goals and leadership will be in place for the near 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 information, please contact the Financial Services Department, St. Vrain Valley School District, 395 South Pratt Parkway, Longmont, Colorado 80501. Additional information is available at www.svvsd.org.

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

BASIC FINANCIAL STATEMENTS

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St. Vrain Valley School District RE-1J

**Statement of Net Position
June 30, 2013**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Charter Schools
Assets				
Cash and investments	\$ 139,200,000	\$ 1,151,633	\$ 140,351,633	\$ 8,514,007
Accounts receivable	720,912	464,479	1,185,391	30,458
Due from component units	11,615	-	11,615	-
Grants receivable	3,321,258	-	3,321,258	17,220
Interest receivable	10,200	-	10,200	-
Taxes receivable	5,563,334	-	5,563,334	-
Prepaid expenses	614,257	-	614,257	35,698
Deposits	484	-	484	44,374
Inventories	492,949	569,427	1,062,376	-
Deferred charges	2,560,079	-	2,560,079	771,524
Restricted cash and investments for				
Bond Redemption Fund	30,172,128	-	30,172,128	-
Building Corporations	-	-	-	4,422,672
Self Insurance Fund	3,582,560	-	3,582,560	-
Capital assets,				
Non-depreciable	68,051,361	-	68,051,361	3,059,858
Depreciable, net	341,298,729	1,137,800	342,436,529	30,478,683
Total assets	595,599,866	3,323,339	598,923,205	47,374,494
Liabilities				
Accounts payable	5,592,356	5,843	5,598,199	305,875
Due to primary government	-	-	-	11,615
Retainage payable	1,645,711	-	1,645,711	-
Accrued salaries and benefits	9,475,516	114,650	9,590,166	987,747
Payroll withholdings	6,916,292	-	6,916,292	-
Accrued interest payable	854,198	-	854,198	582,335
Claims payable	3,123,402	-	3,123,402	-
Unearned revenues	1,853,021	-	1,853,021	299,026
Noncurrent liabilities				
Due within one year	14,673,706	-	14,673,706	552,300
Due in more than one year	427,625,204	-	427,625,204	36,543,149
Total liabilities	471,759,406	120,493	471,879,899	39,282,047
Net Position				
Net investment in capital assets	5,975,997	1,137,800	7,113,797	843,057
Restricted for				
TABOR	6,855,120	-	6,855,120	729,028
Debt service	30,558,380	-	30,558,380	1,176,443
Colorado Preschool Fund	398,796	-	398,796	-
Extracurricular, community programs	5,700,865	-	5,700,865	-
Unrestricted	74,351,302	2,065,046	76,416,348	5,343,919
Total net position	\$ 123,840,460	\$ 3,202,846	\$ 127,043,306	\$ 8,092,447

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

St. Vrain Valley School District RE-1J

**Statement of Activities
For the Year Ended June 30, 2013**

		Program Revenues		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
Instruction	\$ 162,259,184	\$ 15,748,015	\$ 12,544,227	\$ -
Supporting services	82,910,079	-	6,741,027	742,088
Interest expense	20,383,627	-	-	-
Total governmental activities	265,552,890	15,748,015	19,285,254	742,088
Business-type activities				
Food services	8,550,602	3,964,401	4,519,135	109,033
Total business-type activities	8,550,602	3,964,401	4,519,135	109,033
Total primary government	\$ 274,103,492	\$ 19,712,416	\$ 23,804,389	\$ 851,121
COMPONENT UNITS				
Instruction	\$ 11,778,921	\$ 1,756,566	\$ 72,363	\$ -
Supporting services	8,745,879	342,068	269,266	312,395
Interest expense	2,488,434	-	-	-
Total component units	\$ 23,013,234	\$ 2,098,634	\$ 341,629	\$ 312,395

General Revenues

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

Total general revenues

Change in net position

Net position, beginning

Restatement for change in reporting entity

Adjusted net position, beginning

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Charter Schools
\$ (133,966,942)	\$ -	\$ (133,966,942)	\$ -
(75,426,964)	-	(75,426,964)	-
(20,383,627)	-	(20,383,627)	-
(229,777,533)	-	(229,777,533)	-
-	41,967	41,967	-
-	41,967	41,967	-
(229,777,533)	41,967	(229,735,566)	-
-	-	-	(9,949,992)
-	-	-	(7,822,150)
-	-	-	(2,488,434)
-	-	-	(20,260,576)
99,933,752	-	99,933,752	-
7,090,842	-	7,090,842	-
108,346,576	-	108,346,576	-
-	-	-	19,306,837
31,646,447	-	31,646,447	2,920,328
770,928	1,942	772,870	7,242
15,218,992	-	15,218,992	599,776
263,007,537	1,942	263,009,479	22,834,183
33,230,004	43,909	33,273,913	2,573,607
90,610,456	3,158,937	93,769,393	5,574,465
-	-	-	(55,625)
90,610,456	3,158,937	93,769,393	5,518,840
\$ 123,840,460	\$ 3,202,846	\$ 127,043,306	\$ 8,092,447

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

St. Vrain Valley School District RE-1J

**Balance Sheet
Governmental Funds
June 30, 2013**

	General	Governmental Designated- Purpose Grants	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash & investments - unrestricted	\$ 79,993,712	\$ -	\$ -	\$ 40,909,155	\$ 15,824,591	\$ 136,727,458
Cash & investments - restricted	-	-	30,172,128	-	-	30,172,128
Accounts receivable	188,461	-	-	-	523,203	711,664
Due from other funds	2,369,798	-	-	-	-	2,369,798
Due from component units	11,615	-	-	-	-	11,615
Grants receivable	-	3,321,258	-	-	-	3,321,258
Interest receivable on investments	-	-	159	10,041	-	10,200
Taxes receivable	4,021,574	-	1,541,760	-	-	5,563,334
Prepays	600,000	-	-	-	14,257	614,257
Deposits	204	-	-	-	280	484
Inventories	492,949	-	-	-	-	492,949
Total assets	<u>\$ 87,678,313</u>	<u>\$ 3,321,258</u>	<u>\$ 31,714,047</u>	<u>\$ 40,919,196</u>	<u>\$ 16,362,331</u>	<u>\$ 179,995,145</u>
Liabilities						
Accounts payable	\$ 2,689,686	\$ 3,899	\$ 8,312	\$ 2,828,750	\$ 61,709	\$ 5,592,356
Due to other funds	719,142	1,650,656	-	-	-	2,369,798
Retainage payable	2,460	-	-	1,640,150	3,101	1,645,711
Accrued salaries and benefits	8,559,331	649,123	-	1,989	259,474	9,469,917
Payroll withholdings	6,916,292	-	-	-	-	6,916,292
Claims payable	659,130	-	-	-	-	659,130
Deferred revenues	3,610,164	1,017,580	1,147,355	67,854	157,227	6,000,180
Total liabilities	<u>23,156,205</u>	<u>3,321,258</u>	<u>1,155,667</u>	<u>4,538,743</u>	<u>481,511</u>	<u>32,653,384</u>
Fund Balances						
Nonspendable:						
deposits, inventories, prepaids	1,093,153	-	-	-	14,537	1,107,690
Restricted: TABOR	6,855,120	-	-	-	-	6,855,120
Restricted: Colorado Preschool	398,796	-	-	-	-	398,796
Restricted: debt service	-	-	30,558,380	-	-	30,558,380
Restricted: special revenue funds	-	-	-	-	5,700,865	5,700,865
Committed: capital projects	-	-	-	36,380,453	5,742,729	42,123,182
Committed: contingencies	4,570,080	-	-	-	-	4,570,080
Committed: Board allocations	7,266,000	-	-	-	-	7,266,000
Committed: risk management	2,878,616	-	-	-	-	2,878,616
Committed: special revenue fund	-	-	-	-	4,422,689	4,422,689
Assigned: Mill Levy Override	29,051,494	-	-	-	-	29,051,494
Assigned: subsequent year expenditures reported in General Fund	8,282,563	-	-	-	-	8,282,563
Unassigned reported in General Fund	4,126,286	-	-	-	-	4,126,286
Total fund balances	<u>64,522,108</u>	<u>-</u>	<u>30,558,380</u>	<u>36,380,453</u>	<u>15,880,820</u>	<u>147,341,761</u>
Total liabilities and fund balances	<u>\$ 87,678,313</u>	<u>\$ 3,321,258</u>	<u>\$ 31,714,047</u>	<u>\$ 40,919,196</u>	<u>\$ 16,362,331</u>	<u>\$ 179,995,145</u>

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

St. Vrain Valley School District RE-1J

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2013**

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

Governmental funds total fund balances (page 22)	\$ 147,341,761
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	409,350,090
Deferred property taxes will be collected but are not available to pay for the current period's expenditures and, therefore, are not recorded as revenue in the funds.	4,147,159
Premium (\$23,517,074) on issuance of bonds, discount \$19,563 on registered coupons, and the deferred loss on defeased bonds \$9,832,280 are recognized as other financing source in the governmental funds but is deferred in the statement of net position.	(13,665,231)
Bond reacquisition costs are not recognized in the governmental funds but are deferred in the statement of net position.	2,560,079
Long-term liabilities, including capital leases (\$924,117), compensated absences (\$2,484,562), bonds payable (\$424,925,000), registered coupons payable (\$300,000), as well as related accrued interest (\$854,198) and claims payable (\$282,485) are not due and payable in the current period and, therefore, are not reported in the funds.	(429,770,362)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>3,876,964</u>
Net position of governmental activities (page 19)	<u><u>\$ 123,840,460</u></u>

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

St. Vrain Valley School District RE-1J

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013**

	General	Governmental Designated- Purpose Grants	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 61,759,192	\$ -	\$ 35,858,094	\$ -	\$ -	\$ 97,617,286
Specific ownership taxes	7,090,842	-	-	-	-	7,090,842
Mill levy override	31,646,447	-	-	-	-	31,646,447
Investment income	258,132	-	4,399	427,479	78,359	768,369
Charges for services	4,790,170	-	-	-	4,867,805	9,657,975
Pupil activities	-	-	-	-	6,090,040	6,090,040
Miscellaneous	4,635,203	-	-	-	1,235,304	5,870,507
Local intergovernmental	-	149,260	-	-	-	149,260
State intergovernmental	113,003,102	-	-	-	2,742,000	115,745,102
Federal intergovernmental	1,691,633	10,195,095	-	-	-	11,886,728
Total revenues	224,874,721	10,344,355	35,862,493	427,479	15,013,508	286,522,556
Expenditures						
Current						
Instruction	131,226,765	4,916,246	-	-	8,512,123	144,655,134
Supporting services	72,020,052	5,138,114	-	2,107,006	1,289,798	80,554,970
Capital outlay	3,520,134	289,995	-	31,776,299	3,612,247	39,198,675
Debt service						
Principal	-	-	13,870,000	-	-	13,870,000
Interest	-	-	21,591,367	-	-	21,591,367
Bond issuance costs, fiscal charges	-	-	6,399	-	-	6,399
Total expenditures	206,766,951	10,344,355	35,467,766	33,883,305	13,414,168	299,876,545
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	18,107,770	-	394,727	(33,455,826)	1,599,340	(13,353,989)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	3,972	3,972
Transfers out	(3,477,887)	-	-	-	(3,972)	(3,481,859)
Total other financing sources (uses)	(3,477,887)	-	-	-	-	(3,477,887)
Net change in fund balances	14,629,883	-	394,727	(33,455,826)	1,599,340	(16,831,876)
Fund balances, beginning	49,892,225	-	30,163,653	69,836,279	14,281,480	164,173,637
Fund balances, ending	\$ 64,522,108	\$ -	\$ 30,558,380	\$ 36,380,453	\$ 15,880,820	\$ 147,341,761

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

St. Vrain Valley School District RE-1J

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2013

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

Net change in fund balances of governmental funds (page 24) **\$ (16,831,876)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense, net of deletions and adjustments	(11,060,552)	
Capital outlay - capitalized, net of deleted assets	<u>30,915,468</u>	19,854,916

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Current year amortization of premium on bond issue	942,312	
Current year amortization of discount on coupons	(1,664)	
Current year amortization of deferred charges	(194,296)	
Long term portion of claims payable	(30,847)	
Change in deferred property tax accrual	<u>2,316,466</u>	3,031,971

In the statement of activities, certain accrued sick leave and vacation benefits are measured by the amounts earned during the year. However, in the governmental funds, expenditures for this item are measured by the amount actually paid. This year, the amount of accrued sick and vacation leave increased as follows:

Accrued annual leave earned during the year	(295,521)	
Accrued vacation earned during the year	(945,750)	
Amount paid during the year	<u>1,299,749</u>	58,478

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Following are the net effect of these differences.

Bond principal payments	13,870,000	
Coupon payments	400,000	
Accrued interest expense on bonds	61,388	
Current year adjustment for deferred loss on previously defeased bonds	9,832,280	
Long-term lease additions	(939,780)	
Long-term lease payments	<u>15,663</u>	<u>23,239,551</u>

Internal service funds used by management to charge the costs of insurance to individual funds are not reported in the statement of activities. The net revenue (expense) of the liquidated internal service fund is reported with governmental activities.

3,876,964

Change in net position of governmental activities (page 21) **\$ 33,230,004**

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

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St. Vrain Valley School District RE-1J

**Statement of Fund Net Position
Proprietary Funds
June 30, 2013**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,151,633	\$ 2,472,542
Accounts receivable	464,479	9,248
Inventories	569,427	-
Total current assets	<u>2,185,539</u>	<u>2,481,790</u>
Noncurrent assets		
Restricted cash and cash equivalents	-	3,582,560
Capital assets		
Machinery and equipment	3,377,603	-
Accumulated depreciation	<u>(2,239,803)</u>	<u>-</u>
Total capital assets, net	<u>1,137,800</u>	<u>-</u>
Total assets	<u>3,323,339</u>	<u>6,064,350</u>
Liabilities		
Current liabilities		
Accounts payable	5,843	-
Claims payable	-	2,181,787
Accrued salaries and benefits	<u>114,650</u>	<u>5,599</u>
Total liabilities	<u>120,493</u>	<u>2,187,386</u>
Net Position		
Invested in capital assets	1,137,800	-
Unrestricted	<u>2,065,046</u>	<u>3,876,964</u>
Total net position	<u>\$ 3,202,846</u>	<u>\$ 3,876,964</u>

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

St. Vrain Valley School District RE-1J

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013**

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Operating Revenues		
Charges for services	\$ 3,373,586	\$ 8,272,537
Other food service charges	74,844	-
Commodities entitlement	515,971	-
Total operating revenues	<u>3,964,401</u>	<u>8,272,537</u>
Operating Expenses		
Salaries and benefits	3,928,238	71,665
Purchased services	58,819	-
Supplies and materials	4,125,000	-
Small equipment	59,867	-
Other	191,085	-
Depreciation	187,593	-
Claims paid	-	7,804,354
Total operating expenses	<u>8,550,602</u>	<u>7,876,019</u>
Operating (loss) / income	<u>(4,586,201)</u>	<u>396,518</u>
Nonoperating Revenues		
Investment income	1,942	2,559
State match	115,579	-
National School Lunch/Breakfast Program	4,403,556	-
Total nonoperating revenues	<u>4,521,077</u>	<u>2,559</u>
(Loss) / income before contributions	(65,124)	399,077
Capital contributions	<u>109,033</u>	<u>-</u>
Change in net position before transfers	43,909	399,077
Transfers in	<u>-</u>	<u>3,477,887</u>
Change in net position	43,909	3,876,964
Net position, beginning	<u>3,158,937</u>	<u>-</u>
Net position, ending	<u><u>\$ 3,202,846</u></u>	<u><u>\$ 3,876,964</u></u>

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

St. Vrain Valley School District RE-1J

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013**

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 3,964,401	\$ 8,263,289
Cash paid to suppliers	(4,670,499)	(5,622,567)
Cash paid to employees	(3,937,692)	(66,066)
Net cash (used in) / provided by operating activities	<u>(4,643,790)</u>	<u>2,574,656</u>
Cash Flows from Noncapital Financing Activities		
Cash received from State of Colorado	115,579	-
Cash received from Federal government	4,399,613	-
Change in restricted cash and cash equivalents	-	(3,582,560)
Cash transferred from General Fund	-	3,477,887
Net cash provided by / (used in) noncapital financing activities	<u>4,515,192</u>	<u>(104,673)</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of equipment	<u>(14,487)</u>	<u>-</u>
Cash Flows from Investing Activities		
Investment income	<u>1,942</u>	<u>2,559</u>
(Decrease) / increase in cash and cash equivalents	(141,143)	2,472,542
Cash and cash equivalents, beginning of the year	<u>1,292,776</u>	<u>-</u>
Cash and cash equivalents, end of the year	<u><u>\$ 1,151,633</u></u>	<u><u>\$ 2,472,542</u></u>
Reconciliation of Operating (Loss) / Income to Net Cash (Used in) / Provided by Operating Activities		
Operating (loss) / income	\$ (4,586,201)	\$ 396,518
Adjustments to reconcile operating (loss) / income to Net cash (used in) / provided by operating activities		
Depreciation	187,593	-
Changes in assets and liabilities		
Increase in accounts receivable	-	(9,248)
Increase in inventories	(140,081)	-
Decrease in accounts payable	(95,647)	-
(Decrease) / increase in accrued salaries and benefits	(9,454)	5,599
Increase in claims payable	-	2,181,787
Net cash (used in) / provided by operating activities	<u><u>\$ (4,643,790)</u></u>	<u><u>\$ 2,574,656</u></u>
Noncash Transactions		
Commodities received	<u><u>\$ 515,971</u></u>	<u><u>\$ -</u></u>
Capital contributions	<u><u>\$ 109,033</u></u>	<u><u>\$ -</u></u>

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

St. Vrain Valley School District RE-1J

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013**

	Private Purpose Trust - Student Scholarship	Agency - Student Activity
Assets		
Cash and investments	<u>\$ 223,387</u>	<u>\$ 143,346</u>
Total assets	<u>223,387</u>	<u><u>\$ 143,346</u></u>
Liabilities		
Undistributed monies	<u>-</u>	<u>\$ 143,346</u>
Total liabilities	<u>-</u>	<u><u>\$ 143,346</u></u>
Net Position		
Held in trust	<u><u>\$ 223,387</u></u>	

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

St. Vrain Valley School District RE-1J

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013**

	Private Purpose Trust - Student Scholarship
Additions	
Investment income	\$ 262
Contributions	<u>48,733</u>
Total additions	<u>48,995</u>
Deductions	
Scholarships	<u>41,428</u>
Total deductions	<u>41,428</u>
Change in net position	7,567
Net position, beginning	<u>215,820</u>
Net position, ending	<u><u>\$ 223,387</u></u>

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

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St. Vrain Valley School District RE-1J

Notes to Financial Statements

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

St. Vrain Valley School District RE-1J is a political subdivision and corporate body of the State of Colorado. The District operates under a seven-member publicly elected board of education. Geographically diverse, the 411 square miles served by the District extends from the Continental Divide out into the agriculture plains. Parts of four counties (Boulder, Broomfield, Larimer and Weld) fall within the District's boundaries. The District also serves thirteen different communities: eastern Boulder, Broomfield, Dacono, Erie, Firestone, Frederick, Hygiene, Longmont, Lyons, Mead, Niwot, Peaceful Valley and Raymond. The District, the eighth largest in the state of Colorado, has 26 elementary, 9 middle, 1 middle/senior, 7 high, 2 alternative, 1 online, 1 homeschool, and 6 charter schools, serving over 29,000 students.

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

Discretely Presented Component Units – Charter Schools

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

The charter schools are discretely presented component units because of the significance of their financial relationship with the District and their potential to provide financial benefit to, or impose financial burden on, the District. They are all considered nonmajor.

The District's Board of Education has approved six charter school applications, Aspen Ridge Preparatory School, K-5; Carbon Valley Academy, grades K-8; Flagstaff Academy, grades K-8; Imagine Charter School at Firestone, grades K-8; St. Vrain Community Montessori School, K-6; and Twin Peaks Charter Academy, grades K-12. All six charter schools were operational during the fiscal year. No new charter applications have been received.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units – Charter Schools (Continued)

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

Fund Accounting

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

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

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

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

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Capital Projects Funds – The District has two capital projects funds, the *Building Fund*, a major fund, and the *Capital Reserve Capital Projects Fund*, a nonmajor fund. The *Building Fund* accounts for the proceeds of bond sales and expenditures for capital outlay for land, buildings, improvements of grounds, construction of buildings, additions or remodeling of buildings or initial, additional and replacement equipment.

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

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

Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District's only enterprise fund is the *Nutrition Services Fund*. This fund accounts for the financial transactions related to the food service operations of the District.

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

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

Government-wide and Fund Financial Statements

The District's financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the District and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the District is financially accountable.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus.

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

Governmental fund revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end.

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Assets, Liabilities and Net Position

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

Investments – All investments are recorded at fair value.

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

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

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

Capital Assets – Capital assets, which include property and equipment, are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or greater, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Land improvements	20 years
Buildings	50 years
Building improvements	7-50 years
Equipment	5-20 years

Compensated Absences – Classified employees earn vacation leave and the District requires that all vacation leave earned be taken by the end of the six month period following the benefit year, which is December 31. District policy does not allow employees to accumulate unused vacation leave. All outstanding vacation leave for classified employees is payable upon resignation, termination, retirement or death. The unpaid liability for earned vacation days is recorded in the government-wide financial statements.

Employees may accumulate annual leave. Accumulated annual leave is payable upon leaving the District if certain criteria are met. Classified employees with 10 or more years of continuous service with the District will receive 50% of the employee's current daily rate for unused annual leave above 20 days, up to a maximum of 150 paid days. Any licensed employee who retires with 10 years of continuous service or who terminates with 20 years of service will be paid \$35 per day for all unused annual leave over 30 days, up to a maximum of 125 paid days. The unpaid liability for vested annual leave is recorded in the government-wide financial statements.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Deferred Revenues/Charges – Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenues is removed and revenue is recognized. Deferred revenues include grants that have been collected, but corresponding expenditures have not been incurred; property taxes earned but not available; and amounts received but not yet earned under the terms of certain investment agreements. Deferred charges include the difference between the reacquisition price and the net carrying amount of the old debt in a refunding of debt.

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

- Unassigned balances are those that do not meet the definitions described above. The District reports positive unassigned fund balance only in the General Fund. Negative unassigned balances may be reported in all other governmental funds.

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

Property Taxes

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. The District's property tax calendar for 2013 is as follows:

Tax Year

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

Collection Year

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

Property taxes are recorded initially at the budgeted collection rate as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected in governmental funds and in the period for which the taxes are levied in the government-wide statements. The District has deferred revenue from property tax collection at June 30, 2013 in the amount of \$4,147,159. Property taxes are remitted to the District by the County Treasurers by the tenth of the month following collections by the respective counties, except for the months of March, May, and June in which the District receives an additional remittance from each county for collections through the twentieth of those months.

A fee of .25% on General Fund collections is retained by each County on their respective collections as compensation for collecting the taxes and is reflected as an expenditure in the General Fund.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with US GAAP rather than the budget basis for all funds except the General Fund which budgets on an encumbered basis. Budget basis is similar to cash basis, in that revenues are recognized when cash is received, and expenditures are recorded when payments are made. However, the primary differences in budgeting on a US GAAP basis include accruals for compensation earned but not paid as of fiscal year end, and recognition of deferred revenues. The budget for the Nutrition Services Fund includes the related revenues and expenses of commodities and depreciation. All annual appropriations lapse at fiscal year end.

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

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

The Risk Management Fund's expenditures of \$3,975,200 exceed budgeted appropriations of \$3,762,610. The Risk Management Fund is a sub-fund of the General Fund. The General Fund and its sub-funds' expenditures of \$208,905,340 are within the budgeted appropriations of \$216,742,179. However, the Risk Management Fund may be in violation of state statute.

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

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

Accountability

Although the School Finance Act no longer requires school districts to budget a minimum amount per pupil for instructional supplies and materials, instructional capital outlay, and instructional field trips, the Board of Education approved a policy that requires the District to continue doing so to meet its goals and needs. However, due to the economic downturn and declining revenues, the Board of Education waived its own policy regarding the instructional supplies and materials requirement for the fiscal years 2012 and 2013 budgets. For fiscal year 2013, the District budgeted \$4,913,728 for instructional supplies and material purposes. The District expended \$3,961,496 for instructional purposes during fiscal year ended June 30, 2013. Had the Board policy been in effect, the required amount to be spent on instructional purposes would have been \$4,445,558, and the District would have had to carryover \$484,062 into fiscal year 2014 for instructional purposes.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Accountability (Continued)

Direct allocation of funding to the Capital Reserve and Risk Management Funds was also discontinued by the Legislature. However, the District will continue to fund these needs according to prior statute. For the fiscal years 2012 and 2013, the Board of Education waived its own policy regarding the full funding at the prescribed amount. During fiscal year 2013, a total of \$3,281,000 was allocated: \$2,742,000 to the Capital Reserve Capital Projects Fund and \$539,000 to the Risk Management Fund. With the recovering economy and improved revenue forecasts, however, the Board of Education reinstated its policy for the adopted fiscal year 2014 budget.

NOTE 3: DEPOSITS AND INVESTMENTS

At June 30, 2013, the District's deposits and investments were reported in the financial statements as follows:

Governmental activities	\$ 172,954,688
Business-type activities	1,151,633
Agency	143,346
Private purpose trust scholarship	223,387
	<u>\$ 174,473,054</u>
Component units	<u>\$ 12,936,679</u>

At June 30, 2013, the District and component units had cash and investments with the following carrying balances:

	<u>District</u>	<u>Component Units</u>
Cash	\$ 25,008,683	\$ 8,228,032
Investments	149,464,371	4,708,647
	<u>\$ 174,473,054</u>	<u>\$ 12,936,679</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. The State regulatory commissioners regulate the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the deposits. The District does not have a deposit policy. As of June 30, 2013, the District had bank deposits of \$24,645,615 collateralized with securities held by the financial institutions' agent not in the District's name. The component units had deposits with a bank balance of \$7,538,705, of which \$5,582,072 was covered by collateral held by authorized escrow agents in the financial institutions' name (PDPA).

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

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

At June 30, 2013, the District had the following investments, excluding agency:

Investment Type	S&P's or Moody's Rating	Fair Value	Investment Maturities (in years)	
			Less Than 1	1-5
Repurchase agreement	Baa1	\$ 16,998,826	\$ -	\$ 16,998,826
Money market mutual funds	AAAm	3,153,678	3,153,678	-
Money market custodial account	AAAm,Aaa-mf	29,527,121	29,527,121	-
Money market investment pools	AAAm	99,784,746	99,784,746	-
Total investments		<u>\$ 149,464,371</u>	<u>\$ 132,465,545</u>	<u>\$ 16,998,826</u>

The component units had the following investments as of June 30, 2013:

Investment Type	S&P or Moody's Rating	Fair Value	Investment Maturities (in years)
			Less Than 1
Money market investment pool-CSAFE	AAAm	\$ 2,303,252	\$ 2,303,252
Money market investment pool-ColoTrust	AAAm	285,439	285,439
Money market funds	AAAm	2,119,956	2,119,956
Total investments		<u>\$ 4,708,647</u>	<u>\$ 4,708,647</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pools – At June 30, 2013, the District and its component units invested in the Colorado Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE), which are money market investment pools established for local government entities in Colorado to pool surplus funds. The pools are regulated by the Colorado Securities Commissioner. These pools operate similar to a money market fund and each share is equal in value to \$1.00. Investments of the pools consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. Substantially all securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. To obtain more information, go to www.colotrust.com and www.csafe.org.

Custodial Credit Risk – This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The full amount of U.S. Agency Securities and commercial paper is exposed to custodial credit risk because they are uninsured, unregistered and held by the District's brokerage firm which is also the counterparty. The District does not have a policy for custodial credit risk. As of June 30, 2013, none of the investments were subject to this risk.

The repurchase agreement is collateralized with U.S. Treasury and U.S. Agency Securities. Collateral is not held by the provider (Bayerische Landesbank) but rather is held by a third party custodian (Wells Fargo Bank, N.A.). This agreement must be collateralized at no less than 105% of U.S. Treasury or 102% U.S. Agency Securities. As of June 30, 2013, the total collateral on these investments was 111%.

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

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency Securities to the highest rating issued by nationally recognized statistical rating organizations (NRSROs). The District's investment policy and State statutes limit investments in money market funds to those with the highest rating issued by NRSROs and with a constant share price, or to money market funds that invest only in specified securities.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Given the small amount available for investment in securities, and the relative low risk of U.S. agency securities, the District has not established a policy limiting the amount of investment in this type of security and deems it unnecessary at this time. At June 30, 2013, the repurchase agreement, money market mutual funds, money market custodial account, and money market investment pool were 11%, 2%, 20%, and 67%, respectively, of the District's total investments.

Restricted Cash and Investments

The Bond Redemption Fund's deposits and investments totaling \$30,172,128 are restricted for the payment of voter-approved long-term debt principal, interest and related costs. The Self Insurance Fund's deposits and investments of \$3,582,560 are restricted for the purposes of the medical and dental self-insurance trust funds. The component units' deposits and investments totaling \$4,422,672 are restricted for construction and debt payments.

NOTE 4: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Amounts owed to one fund or business-type activity by another which are due within one year are reported as due to other funds or business-type activities. These balances arise during the normal course of business and the District's use of pooled cash. Due to/from other funds as of June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Risk Management Fund	\$ 719,142
General Fund	Grants Fund	1,650,656
Total governmental funds		<u>\$ 2,369,798</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers during fiscal year 2013 were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Community Education Fund	Student Activities Fund	\$ 873
Student Activities Fund	Community Education Fund	3,099
Total governmental funds		<u>\$ 3,972</u>
General Fund	Self Insurance Fund	<u>\$ 3,477,887</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the District's capital assets for the year ended June 30, 2013:

	Balance 7/1/2012	Additions	Deletions & Adjustments	Transfers	Balance 6/30/2013
Governmental activities					
Non-depreciable assets					
Land	\$ 20,073,379	\$ -	\$ -	\$ -	\$ 20,073,379
Projects in progress	23,008,224	30,140,160	-	(6,265,980)	46,882,404
Water rights	1,095,578	-	-	-	1,095,578
Total non-depreciable assets	<u>44,177,181</u>	<u>30,140,160</u>	<u>-</u>	<u>(6,265,980)</u>	<u>68,051,361</u>
Depreciable assets					
Land improvements	23,402,497	-	-	648,974	24,051,471
Buildings	300,679,143	-	-	908,598	301,587,741
Building improvements	130,861,657	-	-	4,599,375	135,461,032
Equipment	24,868,107	2,724,680	(1,840,340)	-	25,752,447
Total depreciable assets	<u>479,811,404</u>	<u>2,724,680</u>	<u>(1,840,340)</u>	<u>6,156,947</u>	<u>486,852,691</u>
Less accumulated depreciation for					
Land improvements	11,308,292	1,058,567	-	-	12,366,859
Buildings	61,282,240	5,486,078	-	-	66,768,318
Building improvements	43,833,351	4,783,789	-	-	48,617,140
Equipment	18,069,528	1,451,362	(1,719,245)	-	17,801,645
Total accumulated depreciation	<u>134,493,411</u>	<u>12,779,796</u>	<u>(1,719,245)</u>	<u>-</u>	<u>145,553,962</u>
Total depreciable assets, net	<u>345,317,993</u>	<u>(10,055,116)</u>	<u>(121,095)</u>	<u>6,156,947</u>	<u>341,298,729</u>
Governmental activities			-		
Total capital assets, net	<u>\$ 389,495,174</u>	<u>\$ 20,085,044</u>	<u>\$ (121,095)</u>	<u>\$ (109,033)</u>	<u>\$ 409,350,090</u>
	Balance 7/1/2012	Additions	Deletions	Transfers	Balance 6/30/2013
Business-type activities					
Depreciable assets					
Equipment	\$ 3,291,862	\$ 14,487	\$ (37,779)	\$ 109,033	\$ 3,377,603
Less accumulated depreciation for					
Equipment	2,089,989	187,593	(37,779)	-	2,239,803
Business-type activities					
Total capital assets, net	<u>\$ 1,201,873</u>	<u>\$ (173,106)</u>	<u>\$ -</u>	<u>\$ 109,033</u>	<u>\$ 1,137,800</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 5: CAPITAL ASSETS (Continued)

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

Governmental activities

Instruction	\$ 11,293,578
Supporting services	<u>1,486,218</u>
Total	<u><u>\$ 12,779,796</u></u>

Business-type activities

Food service	<u><u>\$ 187,593</u></u>
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Component Units Capital Assets

The following is a summary of changes in the component units' capital assets for the year ended June 30, 2013:

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Reclassifications & Deletions</u>	<u>Balance 6/30/2013</u>
Component units				
Non-depreciable assets				
Land	\$ 2,653,681	\$ 375,800	\$ -	\$ 3,029,481
Construction in progress	<u>11,652</u>	<u>18,725</u>	<u>-</u>	<u>30,377</u>
Total non-depreciable assets	<u>2,665,333</u>	<u>394,525</u>	<u>-</u>	<u>3,059,858</u>
Depreciable assets				
Land improvements	341,295	-	-	341,295
Building	31,756,470	10,106	-	31,766,576
Leasehold improvements	855,893	305,406	-	1,161,299
Furniture & equipment	591,144	136,627	-	727,771
Software costs	<u>20,021</u>	<u>-</u>	<u>-</u>	<u>20,021</u>
Total depreciable assets	<u>33,564,823</u>	<u>452,139</u>	<u>-</u>	<u>34,016,962</u>
Less accumulated depreciation	<u>2,639,974</u>	<u>898,305</u>	<u>-</u>	<u>3,538,279</u>
Total depreciable assets, net	<u>30,924,849</u>	<u>(446,166)</u>	<u>-</u>	<u>30,478,683</u>
Total capital assets, net	<u><u>\$ 33,590,182</u></u>	<u><u>\$ (51,641)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,538,541</u></u>

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid at June 30, 2013 are determined to be as follows:

General Fund	\$ 8,559,331
Grants Fund	649,123
Other funds	261,463
Total governmental funds	<u>9,469,917</u>
Proprietary funds	<u>120,249</u>
Total primary government	<u>\$ 9,590,166</u>
Component units	<u>\$ 987,747</u>

NOTE 7: SALE OF FUTURE INVESTMENT INCOME

Investment Agreement

In June 2003, in order to improve cash flows, the District's General Fund received a net payment of \$3,026,000 representing an advanced payment of investment income from Citigroup Financial Products, Inc. related to a twelve-year debt service forward delivery agreement. In exchange for this amount, the District agreed to make payments into a bank trust account (Wells Fargo) from its debt service property tax revenues for subsequent purchases of qualified securities provided by Citigroup. The securities mature at such times as are required for meeting the District's debt service payment obligations over the contract period. Should the District terminate the agreement for any reason, it would be obligated to repay a portion of the \$3,026,000 received and other possible financial damages sustained by the investor as a result of the default.

The amount received under the agreement is being amortized over the term of the agreement for US GAAP purposes, rather than being recognized in full when received. For fiscal year ended June 30, 2013, \$243,290 of the deferred amount has been recognized. Income recognized was \$166,560 by the General Fund, \$24,257 by the Building Fund, \$2,820 by the Capital Reserve Capital Projects Fund, and \$49,653 by the Fair Contributions Fund. The remaining balances by fund of \$465,914, \$67,854, \$7,886, and \$138,892 respectively, are deferred revenues as of June 30, 2013.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 8: LONG-TERM DEBT

The District's long-term debt changed as follows during the year ended June 30, 2013.

Governmental activities	Balance 7/1/2012	Additions	Payments/ Amortization	Balance 6/30/2013	Due within one year
General obligation bonds	\$ 438,795,000	\$ -	\$ (13,870,000)	\$ 424,925,000	\$ 13,360,000
Deferred bond premium	24,459,386	-	(942,312)	23,517,074	-
Deferred loss	-	(9,832,280)	-	(9,832,280)	-
Capital leases	-	939,780	(15,663)	924,117	187,956
Registered coupons	700,000	-	(400,000)	300,000	-
Registered coupons discount	(21,227)	-	1,664	(19,563)	-
Vacation payable	974,000	945,750	(974,000)	945,750	945,750
Annual leave payable	1,569,040	295,521	(325,749)	1,538,812	180,000
Total	\$ 466,476,199	\$ (7,651,229)	\$ (16,526,060)	\$ 442,298,910	\$ 14,673,706

General Obligation Bonds

<u>Description, Interest Rates, and Maturity Dates</u>	<u>Balance due at June 30, 2013</u>
Building Bonds (Series 2003), original amount of \$92,000,000, due in one remaining installment on December 15, 2013, interest of 5.25%. Premium of \$4,200,003 received upon issuance is being amortized based on maturity of bonds. Amounts defeased were \$66,375,000 during fiscal year 2011. Premium and issuance cost amortization adjusted accordingly.	\$ 5,130,000
Building Bonds (Series 2004), original amount of \$50,100,000, due in varying installments through December 15, 2015, interest at 5.0%. Premium of \$1,427,510 received upon issuance is being amortized based on maturity of bonds. Amounts defeased were \$34,705,000 during fiscal year 2012. Premium and issuance cost amortization adjusted accordingly.	5,940,000
Building Bonds (Series 2005A), original amount of \$14,000,000, due in varying installments through December 15, 2022, interest from 4.0% to 5.0%. Premium of \$511,241 received upon issuance is being amortized based on maturity of bonds.	7,955,000
Refunding Bonds (Series 2005B), original amount of \$42,815,000, due in varying installments through December 15, 2017, interest at 5%. Proceeds used to refund certain outstanding general obligation building bonds (Series 1997). Premium of \$3,546,660 received upon issuance is being amortized over the term of the bonds.	30,310,000
Refunding Bonds (Series 2006), original amount of \$43,455,000, due in varying installments through December 15, 2022, interest from 3.80% to 5.25%. Proceeds used to refund certain outstanding general obligation building bonds (Series 1997). Premium of \$2,520,719 received upon issuance is being amortized over the term of the bonds.	38,900,000

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 8: LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Building Bonds (Series 2006B), original amount of \$56,800,000, due in varying installments through December 15, 2026, interest from 3.8% to 5.0%. Premium of \$3,622,791 received upon issuance is being amortized based on maturity of bonds. \$ 48,300,000

Building Bonds (Series 2009), original amount of \$104,000,000, due in varying installments through December 15, 2033, interest from 2.25% to 5.0%. Premium of \$504,199 received upon issuance is being amortized based on maturity of bonds. 103,600,000

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

Building Bonds (Series 2010B), taxable (Direct Pay Build America Bonds), original amount of \$76,410,000, due in varying installments through December 15, 2033, interest from 5.34% to 5.74%. 76,410,000

Refunding Bonds (Series 2011), original amount of \$34,355,000, due in varying installments through December 15, 2019, interest from 2.0% to 5.0%. Proceeds used to retire \$34,605,000 of outstanding building bonds (Series 2003). Premium of \$4,011,133 received upon issuance is being amortized based on maturity of bonds. 34,305,000

Refunding Bonds (Series 2011B), original amount of \$31,150,000, due in varying installments through December 15, 2022, interest from 2.0% to 5.0%. Proceeds used to retire \$31,770,000 of outstanding building bonds (Series 2003). Premium of \$4,359,203 received upon issuance is being amortized based on maturity of bonds. 30,790,000

Refunding Bonds (Series 2012), original amount of \$34,695,000, due in varying installments through December 15, 2024, interest from 1.0% to 4.0%. Proceeds used to retire \$34,705,000 of outstanding building bonds (Series 2004). Premium of \$4,245,413 received upon issuance is being amortized based on maturity of bonds. 34,695,000

Total general obligation bonds payable \$ 424,925,000

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 8: LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Bond and coupon payments to maturity are as follows:

Year ending June 30	GO Bonds		Registered Coupons	Total
	Principal	Interest	Supplemental Interest	
2014	\$ 13,360,000	\$ 20,508,017	\$ -	\$ 33,868,017
2015	14,140,000	19,880,767	-	34,020,767
2016	15,545,000	19,265,985	-	34,810,985
2017	16,125,000	18,602,366	300,000	35,027,366
2018	17,105,000	17,848,709	-	34,953,709
2019-2023	101,380,000	75,852,526	-	177,232,526
2024-2028	95,725,000	52,784,306	-	148,509,306
2029-2033	122,905,000	24,680,294	-	147,585,294
2034	28,640,000	764,546	-	29,404,546
Total	<u>\$ 424,925,000</u>	<u>\$ 250,187,516</u>	<u>\$ 300,000</u>	<u>\$ 675,412,516</u>

The amount of defeased debt still outstanding as of June 30, 2013 is \$101,080,000 .

Upon review of the District's long term debt during the current fiscal year, an adjustment of \$9,832,280 was made to record the deferred loss related to the portions of Series 2003 and 2004 bonds defeased during the two prior fiscal years. The District's governmental activities' total liabilities of \$466,476,200 at July 01, 2012, were overstated by approximately 2%. This adjustment reduced total liabilities and was considered immaterial to the financial statements as a whole. Therefore, no restatement was deemed necessary.

Compensated Absences

Compensated absences include both vacation pay and annual leave. The District allows employees to carryover unused vacation from one fiscal year to the next. However, all vacation time from the prior year must be used by December 31 of the current year. Any unused vacation as of December 31 is forfeited; however, the amount forfeited is minimal. Thus, the liability recognized as of June 30, 2013 is considered payable within one year.

Unused annual leave is accumulate d and carried over from year to year. When an eligible employee retires, qualified annual leave up to a maximum of 150 days is paid at a pre-determined rate depending on the classification of the employee. The amount payable as of June 30, 2013 includes qualified annual leave for all eligible employees as of June 30, 2013.

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 8: LONG-TERM DEBT (Continued)

Component Units Long-Term Debt

On December 1, 2006, Carbon Valley Academy's Building Corporation issued \$5,305,000 of revenue bonds. The loan is secured by a mortgage on the facility and a pledge of revenues in trust accounts referred to in the agreement.

In August 2008, Flagstaff Academy's Building Corporation issued \$13,505,000 of revenue bonds. Proceeds of the bonds were used to construct Flagstaff Academy's building. The charter school is required to make lease payments to the Building Corporation for use of the building.

In November 2008, Twin Peaks Charter Academy's Building Corporation issued \$14,235,000 of revenue bonds. Proceeds of the bonds were used to construct Twin Peaks Charter Academy's building. In April 2011, Twin Peaks Charter Academy's Building Corporation issued \$4,775,000 of revenues bonds. Proceeds of the bonds were used to construct improvements to the charter school's building. The charter school is required to make equal lease payments to the Building Corporation for use of the building. In February 2013, Twin Peaks Charter Academy signed a promissory note in the amount of \$365,000 with Wells Fargo for the purchase of land adjacent to the school building. Wells Fargo also issued a \$350,000 line of credit to Twin Peaks Charter Academy to prepare the land for use; the academy borrowed \$13,725 against this line of credit.

Following is a summary of the component units' long-term debt transactions for the year ended June 30, 2013.

	<u>Balance</u> <u>7/1/2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2013</u>	<u>Due within</u> <u>one year</u>
Component units					
Revenue bonds	<u>\$ 37,220,000</u>	<u>\$ 378,725</u>	<u>\$ 503,276</u>	<u>\$ 37,095,449</u>	<u>\$ 552,300</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 552,300	\$ 2,460,470	\$ 3,012,770
2015	582,820	2,425,391	3,008,211
2016	623,363	2,388,093	3,011,456
2017	986,966	2,343,828	3,330,794
2018	685,000	2,292,989	2,977,989
2019-2023	4,155,000	10,719,707	14,874,707
2024-2028	5,755,000	9,099,407	14,854,407
2029-2033	7,970,000	6,829,550	14,799,550
2034-2038	10,530,000	3,626,838	14,156,838
2039-2043	4,555,000	517,601	5,072,601
2044	<u>700,000</u>	<u>11,375</u>	<u>711,375</u>
Total	<u>\$ 37,095,449</u>	<u>\$ 42,715,249</u>	<u>\$ 79,810,698</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 9: RISK FINANCING

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

Risk Management Fund

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

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

Since July 1, 2002, the District has been a member of the Colorado School Districts Self Insurance Pool for property and liability insurance. During the fiscal year ended June 30, 2013, the District had insurance deductibles of \$50,000 (property), \$150,000 (general liability), and \$1,000 (vehicle liability) per claim. At June 30, 2013, the District's property and liability claims payable was \$201,611.

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

Since July 1, 1985, the District has been a member of the Northern Colorado School Districts Workers' Compensation Self Insurance Pool. The other current pool members are Park School District (Estes Park) and Windsor School District. The workers' compensation pool discontinued insurance operations effective July 1, 1998, and resumed insurance operations on July 1, 2003. During the intervening years, insurance coverage was obtained outside the pool. The District's deductible was \$50,000 per claim for the year ended June 30, 2013. At June 30, 2013, the District's workers' compensation claims payable was \$740,004.

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 9: RISK FINANCING (Continued)

Risk Management Fund (Continued)

Claims Liability – The claims liability on a government-wide basis includes losses from currently available funds as well as estimates for claims that have been incurred but not reported. Based on historic trends, approximately 70% of the total claims payable, or \$659,130, is considered payable from current resources and is reported accordingly on the fund statements. Changes in the reported liability on a government-wide basis for the years ended June 30, 2013 and 2012 were as follows:

	2013	2012
Beginning fiscal year liability	\$ 838,792	\$ 570,621
Current year claims and adjustments	2,823,227	1,309,917
Claims paid	<u>(2,720,404)</u>	<u>(1,041,746)</u>
Ending fiscal year liability	<u>\$ 941,615</u>	<u>\$ 838,792</u>

Self Insurance Fund

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

	2013
Beginning fiscal year liability	\$ -
Current year claims and adjustments	9,986,141
Claims paid	<u>(7,804,354)</u>
Ending fiscal year liability	<u>\$ 2,181,787</u>

NOTE 10: DEFINED BENEFIT PENSION PLAN

Plan Description – The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA).

The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy (Continued)

available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy – The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The contribution rate for members is 8.0% and for the District is 10.15% of covered salary. A portion of the District's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (see Note 11). The District is also required to pay an amortization equalization disbursement (AED) equal to 3.4% of the total payroll for the calendar year 2013, (3.0% for calendar 2012 and 2.6% for calendar year 2011).

Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 3.0% of the total payroll for the calendar year 2013 (2.5% for the calendar year 2012 and 2.0% for calendar year 2011). If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including AED and SAED) on the amounts paid for the retiree. Effective January 1, 2011, working retiree contributions are required at the same 8.0% member contribution rate. For the years ending June 30, 2013, 2012, and 2011, the District's employer contributions to the SDTF were \$20,478,208, \$19,039,019, and \$17,914,737, respectively, equal to its required contributions for each year.

NOTE 11: POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description – The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer health care trust administered by the PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy – The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF from the defined benefit plan employer contribution (see Note 10) is established under Title 24, Article 51, Section 208 of the C.R.S., as amended. For the years ending June 30, 2013, 2012, and 2011, the District's employer contributions to the HCTF were \$1,384,724, \$1,369,306, and \$1,375,322, respectively, equal to its required contributions for each year.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 12: DEFINED CONTRIBUTION PENSION PLAN

Plan Description – Employees of the District who are members of the SDTF (see Note 10) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code (IRC) Section 401(k) defined contribution (DC) plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available Annual Report for Colorado PERA's 401(k) and DC Plans. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy – The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service (\$17,500 for calendar year 2013, \$17,000 for calendar year 2012, and \$16,500 for calendar year 2011). In addition, catch-up contributions, up to \$5,500 for the calendar year 2011 through calendar year 2013, were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. For the year ended June 30, 2013, 2012 and 2011, the 401(k) Plan member contributions from the District were \$1,424,306, \$1,579,424, and \$1,610,962, respectively.

NOTE 13: JOINTLY GOVERNED ORGANIZATION

Centennial Board of Cooperative Educational Services

The District, in conjunction with other surrounding districts, created the Centennial Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational and computer services at a shared lower cost per district. The BOCES Board is comprised of one member from each participating district. The District paid the BOCES \$458,836 for services provided during the year ended June 30, 2013. The BOCES financial statements can be obtained at their administrative office located at 2020 Clubhouse Drive, Greeley, Colorado 80634.

NOTE 14: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by granting agencies, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 14: COMMITMENTS AND CONTINGENCIES (Continued)

Construction Contracts

The District has entered into a number of separate construction projects as of June 30, 2013. Contract commitments at June 30, 2013, as a result of these projects, totaled \$7,512,877.

TABOR Amendment

In November 1992, Colorado voters passed Article X, Section 20 (TABOR Amendment) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the TABOR Amendment. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. In November 1998, electors within the District authorized the District to collect, retain and/or expend all revenues lawfully received by the District from any source during fiscal year 1999 and each year thereafter without regard to the limitations and conditions under the TABOR Amendment of the Colorado Constitution or any other law. The Amendment is complex and subject to judicial interpretation. The TABOR Amendment requires the District to establish a reserve for emergencies. At June 30, 2013, the District has complied with the requirements to include emergency reserves in its net position and fund balance.

Contingency Reserve

As allowed by state statute, the District Board of Education may provide for an operating reserve in the General Fund. District policy requires that the budget adopted by the Board include an additional appropriated reserve equal to 2% of operating fund expenditures. The District has met the 2% contingency requirement, which is reported in the committed fund balance, as of June 30, 2013.

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

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

NOTE 15: RESTATEMENT FOR CHANGE IN REPORTING ENTITY

Due to a reclassification entry by the District, the District decreased the net position as of July 1, 2012 on its report for Twin Peaks Charter Academy by \$55,625 to agree with the charter school's audit report.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 16: SUBSEQUENT EVENT

Eighteen inches of rain fell in Colorado's northeastern mountain and plains, causing flash floods from September 11th through the 15th that ravaged communities across the state. Infrastructure, residences, businesses, farms and ranches sustained significant losses and 11 counties in the state were declared as national disaster sites making them eligible for FEMA assistance. Both Weld County and Boulder County were included in the declaration. To date, the District has endured damages and losses estimated at \$1.2 million. The District has flood insurance on all but one of the affected sites and damages there were less than \$40,000. Insurance is expected to cover all other District damages and FEMA claims are being processed for the uninsured site and the District insurance deductible. Management is confident there will be minimal financial impact on the District from this incident.



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REQUIRED SUPPLEMENTARY INFORMATION

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

The General Fund budgets on an encumbered basis. The reconciliation for the encumbered basis is shown on the following page.

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

- \$15.5 million increase in mill levy override revenue due to the voter approved initiative in November 2012
- \$3.3 million increase in equalization primarily due to student growth
- \$2.1 million increase in supplies and materials due to planned purchases
- \$1.8 million increase in allocations to charter schools primarily due to an increased share of mill levy revenues as a result of the 2012 voter approved initiative

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

The annual budget for the special revenue fund is adopted on a basis consistent with US GAAP rather than the budget basis.

St. Vrain Valley School District RE-1J

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General, Colorado Preschool Program, and Risk Management Funds
For the Year Ended June 30, 2013**

	General Fund				Colorado Preschool Fund (A sub-fund of the General Fund)			
	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)
Revenues								
Local								
Property taxes	\$ 59,688,058	\$ 60,902,523	\$ 61,759,192	\$ 856,669	\$ -	\$ -	\$ -	\$ -
Specific ownership taxes	6,132,310	6,132,310	7,090,842	958,532	-	-	-	-
Mill levy override	17,118,000	32,635,663	31,646,447	(989,216)	-	-	-	-
Investment income	218,560	218,560	245,410	26,850	500	500	407	(93)
Charges for services	4,779,771	5,702,771	4,781,370	(921,401)	-	-	-	-
Miscellaneous	4,412,000	2,073,000	3,327,530	1,254,530	-	-	-	-
Total local revenues	92,348,699	107,664,827	108,850,791	1,185,964	500	500	407	(93)
State								
Equalization, net	100,684,457	103,693,979	104,086,549	392,570	906,000	965,000	979,027	14,027
Special Education	3,431,000	3,942,370	4,333,895	391,525	-	-	-	-
Vocational Education	949,650	949,650	838,889	(110,761)	-	-	-	-
Transportation	1,540,000	1,549,589	1,602,913	53,324	-	-	-	-
Gifted and Talented	249,000	259,310	259,310	-	-	-	-	-
English Language Proficiency Act	482,000	346,000	363,519	17,519	-	-	-	-
BEST grant	-	800,000	-	(800,000)	-	-	-	-
Total state revenues	107,336,107	111,540,898	111,485,075	(55,823)	906,000	965,000	979,027	14,027
Federal								
Adult Education	167,000	153,514	138,072	(15,442)	-	-	-	-
BOCES	102,000	86,396	97,377	10,981	-	-	-	-
Build America Bond rebates	1,522,409	1,522,409	1,456,184	(66,225)	-	-	-	-
Education Jobs Fund	-	-	-	-	-	-	-	-
Total federal revenues	1,791,409	1,762,319	1,691,633	(70,686)	-	-	-	-
Total revenues	201,476,215	220,968,044	222,027,499	1,059,455	906,500	965,500	979,434	13,934
Expenditures, encumbered basis								
Current								
Salaries	123,551,918	124,366,834	120,778,513	3,588,321	126,867	126,867	120,702	6,165
Benefits	34,632,356	34,613,647	33,430,444	1,183,203	36,008	36,008	35,204	804
Purchased services	12,655,400	12,066,098	10,055,506	2,010,592	724,400	773,900	760,986	12,914
Supplies and materials	13,844,163	15,951,403	12,732,785	3,218,618	5,500	5,500	2,118	3,382
Claims paid	-	-	-	-	-	-	-	-
Other	899,310	962,805	774,531	188,274	19,500	19,200	24,649	(5,449)
Charter schools	20,483,835	22,233,922	22,227,164	6,758	-	-	-	-
Capital outlay	1,165,826	1,672,385	3,987,538	(2,315,153)	151,000	151,000	-	151,000
Total expenditures, encumbered basis	207,232,808	211,867,094	203,986,481	7,880,613	1,063,275	1,112,475	943,659	168,816
Excess (deficiency) of revenues over (under) expenditures before transfers	(5,756,593)	9,100,950	18,041,018	8,940,068	(156,775)	(146,975)	35,775	182,750
Other Financing Sources (Uses)								
Total other financing sources (uses)	-	(3,571,000)	(3,477,887)	93,113	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing sources uses	\$ (5,756,593)	\$ 5,529,950	14,563,131	\$ 9,033,181	\$ (156,775)	\$ (146,975)	35,775	\$ 182,750
Fund balance, beginning			44,543,176				363,021	
Fund balance, ending			\$ 59,106,307				\$ 398,796	
Reconciliation of expenditures								
Expenditures, encumbered basis			\$ 203,986,481				\$ 943,659	
Plus: prior year encumbrances			18,778				-	
Less: current year encumbrances			(2,157,167)				-	
Expenditures, US GAAP basis			201,848,092				943,659	
Excess revenues over expenditures (US GAAP)			16,701,520				35,775	
Fund balance, beginning			44,543,176				363,021	
Fund balance, ending			\$ 61,244,696				\$ 398,796	

See the accompanying Independent Auditors' Report.

Risk Management Fund (A sub-fund of the General Fund)				Total			
Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 59,688,058	\$ 60,902,523	\$ 61,759,192	\$ 856,669
-	-	-	-	6,132,310	6,132,310	7,090,842	958,532
-	-	-	-	17,118,000	32,635,663	31,646,447	(989,216)
20,000	20,000	12,315	(7,685)	239,060	239,060	258,132	19,072
-	-	8,800	8,800	4,779,771	5,702,771	4,790,170	(912,601)
13,860	1,116,026	1,307,673	191,647	4,425,860	3,189,026	4,635,203	1,446,177
33,860	1,136,026	1,328,788	192,762	92,383,059	108,801,353	110,179,986	1,378,633
305,000	539,000	539,000	-	101,895,457	105,197,979	105,604,576	406,597
-	-	-	-	3,431,000	3,942,370	4,333,895	391,525
-	-	-	-	949,650	949,650	838,889	(110,761)
-	-	-	-	1,540,000	1,549,589	1,602,913	53,324
-	-	-	-	249,000	259,310	259,310	-
-	-	-	-	482,000	346,000	363,519	17,519
-	-	-	-	-	800,000	-	(800,000)
305,000	539,000	539,000	-	108,547,107	113,044,898	113,003,102	(41,796)
-	-	-	-	167,000	153,514	138,072	(15,442)
-	-	-	-	102,000	86,396	97,377	10,981
-	-	-	-	1,522,409	1,522,409	1,456,184	(66,225)
-	-	-	-	-	-	-	-
-	-	-	-	1,791,409	1,762,319	1,691,633	(70,686)
338,860	1,675,026	1,867,788	192,762	202,721,575	223,608,570	224,874,721	1,266,151
258,700	270,300	273,135	(2,835)	123,937,485	124,764,001	121,172,350	3,591,651
65,140	67,790	65,509	2,281	34,733,504	34,717,445	33,531,157	1,186,288
907,320	896,320	842,513	53,807	14,287,120	13,736,318	11,659,005	2,077,313
56,000	56,000	39,013	16,987	13,905,663	16,012,903	12,773,916	3,238,987
990,000	2,390,000	2,720,404	(330,404)	990,000	2,390,000	2,720,404	(330,404)
58,700	58,700	3,058	55,642	977,510	1,040,705	802,238	238,467
-	-	-	-	20,483,835	22,233,922	22,227,164	6,758
3,000	23,500	31,568	(8,068)	1,319,826	1,846,885	4,019,106	(2,172,221)
2,338,860	3,762,610	3,975,200	(212,590)	210,634,943	216,742,179	208,905,340	7,836,839
(2,000,000)	(2,087,584)	(2,107,412)	(19,828)	(7,913,368)	6,866,391	15,969,381	9,102,990
-	-	-	-	-	(3,571,000)	(3,477,887)	93,113
\$ (2,000,000)	\$ (2,087,584)	(2,107,412)	\$ (19,828)	\$ (7,913,368)	\$ 3,295,391	12,491,494	\$ 9,196,103
	4,986,028					49,892,225	
	\$ 2,878,616					\$ 62,383,719	
	\$ 3,975,200					\$ 208,905,340	
	-					18,778	
	-					(2,157,167)	
	3,975,200					206,766,951	
	(2,107,412)					14,629,883	
	4,986,028					49,892,225	
	\$ 2,878,616					\$ 64,522,108	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Governmental Designated-Purpose Grants
For the Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Local grants	\$ -	\$ -	\$ 149,260	\$ 149,260
State grants	850,000	850,000	-	(850,000)
Federal grants	9,000,000	9,000,000	8,900,266	(99,734)
ARRA - Federal education stimulus grants	<u>5,400,000</u>	<u>5,400,000</u>	<u>1,294,829</u>	<u>(4,105,171)</u>
Total revenues	<u>15,250,000</u>	<u>15,250,000</u>	<u>10,344,355</u>	<u>(4,905,645)</u>
Expenditures				
Salaries	8,337,000	8,337,000	6,937,059	1,399,941
Benefits	2,169,000	2,169,000	1,775,210	393,790
Purchased services	2,740,000	2,740,000	559,141	2,180,859
Supplies and materials	1,004,000	1,004,000	370,634	633,366
Other	500,000	500,000	412,316	87,684
Capital outlay	<u>500,000</u>	<u>500,000</u>	<u>289,995</u>	<u>210,005</u>
Total expenditures	<u>15,250,000</u>	<u>15,250,000</u>	<u>10,344,355</u>	<u>4,905,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	<u>-</u>	
Fund balance, ending		<u>\$ -</u>	<u>\$ -</u>	

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY SCHEDULES – GOVERNMENTAL FUNDS

Major Governmental Funds

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

Building Fund – The *Building Fund* is a capital projects fund that accounts for the proceeds of bond sales and expenditures for capital outlay for land, buildings, improvements of grounds, construction of buildings, additions or remodeling of buildings or initial, additional and replacement equipment.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2013**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 35,405,245	\$ 36,061,506	\$ 35,858,094	\$ (203,412)
Investment income	1,800	4,700	4,399	(301)
Total revenues	<u>35,407,045</u>	<u>36,066,206</u>	<u>35,862,493</u>	<u>(203,713)</u>
Expenditures				
Debt principal	13,870,000	13,870,000	13,870,000	-
Debt interest	21,591,637	21,991,367	21,591,367	400,000
Fiscal charges	7,050	7,050	6,399	651
Total expenditures	<u>35,468,687</u>	<u>35,868,417</u>	<u>35,467,766</u>	<u>400,651</u>
Net change in fund balances	<u>\$ (61,642)</u>	197,789	394,727	<u>\$ 196,938</u>
Fund balance, beginning		<u>30,163,653</u>	<u>30,163,653</u>	
Fund balance, ending		<u>\$ 30,361,442</u>	<u>\$ 30,558,380</u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Building Fund
For the Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 600,000	\$ 600,000	\$ 427,479	\$ (172,521)
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>427,479</u>	<u>(172,521)</u>
Expenditures				
Salaries	714,000	714,000	634,964	79,036
Benefits	172,000	174,000	161,027	12,973
Purchased services	5,000,000	5,000,000	1,122,040	3,877,960
Supplies and materials	3,000,000	3,000,000	74,564	2,925,436
Capital outlay	44,774,910	61,528,279	31,776,298	29,751,981
Other	<u>12,000</u>	<u>20,000</u>	<u>114,412</u>	<u>(94,412)</u>
Total expenditures	<u>53,672,910</u>	<u>70,436,279</u>	<u>33,883,305</u>	<u>36,552,974</u>
Net change in fund balances	<u><u>\$ (53,072,910)</u></u>	<u>(69,836,279)</u>	<u>(33,455,826)</u>	<u><u>\$ 36,380,453</u></u>
Fund balance, beginning		<u>69,836,279</u>	<u>69,836,279</u>	
Fund balance, ending		<u><u>\$ -</u></u>	<u><u>\$ 36,380,453</u></u>	

See the accompanying Independent Auditors' Report..

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SUPPLEMENTARY SCHEDULES – GOVERNMENTAL FUNDS

Nonmajor Capital Projects Fund

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

Nonmajor Special Revenue Funds

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

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

St. Vrain Valley School District RE-1J

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

	Capital Reserve Capital Projects Fund
Assets	
Cash and investments	\$ 5,318,667
Accounts receivable	470,446
Prepays	14,257
Deposits	<u>280</u>
Total assets	<u><u>\$ 5,803,650</u></u>
Liabilities	
Accounts payable	\$ 35,397
Accrued salaries and benefits	-
Construction retainage payable	3,101
Deferred revenues	<u>7,886</u>
Total liabilities	<u>46,384</u>
Fund Balances	
Nonspendable: deposits, prepaids	14,537
Restricted: special revenue funds	-
Committed: capital projects	5,742,729
Committed: special revenue fund	<u>-</u>
Total fund balances	<u>5,757,266</u>
Total liabilities and fund balances	<u><u>\$ 5,803,650</u></u>

See the accompanying Independent Auditors' Report.

Special Revenue Funds			Total Nonmajor Governmental Funds
Community Education	Fair Contributions	Student Activity	
\$ 2,685,328	\$ 4,569,256	\$ 3,251,340	\$ 15,824,591
49,146	-	3,611	523,203
-	-	-	14,257
-	-	-	280
<u>\$ 2,734,474</u>	<u>\$ 4,569,256</u>	<u>\$ 3,254,951</u>	<u>\$ 16,362,331</u>
\$ 5,831	\$ 7,675	\$ 12,806	\$ 61,709
254,365	-	5,109	259,474
-	-	-	3,101
10,449	138,892	-	157,227
<u>270,645</u>	<u>146,567</u>	<u>17,915</u>	<u>481,511</u>
-	-	-	14,537
2,463,829	-	3,237,036	5,700,865
-	-	-	5,742,729
-	4,422,689	-	4,422,689
<u>2,463,829</u>	<u>4,422,689</u>	<u>3,237,036</u>	<u>15,880,820</u>
<u>\$ 2,734,474</u>	<u>\$ 4,569,256</u>	<u>\$ 3,254,951</u>	<u>\$ 16,362,331</u>

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013**

	Capital Reserve Capital Projects Fund
Revenues	
Intergovernmental	\$ 2,742,000
Investment income	12,890
Charges for services	-
Pupil activities	-
Miscellaneous	493,216
Total revenues	3,248,106
Expenditures	
Instruction	5,945
Supporting services	713,350
Capital outlay	2,287,095
Total expenditures	3,006,390
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	241,716
Other Financing Sources (Uses)	
Transfers in	-
Transfers out	-
Total other financing sources (uses)	-
Net changes in fund balances	241,716
Fund balances, beginning	5,515,550
Fund balances, ending	\$ 5,757,266

See the accompanying Independent Auditors' Report.

Special Revenue Funds			Total Nonmajor Governmental Funds
Community Education	Fair Contributions	Student Activity	
\$ -	\$ -	\$ -	\$ 2,742,000
4,663	54,289	6,517	78,359
4,867,805	-	-	4,867,805
5,045	-	6,084,995	6,090,040
-	742,088	-	1,235,304
<u>4,877,513</u>	<u>796,377</u>	<u>6,091,512</u>	<u>15,013,508</u>
3,656,105	-	4,850,073	8,512,123
363,101	15,495	197,852	1,289,798
630,198	-	694,954	3,612,247
<u>4,649,404</u>	<u>15,495</u>	<u>5,742,879</u>	<u>13,414,168</u>
228,109	780,882	348,633	1,599,340
3,099	-	873	3,972
(873)	-	(3,099)	(3,972)
<u>2,226</u>	<u>-</u>	<u>(2,226)</u>	<u>-</u>
230,335	780,882	346,407	1,599,340
<u>2,233,494</u>	<u>3,641,807</u>	<u>2,890,629</u>	<u>14,281,480</u>
<u>\$ 2,463,829</u>	<u>\$ 4,422,689</u>	<u>\$ 3,237,036</u>	<u>\$ 15,880,820</u>

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Reserve Capital Projects Fund
For the Year Ended June 30, 2013**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Allocation from General Fund	\$ 2,742,000	\$ 2,742,000	\$ 2,742,000	\$ -
Investment income	10,000	10,000	12,890	2,890
Miscellaneous	-	-	493,216	493,216
Total revenues	<u>2,752,000</u>	<u>2,752,000</u>	<u>3,248,106</u>	<u>496,106</u>
Expenditures				
Instruction	-	-	5,945	(5,945)
Supporting services	-	-	713,350	(713,350)
Capital outlay	<u>4,727,509</u>	<u>4,727,509</u>	<u>2,287,095</u>	<u>2,440,414</u>
Total expenditures	<u>4,727,509</u>	<u>4,727,509</u>	<u>3,006,390</u>	<u>1,721,119</u>
Net change in fund balances	<u>\$ (1,975,509)</u>	<u>(1,975,509)</u>	<u>241,716</u>	<u>\$ 2,217,225</u>
Fund balance, beginning		<u>5,515,550</u>	<u>5,515,550</u>	
Fund balance, ending		<u>\$ 3,540,041</u>	<u>\$ 5,757,266</u>	

See the accompanying Independent Auditors' Report..

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Education Fund
For the Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 5,000	\$ 5,000	\$ 4,663	\$ (337)
Charges for services	3,550,000	5,100,000	4,867,805	(232,195)
Resources from agency fund	<u>-</u>	<u>-</u>	<u>5,045</u>	<u>5,045</u>
Total revenues	<u>3,555,000</u>	<u>5,105,000</u>	<u>4,877,513</u>	<u>(227,487)</u>
Expenditures				
Instruction	3,964,000	5,264,000	3,656,105	1,607,895
Support services	171,000	300,000	363,101	(63,101)
Capital outlay	<u>-</u>	<u>-</u>	<u>630,198</u>	<u>(630,198)</u>
Total expenditures	<u>4,135,000</u>	<u>5,564,000</u>	<u>4,649,404</u>	<u>914,596</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(580,000)	(459,000)	228,109	687,109
Other Financing Sources (Uses)				
Transfers in	-	-	3,099	3,099
Transfers out	<u>-</u>	<u>-</u>	<u>(873)</u>	<u>(873)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,226</u>	<u>2,226</u>
Net change in fund balances	<u><u>\$ (580,000)</u></u>	<u>(459,000)</u>	230,335	<u><u>\$ 689,335</u></u>
Fund balance, beginning		<u>2,233,494</u>	<u>2,233,494</u>	
Fund balance, ending		<u><u>\$ 1,774,494</u></u>	<u><u>\$ 2,463,829</u></u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Fair Contributions Fund
For the Year Ended June 30, 2013**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 10,000	\$ 60,000	\$ 54,289	\$ (5,711)
Cash in lieu	500,000	700,000	742,088	42,088
Total revenues	<u>510,000</u>	<u>760,000</u>	<u>796,377</u>	<u>36,377</u>
Expenditures				
Purchased services	100,000	100,000	9,675	90,325
Capital outlay	3,833,411	4,301,807	-	4,301,807
Other	-	-	5,820	(5,820)
Total expenditures	<u>3,933,411</u>	<u>4,401,807</u>	<u>15,495</u>	<u>4,386,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,423,411)</u>	(3,641,807)	780,882	<u>\$ 4,422,689</u>
Fund balance, beginning		<u>3,641,807</u>	<u>3,641,807</u>	
Fund balance, ending		<u>\$ -</u>	<u>\$ 4,422,689</u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity Fund
For the Year Ended June 30, 2013**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 5,000	\$ 5,000	\$ 6,517	\$ 1,517
Athletic activities	2,000,000	2,000,000	2,043,266	43,266
Pupil activities	3,000,000	3,000,000	3,347,356	347,356
PTO/Gift activities	500,000	900,000	683,787	(216,213)
Resources from agency fund	-	-	10,586	10,586
Total revenues	<u>5,505,000</u>	<u>5,905,000</u>	<u>6,091,512</u>	<u>186,512</u>
Expenditures				
Athletic activities	2,842,183	2,800,000	1,940,839	859,161
Pupil activities	3,785,264	3,495,629	3,155,393	340,236
PTO/Gift activities	2,500,000	2,500,000	622,017	1,877,983
Resources to agency fund	-	-	24,630	(24,630)
Total expenditures	<u>9,127,447</u>	<u>8,795,629</u>	<u>5,742,879</u>	<u>3,052,750</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(3,622,447)	(2,890,629)	348,633	3,239,262
Other Financing Sources (Uses)				
Transfers in	-	-	873	873
Transfers out	-	-	(3,099)	(3,099)
Total other financing sources (uses)	-	-	(2,226)	(2,226)
Net change in fund balances	<u>\$ (3,622,447)</u>	(2,890,629)	346,407	<u>\$ 3,237,036</u>
Fund balance, beginning		<u>2,890,629</u>	<u>2,890,629</u>	
Fund balance, ending		<u>\$ -</u>	<u>\$ 3,237,036</u>	

See the accompanying Independent Auditors' Report.

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SUPPLEMENTARY SCHEDULES – PROPRIETARY FUNDS

Enterprise Fund

Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District's only enterprise fund is the *Nutrition Services Fund* which accounts for the financial transactions related to the food service operations of the District.

Internal Service Fund

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

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Nutrition Services Fund
For the Year Ended June 30, 2013**

	Original Budget	2nd Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 1,000	\$ 1,000	\$ 1,942	\$ 942
Charges for services	3,900,000	3,900,000	3,373,586	(526,414)
Other food service charges	60,000	60,000	74,844	14,844
State match	108,000	108,000	115,579	7,579
National School Lunch/Breakfast Program	4,167,000	4,224,000	4,403,556	179,556
Total revenues	<u>8,236,000</u>	<u>8,293,000</u>	<u>7,969,507</u>	<u>(323,493)</u>
Expenses				
Salaries	3,188,000	3,188,000	2,970,617	217,383
Benefits	1,029,000	1,029,000	957,621	71,379
Purchased services	175,000	175,000	58,819	116,181
Supplies and materials	3,990,000	4,047,000	4,125,000	(78,000)
Small equipment	30,000	30,000	59,867	(29,867)
Other	100,000	100,000	191,085	(91,085)
Total expenses	<u>8,512,000</u>	<u>8,569,000</u>	<u>8,363,009</u>	<u>205,991</u>
Net income, cash basis	(276,000)	(276,000)	(393,502)	(117,502)
Noncash Revenues (Expenses)				
Depreciation	(181,000)	(181,000)	(187,593)	(6,593)
Capital contributions	-	-	109,033	109,033
Commodities entitlement	488,000	488,000	515,971	27,971
Change in net position	<u>\$ 31,000</u>	31,000	43,909	<u>\$ 12,909</u>
Net position, beginning		3,158,937	3,158,937	
Net position, ending		<u>\$ 3,189,937</u>	<u>\$ 3,202,846</u>	

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Self Insurance Fund
For the Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ -		2,559	\$ 2,559
Charges for services	-	7,919,000	8,272,537	353,537
Total revenues	-	7,919,000	8,275,096	356,096
Expenditures				
Salaries	-	76,667	55,669	20,998
Benefits	-	15,333	15,996	(663)
Purchased services	-	34,000	-	34,000
Supplies and materials	-	3,000	-	3,000
Small equipment	-	6,000	-	6,000
Claims paid	-	7,784,000	7,804,354	(20,354)
Total expenditures	-	7,919,000	7,876,019	42,981
Excess (deficiency) of revenues over (under) expenditures	-	-	399,077	399,077
Other Financing Sources				
Transfers in	-	-	3,477,887	3,477,887
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>3,876,964</u>	<u>\$ 3,876,964</u>
Net position, beginning		-	-	
Net position, ending		<u>\$ -</u>	<u>\$ 3,876,964</u>	

See the accompanying Independent Auditors' Report.

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SUPPLEMENTARY SCHEDULES – FIDUCIARY FUNDS

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

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

St. Vrain Valley School District RE-1J

**Schedule of Additions, Deductions and Changes in Fiduciary Net Position - Budget and Actual
Student Scholarship Fund
For the Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Additions				
Investment income	\$ -	\$ -	\$ 262	\$ 262
Contributions	<u>50,000</u>	<u>50,000</u>	<u>48,733</u>	<u>(1,267)</u>
Total additions	<u>50,000</u>	<u>50,000</u>	<u>48,995</u>	<u>(1,005)</u>
Deductions				
Scholarships	<u>90,000</u>	<u>90,000</u>	<u>41,428</u>	<u>48,572</u>
Change in net position	<u>\$ (40,000)</u>	<u>(40,000)</u>	<u>7,567</u>	<u>\$ 47,567</u>
Net position, beginning		<u>215,820</u>	<u>215,820</u>	
Net position, ending		<u>\$ 175,820</u>	<u>\$ 223,387</u>	

See the accompanying Independent Auditors' Report..

St. Vrain Valley School District RE-1J

**Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2013**

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Student Activity (Agency)</u>				
<u>Fund</u>				
Assets				
Cash and investments	\$ 137,462	\$ 173,860	\$ 167,976	\$ 143,346
Accounts receivable	64	-	64	-
Total assets	<u>\$ 137,526</u>	<u>\$ 173,860</u>	<u>\$ 168,040</u>	<u>\$ 143,346</u>
Liabilities				
Accounts payable	\$ 210	\$ -	\$ 210	\$ -
Undistributed monies	137,316	173,860	167,830	143,346
Total liabilities	<u>\$ 137,526</u>	<u>\$ 173,860</u>	<u>\$ 168,040</u>	<u>\$ 143,346</u>

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Schedule of Additions, Deductions and Changes in Undistributed Monies - Budget and Actual
Student Activity (Agency) Fund
For the Year Ended June 30, 2013**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Additions				
Elementary Schools	\$ 150,000	\$ 160,000	\$ 71,248	\$ (88,752)
Middle Schools	22,000	22,000	23,640	1,640
High Schools	40,000	45,000	47,407	2,407
Other additions	8,000	8,000	6,935	(1,065)
Resources from special revenue funds	-	-	24,630	24,630
Total additions	<u>220,000</u>	<u>235,000</u>	<u>173,860</u>	<u>(61,140)</u>
Deductions				
Elementary Schools	274,331	219,611	85,020	134,591
Middle Schools	39,075	44,890	17,351	27,539
High Schools	94,115	103,830	43,578	60,252
Other deductions	10,148	3,985	6,250	(2,265)
Resources to special revenue funds	-	-	15,631	(15,631)
Total deductions	<u>417,669</u>	<u>372,316</u>	<u>167,830</u>	<u>204,486</u>
Change in undistributed monies	<u>\$ (197,669)</u>	(137,316)	6,030	<u>\$ 143,346</u>
Undistributed monies, beginning		<u>137,316</u>	<u>137,316</u>	
Undistributed monies, ending		<u>\$ -</u>	<u>\$ 143,346</u>	

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY SCHEDULES – COMPONENT UNITS

Charter Schools

Aspen Ridge Preparatory School began operations in the fall of fiscal year 2012 to serve students in grades K through 5. The school is located in Erie (Weld County).

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

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

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

St. Vrain Community Montessori School began operations in the fall of fiscal year 2009 serving students in grades K through 2. The school, currently located in Longmont (Boulder County), will add a grade each year until 6th grade.

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

St. Vrain Valley School District RE-1J

**Combining Statement of Net Position
Component Units
June 30, 2013**

	Aspen Ridge Preparatory School	Carbon Valley Academy	Flagstaff Academy
Assets			
Cash and investments	\$ 216,063	\$ 737,632	\$ 3,466,622
Accounts receivable	250	315	3,532
Grants receivable	17,220	-	-
Prepays	5,045	-	-
Deposits	29,533	1,000	-
Deferred charges	-	91,504	234,987
Restricted cash and investments	-	514,994	1,787,709
Capital assets,			
Non-depreciable	-	1,082,443	-
Depreciable, net	6,440	3,359,927	9,958,287
Total assets	<u>274,551</u>	<u>5,787,815</u>	<u>15,451,137</u>
Liabilities			
Accounts payable	6,313	44,633	68,791
Due to primary government	11,615	-	-
Accrued salaries and benefits	38,812	95,398	418,546
Accrued interest payable	-	21,965	387,765
Unearned revenue	6,150	5,030	93,958
Noncurrent liabilities			
Due within one year	-	95,000	200,000
Due in more than one year	-	4,730,000	13,120,000
Total liabilities	<u>62,890</u>	<u>4,992,026</u>	<u>14,289,060</u>
Net Position			
Net investment in capital assets	6,440	(382,630)	(1,339,017)
Restricted for			
Emergencies	42,600	86,293	206,000
Debt service	-	514,994	-
Unrestricted	162,621	577,132	2,295,094
Total net position	<u>\$ 211,661</u>	<u>\$ 795,789</u>	<u>\$ 1,162,077</u>

See the accompanying Independent Auditors' Report.

Imagine Charter School at Firestone	St Vrain Community Montessori School	Twin Peaks Charter Academy	Component Units
			Total Charter Schools
\$ 2,126,672	\$ 296,115	\$ 1,670,903	\$ 8,514,007
7,911	2,884	15,566	30,458
-	-	-	17,220
-	29,575	1,078	35,698
-	13,841	-	44,374
-	-	445,033	771,524
-	-	2,119,969	4,422,672
-	-	1,977,415	3,059,858
-	145,868	17,008,161	30,478,683
<u>2,134,583</u>	<u>488,283</u>	<u>23,238,125</u>	<u>47,374,494</u>
63,141	642	122,355	305,875
-	-	-	11,615
130,702	4,114	300,175	987,747
-	-	172,605	582,335
50,069	79,814	64,005	299,026
-	-	257,300	552,300
-	-	18,693,149	36,543,149
<u>243,912</u>	<u>84,570</u>	<u>19,609,589</u>	<u>39,282,047</u>
-	145,868	2,412,396	843,057
156,000	39,700	198,435	729,028
-	-	661,449	1,176,443
<u>1,734,671</u>	<u>218,145</u>	<u>356,256</u>	<u>5,343,919</u>
<u>\$ 1,890,671</u>	<u>\$ 403,713</u>	<u>\$ 3,628,536</u>	<u>\$ 8,092,447</u>

See the accompanying Independent Auditors' Report.

St. Vrain Valley School District RE-1J

**Combining Statement of Activities
Component Units
For the Year Ended June 30, 2013**

	Aspen Ridge Preparatory School	Carbon Valley Academy	Flagstaff Academy
Expenses			
Instruction	\$ 572,353	\$ 1,487,019	\$ 3,355,322
Supporting services	945,528	849,197	2,059,473
Interest expense	-	280,223	924,994
Total expenses	<u>1,517,881</u>	<u>2,616,439</u>	<u>6,339,789</u>
Program Revenues			
Charges for Services	110,057	253,866	801,104
Operating Grants and Contributions	169,978	26,669	32,800
Capital Grants and Contributions	<u>87,268</u>	<u>-</u>	<u>71,705</u>
Total program revenues	<u>367,303</u>	<u>280,535</u>	<u>905,609</u>
General Revenues			
Per pupil revenue	1,144,157	1,896,114	5,182,476
Mill levy override	98,228	386,099	775,725
Interest income	-	990	4,944
Other	<u>29,701</u>	<u>313,569</u>	<u>51,751</u>
Total general revenues	<u>1,272,086</u>	<u>2,596,772</u>	<u>6,014,896</u>
Change in net position	121,508	260,868	580,716
Net position, beginning	<u>90,153</u>	<u>534,921</u>	<u>581,361</u>
Restatement for change in reporting entity	-	-	-
Adjusted net position, beginning	<u>90,153</u>	<u>534,921</u>	<u>581,361</u>
Net position, ending	<u>\$ 211,661</u>	<u>\$ 795,789</u>	<u>\$ 1,162,077</u>

See the accompanying Independent Auditors' Report.

Imagine Charter School at Firestone	St Vrain Community Montessori School	Twin Peaks Charter Academy	Component Units
			Total Charter Schools
\$ 1,943,256	\$ 707,600	\$ 3,713,371	\$ 11,778,921
2,553,298	510,254	1,828,129	8,745,879
-	-	1,283,217	2,488,434
<u>4,496,554</u>	<u>1,217,854</u>	<u>6,824,717</u>	<u>23,013,234</u>
356,136	276,465	301,006	2,098,634
-	76,239	35,943	341,629
<u>55,758</u>	<u>12,186</u>	<u>85,478</u>	<u>312,395</u>
<u>411,894</u>	<u>364,890</u>	<u>422,427</u>	<u>2,752,658</u>
4,026,281	880,579	6,177,230	19,306,837
639,974	75,599	944,703	2,920,328
-	416	892	7,242
<u>120,674</u>	<u>84,081</u>	<u>-</u>	<u>599,776</u>
<u>4,786,929</u>	<u>1,040,675</u>	<u>7,122,825</u>	<u>22,834,183</u>
702,269	187,711	720,535	2,573,607
<u>1,188,402</u>	<u>216,002</u>	<u>2,963,626</u>	<u>5,574,465</u>
-	-	(55,625)	(55,625)
<u>1,188,402</u>	<u>216,002</u>	<u>2,908,001</u>	<u>5,518,840</u>
<u>\$ 1,890,671</u>	<u>\$ 403,713</u>	<u>\$ 3,628,536</u>	<u>\$ 8,092,447</u>

See the accompanying Independent Auditors' Report.

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**STATISTICAL SECTION
(UNAUDITED)**

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

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	
The schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	96 – 107
Revenue Capacity	
The schedules contain information to help the reader assess the District’s most significant local and state revenue sources.	108 – 112
Debt Capacity	
The schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	113 – 117
Demographic and Economic Information	
The schedules offer demographic and economic indicators to help the reader understand the environment with which the District’s financial activities take place.	118 – 123
Operating Information	
The schedules contain information to help the reader understand the staffing of the District, student population it serves, and capital asset data.	124 - 131

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets (1)	\$ 21,648,995	\$ 22,549,614	\$ 10,755,304	\$ 20,092,457
Restricted	29,999,027	35,653,114	38,271,459	42,011,881
Unrestricted	<u>(16,562,973)</u>	<u>(13,103,041)</u>	<u>2,416,984</u>	<u>(1,985,048)</u>
Total governmental net position	<u>35,085,049</u>	<u>45,099,687</u>	<u>51,443,747</u>	<u>60,119,290</u>
Business-type activities				
Net investment in capital assets	727,684	981,771	1,143,171	1,059,518
Restricted	-	-	-	-
Unrestricted	<u>1,126,201</u>	<u>1,225,914</u>	<u>1,067,695</u>	<u>927,056</u>
Total business-type net position	<u>1,853,885</u>	<u>2,207,685</u>	<u>2,210,866</u>	<u>1,986,574</u>
Primary government				
Net investment in capital assets	22,376,679	23,531,385	11,898,475	21,151,975
Restricted	29,999,027	35,653,114	38,271,459	42,011,881
Unrestricted	<u>(15,436,772)</u>	<u>(11,877,127)</u>	<u>3,484,679</u>	<u>(1,057,992)</u>
Total primary government net position	<u>\$ 36,938,934</u>	<u>\$ 47,307,372</u>	<u>\$ 53,654,613</u>	<u>\$ 62,105,864</u>

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 17,752,278	\$ 16,389,200	\$ 5,837,277	\$ 1,650,384	\$ (4,553,120)	\$ 5,975,997
36,348,780	43,552,511	48,873,296	41,903,392	42,346,312	43,513,161
<u>14,481,434</u>	<u>35,783,693</u>	<u>41,983,603</u>	<u>49,879,868</u>	<u>52,817,264</u>	<u>74,351,302</u>
<u>68,582,492</u>	<u>95,725,404</u>	<u>96,694,176</u>	<u>93,433,644</u>	<u>90,610,456</u>	<u>123,840,460</u>
926,902	1,075,631	1,042,353	908,812	1,201,873	1,137,800
-	-	-	-	-	-
<u>695,203</u>	<u>476,099</u>	<u>967,637</u>	<u>1,534,339</u>	<u>1,957,064</u>	<u>2,065,046</u>
<u>1,622,105</u>	<u>1,551,730</u>	<u>2,009,990</u>	<u>2,443,151</u>	<u>3,158,937</u>	<u>3,202,846</u>
18,679,180	17,464,831	6,879,630	2,559,196	(3,351,247)	7,113,797
36,348,780	43,552,511	48,873,296	41,903,392	42,346,312	43,513,161
<u>15,176,637</u>	<u>36,259,792</u>	<u>42,951,240</u>	<u>51,414,207</u>	<u>54,774,328</u>	<u>76,416,348</u>
<u>\$ 70,204,597</u>	<u>\$ 97,277,134</u>	<u>\$ 98,704,166</u>	<u>\$ 95,876,795</u>	<u>\$ 93,769,393</u>	<u>\$ 127,043,306</u>

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

	2004	2005	2006	2007
Expenses				
Governmental activities:				
Instruction	\$ 85,427,185	\$ 95,661,489	\$ 113,735,114	\$ 115,031,293
Supporting services	49,858,273	49,653,089	53,304,184	58,113,258
Interest	11,647,151	12,247,793	14,320,914	16,010,493
Total governmental activities expenses	<u>146,932,609</u>	<u>157,562,371</u>	<u>181,360,212</u>	<u>189,155,044</u>
Business-type activities:				
Food services	4,410,830	4,885,656	5,873,965	6,368,635
Total primary government expenses	<u>\$ 151,343,439</u>	<u>\$ 162,448,027</u>	<u>\$ 187,234,177</u>	<u>\$ 195,523,679</u>
Program Revenues				
Governmental activities:				
Charges for services				
Tuition and fees	\$ 2,101,479	\$ 2,659,299	\$ 3,280,966	\$ 6,299,455
Internal charges (1)	-	526,506	576,681	634,386
Operating grants and contributions	9,513,660	10,930,997	13,090,706	12,329,701
Capital grants and contributions	1,402,614	1,041,182	1,053,746	591,496
Total governmental activities program revenues	<u>13,017,753</u>	<u>15,157,984</u>	<u>18,002,099</u>	<u>19,855,038</u>
Business-type activities:				
Charges for services	2,820,846	2,978,095	3,098,897	3,363,892
Operating grants and contributions	1,667,815	1,905,055	2,442,897	2,754,834
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>4,488,661</u>	<u>4,883,150</u>	<u>5,541,794</u>	<u>6,118,726</u>
Total primary government program revenues	<u>\$ 17,506,414</u>	<u>\$ 20,041,134</u>	<u>\$ 23,543,893</u>	<u>\$ 25,973,764</u>
Net (expense) / revenue				
Governmental activities	\$ (133,914,856)	\$ (142,404,387)	\$ (163,358,113)	\$ (169,300,006)
Business-type activities	77,831	(2,506)	(332,171)	(249,909)
Total primary government net expense	<u>\$ (133,837,025)</u>	<u>\$ (142,406,893)</u>	<u>\$ (163,690,284)</u>	<u>\$ (169,549,915)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 67,200,837	\$ 71,791,304	\$ 74,977,182	\$ 77,555,794
Specific ownership taxes	5,980,112	5,976,580	5,987,316	5,997,044
Mill levy override	-	-	-	-
State equalization	68,733,866	72,261,580	77,794,994	85,049,954
Investment income	1,374,794	2,285,218	2,511,220	4,805,951
Other	1,366,652	444,753	941,954	3,471,495
Transfers	-	(340,410)	(310,317)	1,095,313
Total governmental activities	<u>144,656,261</u>	<u>152,419,025</u>	<u>161,902,349</u>	<u>177,975,551</u>
Business-type activities:				
Investment income	4,645	15,896	25,035	25,617
Transfers	-	340,410	310,317	-
Total business-type activities	<u>4,645</u>	<u>356,306</u>	<u>335,352</u>	<u>25,617</u>
Total primary government	<u>\$ 144,660,906</u>	<u>\$ 152,775,331</u>	<u>\$ 162,237,701</u>	<u>\$ 178,001,168</u>
Change in Net Assets				
Governmental activities	\$ 10,741,405	\$ 10,014,638	\$ (1,455,764)	\$ 8,675,545
Business-type activities	82,476	353,800	3,181	(224,292)
Total primary government	<u>\$ 10,823,881</u>	<u>\$ 10,368,438</u>	<u>\$ (1,452,583)</u>	<u>\$ 8,451,253</u>

Note 1: The classification of internal charges was changed in FY05.

2008	2009	2010	2011	2012	2013
\$ 122,240,743	\$ 127,681,937	\$ 136,783,787	\$ 154,559,432	\$ 156,466,950	\$ 162,259,184
60,629,900	69,745,866	106,835,640	92,466,787	87,621,269	82,910,079
15,500,560	15,845,498	19,182,556	20,837,721	20,839,718	20,383,627
198,371,203	213,273,301	262,801,983	267,863,940	264,927,937	265,552,890
7,069,557	7,825,813	7,795,085	8,155,509	8,338,941	8,550,602
\$ 205,440,760	\$ 221,099,114	\$ 270,597,068	\$ 276,019,449	\$ 273,266,878	\$ 274,103,492
\$ 7,167,010	\$ 8,182,298	\$ 11,324,592	\$ 10,924,440	\$ 12,478,933	\$ 14,190,837
731,765	1,892,602	2,033,494	1,594,055	1,731,141	1,557,178
13,200,675	14,558,258	19,607,144	26,905,761	19,577,033	19,285,254
507,755	199,537	452,712	334,803	514,826	742,088
21,607,205	24,832,695	33,417,942	39,759,059	34,301,933	35,775,357
3,574,268	3,776,079	3,911,304	3,709,186	3,804,775	3,448,430
3,106,894	3,661,169	4,206,325	4,878,818	4,884,351	5,035,106
-	312,655	135,146	-	364,451	109,033
6,681,162	7,749,903	8,252,775	8,588,004	9,053,577	8,592,569
\$ 28,288,367	\$ 32,582,598	\$ 41,670,717	\$ 48,347,063	\$ 43,355,510	\$ 44,367,926
\$ (176,763,998)	\$ (188,440,606)	\$ (229,384,041)	\$ (228,104,881)	\$ (230,626,004)	\$ (229,777,533)
(388,395)	(75,910)	457,690	432,495	714,636	41,967
\$ (177,152,393)	\$ (188,516,516)	\$ (228,926,351)	\$ (227,672,386)	\$ (229,911,368)	\$ (229,735,566)
\$ 83,233,225	\$ 88,457,619	\$ 91,637,477	\$ 91,600,278	\$ 94,238,488	\$ 99,933,752
6,047,704	6,054,107	6,023,739	5,805,254	5,920,333	7,090,842
-	15,923,875	17,385,887	17,180,635	17,108,522	31,646,447
90,264,910	100,658,351	110,042,029	101,290,756	103,622,720	108,346,576
4,350,866	1,690,910	1,361,173	2,014,620	952,516	770,928
1,330,495	2,798,656	3,902,508	6,952,806	5,960,237	15,218,992
-	-	-	-	-	-
185,227,200	215,583,518	230,352,813	224,844,349	227,802,816	263,007,537
23,926	5,535	570	666	1,150	1,942
-	-	-	-	-	-
23,926	5,535	570	666	1,150	1,942
\$ 185,251,126	\$ 215,589,053	\$ 230,353,383	\$ 224,845,015	\$ 227,803,966	\$ 263,009,479
\$ 8,463,202	\$ 27,142,912	\$ 968,772	\$ (3,260,532)	\$ (2,823,188)	\$ 33,230,004
(364,469)	(70,375)	458,260	433,161	715,786	43,909
\$ 8,098,733	\$ 27,072,537	\$ 1,427,032	\$ (2,827,371)	\$ (2,107,402)	\$ 33,273,913

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:				
Property taxes	\$ 67,200,837	\$ 71,791,304	\$ 74,977,182	\$ 77,555,794
Specific ownership taxes	5,980,112	5,976,580	5,987,316	5,997,044
State equalization	<u>68,733,866</u>	<u>72,261,580</u>	<u>77,794,994</u>	<u>85,049,954</u>
Total finance act revenues	<u><u>\$ 141,914,815</u></u>	<u><u>\$ 150,029,464</u></u>	<u><u>\$ 158,759,492</u></u>	<u><u>\$ 168,602,792</u></u>
 Total governmental activities revenues (1)	 \$ 157,674,014	 \$ 167,577,009	 \$ 179,904,448	 \$ 197,830,589
 Public School Finance Act revenues as percentage of total governmental activities revenues	 90.0%	 89.5%	 88.2%	 85.2%

Note 1: Governmental activities revenues are a combination of
program revenues and general revenues as shown on page 98-99

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 83,233,225	\$ 88,457,619	\$ 91,637,477	\$ 91,600,278	\$ 94,238,488	\$ 99,933,752
6,047,704	6,054,107	6,023,739	5,805,254	5,920,333	7,090,842
90,264,910	100,658,351	110,042,029	101,290,756	103,622,720	108,346,576
<u>\$ 179,545,839</u>	<u>\$ 195,170,077</u>	<u>\$ 207,703,245</u>	<u>\$ 198,696,288</u>	<u>\$ 203,781,541</u>	<u>\$ 215,371,170</u>
\$ 206,834,405	\$ 240,416,213	\$ 263,770,755	\$ 264,603,408	\$ 262,104,749	\$ 298,782,894
86.8%	81.2%	78.7%	75.1%	77.7%	72.1%

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Nonspendable	\$ 338,576	\$ 398,272	\$ 308,880	\$ 358,352
Restricted	35,484	21,994	62,808	3,586,569
Committed	-	-	-	182,924
Assigned	-	3,543,603	5,282,565	4,495,619
Unassigned	<u>(4,653,181)</u>	<u>-</u>	<u>2,079,433</u>	<u>3,466,093</u>
Total General Fund	<u>\$ (4,279,121)</u>	<u>\$ 3,963,869</u>	<u>\$ 7,733,686</u>	<u>\$ 12,089,557</u>
All Other Governmental Funds				
Nonspendable	\$ 78,000	\$ 87,919	\$ 38,576	\$ 42,257
Restricted	26,303,934	31,721,960	33,802,155	38,425,312
Committed	78,387,916	44,387,914	21,426,345	73,272,726
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 104,769,850</u>	<u>\$ 76,197,793</u>	<u>\$ 55,267,076</u>	<u>\$ 111,740,295</u>

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

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

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

2008	2009	2010	2011 (3)	2012	2013
\$ 470,427	\$ 279,157	\$ 368,341	\$ 412,819	\$ 436,926	\$ 1,093,153
3,335,550	5,887,253	7,012,090	7,152,152	7,058,536	7,253,916
1,430,725	4,637,168	6,448,562	6,797,608	12,435,243	14,714,696
3,468,174	21,235,851 (2)	22,768,212	23,713,563	24,551,891	37,334,057
6,758,492	3,675,281	5,750,977	8,526,501	5,409,629	4,126,286
<u>\$ 15,463,368</u>	<u>\$ 35,714,710</u>	<u>\$ 42,348,182</u>	<u>\$ 46,602,643</u>	<u>\$ 49,892,225</u>	<u>\$ 64,522,108</u>
\$ 42,257	\$ 42,257	\$ 42,257	\$ 42,257	\$ 14,537	\$ 14,537
33,013,230	37,665,258	41,861,206	34,751,240	35,287,776	36,259,245
23,459,105	114,283,595	162,632,220	104,057,163	78,979,099	46,545,871
-	-	-	1,712,983	-	-
-	-	-	-	-	-
<u>\$ 56,514,592</u>	<u>\$ 151,991,110</u>	<u>\$ 204,535,683</u>	<u>\$ 140,563,643</u>	<u>\$ 114,281,412</u>	<u>\$ 82,819,653</u>

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

	2004	2005	2006	2007
Revenues				
Property taxes	\$ 68,547,345	\$ 71,172,100	\$ 75,034,205	\$ 75,761,142
Specific ownership taxes	5,980,112	5,976,580	5,987,316	5,997,044
Mill levy override	-	-	-	-
Investment income	1,328,350	2,023,366	2,386,324	4,758,927
Charges for service	2,101,479	3,185,805	3,857,647	4,505,478
Student activities (1)	-	-	-	2,428,363
Miscellaneous	2,696,524	1,470,585	1,670,385	1,760,662
Local intergovernmental	72,397	8,350	22,619	32,296
State intergovernmental	72,329,913	75,947,775	82,136,479	90,760,436
Federal intergovernmental	5,917,613	7,244,802	8,749,221	7,577,197
Total revenues	<u>\$ 158,973,733</u>	<u>\$ 167,029,363</u>	<u>\$ 179,844,196</u>	<u>\$ 193,581,545</u>
Expenditures				
Instruction	\$ 81,655,292	\$ 91,027,699	\$ 97,521,908	\$ 102,077,107
Supporting services	48,298,522	46,484,881	50,716,187	56,356,357
Student activities (1)	-	-	-	2,124,971
Capital outlay	58,421,911	44,165,547	25,050,564	12,796,447
Debt service				
Principal	4,200,000	2,850,000	10,680,000	11,700,000
Accrued interest	4,380,000	4,380,000	-	-
Interest, bond issuance costs, fiscal charges	11,132,546	13,095,314	13,047,785	14,638,580
Total expenditures	<u>\$ 208,088,271</u>	<u>\$ 202,003,441</u>	<u>\$ 197,016,444</u>	<u>\$ 199,693,462</u>
Excess of revenues over (under) expenditures	<u>(49,114,538)</u>	<u>(34,974,078)</u>	<u>(17,172,248)</u>	<u>(6,111,917)</u>
Other financing sources (uses)				
Issuance of bonds, coupons	\$ 50,100,000	\$ 56,815,000	\$ 43,455,000	\$ 56,800,000
Premium received on issuance of bonds	1,427,510	4,057,901	2,520,719	3,622,791
Paid to bond agent	-	(47,074,703)	(45,964,371)	(479,707)
Proceeds from sale of land	-	846,813	-	2,309,767
Lease obligations	-	-	-	(473,254)
Transfers in (2)	46,614	47,000	126,455	5,585,026
Transfers out (2)	(46,614)	(47,000)	(126,455)	(423,614)
Total other financing sources (uses)	<u>\$ 51,527,510</u>	<u>\$ 14,645,011</u>	<u>\$ 11,348</u>	<u>\$ 66,941,009</u>
Net change in fund balances	<u><u>\$ 2,412,972</u></u>	<u><u>\$ (20,329,067)</u></u>	<u><u>\$ (17,160,900)</u></u>	<u><u>\$ 60,829,092</u></u>
Debt service as percentage of noncapital expenditures	<u>13.1%</u>	<u>13.0%</u>	<u>13.0%</u>	<u>13.9%</u>

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

Note 2: Transfers in may not equal transfers out due to transfers between governmental funds and other fund types.

2008	2009	2010	2011	2012	2013
\$ 82,001,081	\$ 87,124,649	\$ 92,597,766	\$ 92,576,990	\$ 94,084,083	\$ 97,617,286
6,047,704	6,054,107	6,023,739	5,805,254	5,920,333	7,090,842
-	15,923,875	17,385,887	17,180,635	17,108,522	31,646,447
4,324,865	1,690,910	1,361,173	2,014,620	952,516	768,369
4,949,331	7,072,297	7,492,878	7,572,312	8,823,864	9,657,975
2,949,444	3,002,603	5,865,208	5,273,683	5,386,210	6,090,040
1,804,691	2,643,533	4,210,074	6,398,209	5,962,833	5,870,507
33,559	24,271	10,000	889,400	147,779	149,260
96,769,997	106,647,109	116,754,564	108,561,877	111,631,898	115,745,102
7,720,045	8,569,500	12,894,609	19,634,640	11,567,855	11,886,728
<u>\$ 206,600,717</u>	<u>\$ 238,752,854</u>	<u>\$ 264,595,898</u>	<u>\$ 265,907,620</u>	<u>\$ 261,585,893</u>	<u>\$ 286,522,556</u>
\$ 107,631,101	\$ 118,531,065	\$ 136,127,577	\$ 137,948,105	\$ 135,709,381	\$ 139,805,061
59,126,506	65,842,654	106,358,121	82,318,652	80,315,183	80,357,118
2,839,834	3,317,010	5,588,472	5,351,321	4,544,634	5,047,925
54,797,679	11,845,608	11,933,633	63,702,969	28,764,568	39,198,675
18,835,000	11,045,000	11,695,000	12,560,000	13,060,000	13,870,000
-	-	-	-	-	-
15,222,489	16,214,243	19,906,806	23,023,214	22,209,181	21,597,766
<u>\$ 258,452,609</u>	<u>\$ 226,795,580</u>	<u>\$ 291,609,609</u>	<u>\$ 324,904,261</u>	<u>\$ 284,602,947</u>	<u>\$ 299,876,545</u>
<u>(51,851,892)</u>	<u>11,957,274</u>	<u>(27,013,711)</u>	<u>(58,996,641)</u>	<u>(23,017,054)</u>	<u>(13,353,989)</u>
\$ -	\$ 104,000,000	\$ 85,000,000	\$ 65,505,000	\$ 35,395,000	\$ -
-	504,199	1,191,756	8,370,336	4,224,186	-
-	(751,347)	-	(74,596,274)	(39,594,781)	-
-	-	-	-	-	-
-	-	-	-	-	-
705,425	377,825	675,521	5,034,643	217,592	3,972
(705,425)	(360,091)	(675,521)	(5,034,643)	(217,592)	(3,481,859)
<u>\$ -</u>	<u>\$ 103,770,586</u>	<u>\$ 86,191,756</u>	<u>\$ (720,938)</u>	<u>\$ 24,405</u>	<u>\$ (3,477,887)</u>
<u>\$ (51,851,892)</u>	<u>\$ 115,727,860</u>	<u>\$ 59,178,045</u>	<u>\$ (59,717,579)</u>	<u>\$ (22,992,649)</u>	<u>\$ (16,831,876)</u>
<u>16.6%</u>	<u>12.9%</u>	<u>12.0%</u>	<u>13.5%</u>	<u>13.2%</u>	<u>13.2%</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:				
Property taxes	\$ 68,547,345	\$ 71,172,100	\$ 75,034,205	\$ 75,761,142
Specific ownership taxes	5,980,112	5,976,580	5,987,316	5,997,044
State equalization	<u>68,733,866</u>	<u>72,261,580</u>	<u>77,794,994</u>	<u>85,049,954</u>
Total finance act revenues	<u>\$ 143,261,323</u>	<u>\$ 149,410,260</u>	<u>\$ 158,816,515</u>	<u>\$ 166,808,140</u>
 Total revenues (1)	 \$ 158,973,733	 \$ 167,029,363	 \$ 179,844,196	 \$ 193,581,545
 Public School Finance Act revenues as percentage of total governmental funds revenues	 90.1%	 89.5%	 88.3%	 86.2%

Note 1: As shown on the Changes in Fund Balances of Governmental Funds schedule, pages 104-105

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 82,001,081	\$ 87,124,649	\$ 92,597,766	\$ 92,576,990	\$ 94,084,083	\$ 97,617,286
6,047,704	6,054,107	6,023,739	5,805,254	5,920,333	7,090,842
<u>90,264,910</u>	<u>100,658,351</u>	<u>110,042,029</u>	<u>101,290,756</u>	<u>103,622,720</u>	<u>108,346,576</u>
<u><u>\$ 178,313,695</u></u>	<u><u>\$ 193,837,107</u></u>	<u><u>\$ 208,663,534</u></u>	<u><u>\$ 199,673,000</u></u>	<u><u>\$ 203,627,136</u></u>	<u><u>\$ 213,054,704</u></u>
\$ 206,600,717	\$ 238,752,854	\$ 264,595,898	\$ 265,907,620	\$ 261,585,893	\$ 286,522,556
86.3%	81.2%	78.9%	75.1%	77.8%	74.4%

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

Levy Year	Collection Year	Residential Property	Commercial Property	Industrial Property	Vacant Property	Oil & Gas	Public Utilities
2003	2004	\$ 915,029	\$ 340,925	\$ 241,739	\$ 131,173	\$ 38,071	\$ 32,247
2004	2005	958,990	360,142	238,212	116,065	74,077	29,780
2005	2006	1,020,421	380,937	228,926	117,693	100,358	31,745
2006	2007	1,081,625	394,898	241,150	111,786	145,259	31,491
2007	2008	1,182,053	431,564	263,541	122,165	158,746	34,415
2008	2009	1,204,677	455,285	280,041	112,331	150,442	37,266
2009	2010	1,177,329	498,179	291,190	102,235	266,758	42,434
2010	2011	1,187,067	570,059	220,668	98,862	217,263	44,690
2011	2012	1,143,172	550,254	205,539	76,411	312,960	48,052
2012	2013	1,007,602	573,511	178,137	53,144	484,467	141,099

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

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

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

Agriculture		Natural Resources		Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value
\$	12,297	\$	4,562	\$ 1,716,043	\$ 40.089	\$ 13,775,375	12.46%
	11,875		5,453	1,794,594	40.089	14,349,937	12.51%
	14,382		4,930	1,899,392	39.982	15,258,797	12.45%
	13,499		4,880	2,024,588	38.035	16,152,649	12.53%
	14,752		5,333	2,212,569	37.798	17,713,708	12.49%
	23,999		6,530	2,270,571	46.285 (1)	18,182,936	12.49%
	17,168		6,995	2,402,288	46.268 (1)	18,423,291	13.04%
	16,517		5,174	2,360,300	46.837 (1)	18,488,567	12.77%
	18,526		4,894	2,359,808	47.614 (1)	17,863,544	13.21%
	20,548		2,204	2,460,712	53.500 (2)	18,121,027	13.58%

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

Levy Year	Collection Year	General Operating Millage	Debt Service Millage	Total School District Millage	Boulder County Millage	Weld County Millage	Larimer County Millage	Broomfield County Millage (1)	Total County Millage	City of Longmont Millage
2003	2004	25.859	14.230	40.089	21.267	19.957	22.517	28.968	92.709	13.420
2004	2005	25.859	14.230	40.089	21.267	19.957	22.517	28.968	92.709	13.420
2005	2006	25.752	14.230	39.982	21.867	17.900	22.541	28.968	91.276	13.420
2006	2007	25.285	12.750	38.035	22.467	16.804	22.410	28.968	90.649	13.420
2007	2008	25.048	12.750	37.798	22.467	16.804	22.414	28.968	90.653	13.420
2008	2009	32.415	13.870	46.285	23.067	16.804	22.395	28.968	91.234	13.420
2009	2010	32.398	13.870	46.268	23.667	16.804	22.435	28.968	91.874	13.420
2010	2011	32.537	14.300	46.837	24.645	16.804	22.524	28.968	92.941	13.420
2011	2012	32.474	15.140	47.614	24.645	16.804	22.472	28.968	92.889	13.420
2012	2013	38.700	14.800	53.500	24.645	16.804	22.520	28.968	92.937	13.420

Note 1: Broomfield County was formed on November 15, 2001.

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

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

Taxpayer	2004			2013		
	2003 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value (1)	2012 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value (2)
Kerr-McGee Rocky Mtn. Corp.	\$ 16,734,480	4	0.98%	\$ 241,425,780	1	9.91%
Encana Oil & Gas (USA) Inc.				88,631,249	2	3.64%
Noble Energy, Inc.				29,678,000	3	1.22%
Pratt Land Limited Liability Co.	29,134,360	2	1.71%			
Amgen Inc.	41,593,310	1	2.44%	27,990,962	4	1.15%
Seagate Technology LLC	19,854,620	3	1.16%	19,799,808	5	0.81%
Circle Capital Longmont LLC				19,550,613	6	0.80%
Xilinx Inc.	9,955,320	6	0.58%	15,115,512	7	0.62%
Qwest Corporation	12,167,500	5	0.71%			
Public Service Co. nka Xcel Energy	7,496,460	10	0.44%	11,551,625	8	0.47%
Hub Properties Trust				11,231,319	9	0.46%
Ramco-Gershenson Properties LP				9,655,458	10	0.40%
Maxtor Corporation	9,345,340	7	0.55%			
Twin Peaks Mall Associated Ltd.	8,229,210	8	0.48%			
Cemex, Inc.	7,983,350	9	0.47%			
Total	<u>\$ 162,493,950</u>		<u>9.52%</u>	<u>\$ 474,630,326</u>		<u>19.48%</u>

Note 1: Based on a 2003 certified assessed valuation of \$1,706,403,453

Note 2: Based on a 2012 certified assessed valuation of \$2,436,588,257

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

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

Levy Year	Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collection to Levy	Outstanding Delinquent Taxes (1), (2)
2003	2004	\$ 68,894,334	\$ 66,833,309	97.01%	\$ 1,506,777	\$ 68,340,086	99.20%	\$ 2,061,024
2004	2005	71,575,974	69,356,553	96.90%	1,621,778	70,978,331	99.17%	2,219,422
2005	2006	75,501,852	73,248,325	97.02%	1,489,807	74,738,132	98.99%	2,253,528
2006	2007	76,540,145	73,647,406	96.22%	1,847,549	75,494,955	98.63%	2,892,740
2007	2008	83,603,063	80,083,112	95.79%	1,766,634	81,849,746	97.90%	3,519,950
2008	2009	104,326,045	99,523,612	95.40%	2,206,238	101,729,849	97.51%	4,802,434
2009	2010	110,323,836	106,309,890	96.36%	3,305,101	109,614,992	99.36%	4,013,945
2010	2011	109,541,888	106,266,524	97.01%	3,185,425	109,451,949	99.92%	3,275,364
2011	2012	111,346,454	107,891,736	96.90%	2,892,256	110,783,992	99.49%	3,454,718
2012	2013	130,357,471	124,794,137	95.73%	2,314,277	127,108,414	97.51%	5,563,334

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

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

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

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

Fiscal Year	Governmental Activities				Percentage of Average Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Capital Leases	Registered Coupons	Total		
2004	\$ 273,935,000	\$ 3,380,517	\$ -	\$ 277,315,517	4.0%	\$ 2,026
2005	283,890,000	2,827,263	-	286,717,263	3.9%	2,043
2006	272,770,000	2,244,163	-	275,014,163	3.5%	1,934
2007	317,870,000	1,628,544	-	319,498,544	3.8%	2,185
2008	299,035,000	1,013,917	-	300,048,917	3.4%	2,015
2009	391,990,000	623,268	-	392,613,268	4.5%	2,601
2010	465,295,000	755,927	-	466,050,927	5.2%	3,027
2011	451,865,000	-	-	451,865,000	4.8%	2,877
2012	438,795,000	-	700,000	439,495,000	(1)	2,764
2013	424,925,000	924,117	300,000	426,149,117	(1)	2,621

Note 1: Personal income data for 2012 and 2013 not available

Note 2: Personal Income and Per Capita data from the Demographic and Economic Information on pages 118-119

Source: District's financial records

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

Levy Year	Collection Year	General Obligation Bonds	Less Debt Service Funds	Net Bonded Debt	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2003	2004	\$ 278,315,000	\$ 24,180,448	\$ 254,134,552	1.84%	1,856
2004	2005	283,890,000	28,636,780	255,253,220	1.78%	1,819
2005	2006	272,770,000	32,201,074	240,568,926	1.58%	1,692
2006	2007	317,870,000	32,506,943	285,363,057	1.77%	1,952
2007	2008	299,035,000	27,000,135	272,034,865	1.54%	1,827
2008	2009	391,990,000	30,801,518	361,188,482	1.99%	2,393
2009	2010	465,295,000	32,890,953	432,404,047	2.35%	2,808
2010	2011	451,865,000	30,081,745	421,783,255	2.28%	2,686
2011	2012	438,795,000	30,163,653	408,631,347	2.29%	2,570
2012	2013	424,925,000	30,558,380	394,366,620	2.18%	2,426

Note 1: Refer to Assessed and Estimated Actual Values of Taxable Property schedule on page 108-109

Note 2: Population data is in the Demographic and Economic Information on page 118-119

Source: District's financial records

St. Vrain Valley School District RE-1J
Debt Capacity
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013
(Unaudited)

Name of Overlapping Entity	2012 Assessed Valuation	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the District	
			Percent	Amount
Berthoud Fire Protection District	\$ 154,074,970	\$ 855,000	10.76%	\$ 91,998
City & County of Broomfield				-
Carbon Valley Park & Recreation District	413,761,430	5,975,000	89.76%	5,363,160
Central Colorado Water Conservancy - Groundwater Management	1,875,492,840	16,238,352	0.15%	24,358
City of Dacono	53,537,270	2,160,000	78.58%	1,697,328
East I-25 Sanitation District	28,068,320	325,000	96.97%	315,153
Town of Erie	234,582,203	15,490,000	80.25%	12,430,725
Erie Commons Metro District No. 1	10	8,165,000	100.00%	8,165,000
Town of Firestone	142,807,170	70,000	94.57%	66,199
Town of Frederick				-
Frederick-Firestone Fire Protection Dist.	375,980,860	2,725,000	98.81%	2,692,573
Gunbarrel Estates Metro Park & Rec.	10,114,252	-	100.00%	-
Harvest Junction Metropolitan District	19,227,931	-	100.00%	-
Left Hand Water & Sanitation District			100.00%	-
Liberty Ranch Metropolitan District	5,790,730	4,810,000	100.00%	4,810,000
City of Longmont	1,034,654,242	-	100.00%	-
Lyons Fire Protection District	56,132,820	770,000	99.42%	765,534
Mead Western Meadows Metro District	3,254,550	2,640,000	100.00%	2,640,000
North Metro Fire Rescue Authority	1,002,799,938	22,670,000	0.25%	56,675
Northern Colorado Water Cons. District	14,098,716,757	4,657,276	16.63%	774,505
St. Vrain Sanitation District				-
Stoneridge Metropolitan District	7,068,010	3,905,000	99.99%	3,904,610
Vista Ridge Metropolitan District	49,123,880	38,745,000	100.00%	38,745,000
Wyndham Hill Metropolitan District No. 2	5,655,880	3,370,000	100.00%	3,370,000
Total overlapping debt				85,912,818
Direct debt of the District				438,795,000
Total direct and overlapping debt				<u>\$ 524,707,818</u>

This chart includes a summary of the estimated overlapping general obligation debt, as of December 31, 2012, of those entities with the authority to levy property taxes which are located wholly or partially within the District. Also, shown is the percentage and amount of the total estimated outstanding general obligation debt of these entities, inclusive and exclusive of estimated general obligation under debt, which is chargeable to property located within the District's boundaries. Because no single parcel of property located within the District's boundaries is located within every entity shown on the chart, the chart is not indicative of the actual or potential tax burden upon any single parcel of property located within the District's boundaries. The District is not financially or legally obligated with regard to any of the indebtedness shown on the chart.

Source: Individual governmental entities

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

	2004	2005	2006	2007
Debt Limit	\$ 826,522,526	\$ 860,996,213	\$ 915,527,849	\$ 969,158,919
Total net debt applicable to limit	278,315,000	283,890,000	272,770,000	317,870,000
Legal debt margin	<u>\$ 548,207,526</u>	<u>\$ 577,106,213</u>	<u>\$ 642,757,849</u>	<u>\$ 651,288,919</u>
Total net debt applicable to the limit as a percentage of debt limit	33.7%	33.0%	29.8%	32.8%

Fiscal Year 2013 Calculation

Under the Colorado Public School Finance Act of 1994, the limitation on bonded indebtedness is the greater of 20 percent of assessed value or 6 percent of actual value.

	Assessed Value	Actual Value
Assessed or Estimated Actual Value	\$ 2,460,711,852 (1)	\$ 18,121,026,759
Debt Limit Percentage	<u>20.00% (2)</u>	<u>6.00%</u>
Legal debt limit	492,142,370	1,087,261,606
Amount of debt applicable to debt limit: Total bonded debt as of June 30, 2013	<u>424,925,000</u>	<u>424,925,000</u>
Legal debt margin	<u>\$ 67,217,370</u>	<u>\$ 662,336,606</u>

Note 1: The assessed valuation shown here includes \$24,123,595 of assessed valuation attributable to the tax increment financing district (Longmont Downtown Development Authority and the Broomfield Urban Renewal Authority) located within the District. An additional slight difference is due to adjustment to the various County Assessors' compilations of the above information.

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

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 442,367,652	\$ 454,114,207	\$ 480,457,607	\$ 472,060,055	\$ 471,961,545	\$ 492,142,370
299,035,000	391,990,000	465,295,000	451,865,000	438,795,000	424,925,000
<u>\$ 143,332,652</u>	<u>\$ 62,124,207</u>	<u>\$ 15,162,607</u>	<u>\$ 20,195,055</u>	<u>\$ 33,166,545</u>	<u>\$ 67,217,370</u>
67.6%	86.3%	96.8%	95.7%	93.0%	86.3%

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

Population District-wide

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
136,910	140,363	142,172	146,193

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

Personal Income (expressed in thousands) by County

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Boulder	\$ 12,199,592	\$ 12,815,298	\$ 14,192,102	\$ 14,841,031
Broomfield (1)	1,550,901	1,550,383	1,694,754	1,918,571
Larimer	8,846,874	9,330,387	9,953,554	10,541,856
Weld	5,374,013	5,668,873	5,919,700	6,384,960
Average	<u>\$ 6,992,845</u>	<u>\$ 7,341,235</u>	<u>\$ 7,940,028</u>	<u>\$ 8,421,605</u>

Source: United States Department of Commerce, Bureau of Economic Analysis
Data subject to revision; not available for 2010 and beyond.

Annual Per Capita Personal Income by County

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Boulder	\$ 43,640	\$ 45,849	\$ 49,628	\$ 51,388
Broomfield (1)	36,530	35,743	32,949	35,781
Larimer	32,893	34,323	35,397	36,766
Weld	24,432	24,846	26,002	26,314
Average	<u>\$ 34,374</u>	<u>\$ 35,190</u>	<u>\$ 35,994</u>	<u>\$ 37,562</u>

Source: United States Department of Commerce, Bureau of Economic Analysis
Data subject to revision; not available for 2010 and beyond.

- Note: 1 City and County of Broomfield was formed in 2001. Personal income and annual per capita personal income not available for 2001.
- Note 2: Prior years have been modified by the Bureau based on updated information. However, data above is shown as it has been reported in previous CAFRs.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
148,920	150,949	153,967	157,047	159,000	162,579

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

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

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

Median Age by County

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Boulder	34.6	35.1	35.5	35.8	36.1
Broomfield	33.9	34.2	34.5	34.7	34.9
Larimer	34.2	34.5	34.9	35.1	35.2
Weld	31.0	31.2	31.3	31.5	31.7

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

Annual Unemployment Rate by County (1)

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Boulder	(2)	5.8%	4.5%	4.1%	3.3%	4.8%
Broomfield	(3)	6.2%	4.7%	4.7%	3.8%	5.4%
Larimer	(4)	5.3%	4.4%	4.2%	3.4%	4.7%
Weld	(5)	5.9%	5.1%	5.0%	4.2%	5.6%

Note 1: Figures for the Counties are not seasonally adjusted

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

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

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

Note 5: Weld County includes the Greeley MSA

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

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

2009	2010	2011	2012	2013
36.3	37.0	37.3	36.5	36.6
35.5	35.8	36.1	36.9	37.0
35.5	36.3	36.7	35.8	35.9
31.8	32.4	32.6	33.6	33.8

2009	2010	2011	2012	2013 (6)
6.6%	7.1%	6.6%	6.1%	6.1%
7.5%	7.9%	7.7%	7.1%	7.1%
6.6%	7.4%	6.9%	6.4%	6.2%
8.8%	10.2%	9.7%	8.7%	8.3%

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St. Vrain Valley School District RE-1J
Demographic and Economic Information
Major Private and Public Employers (1)
Boulder County and the City and County of Broomfield Combined
Current Year and Nine Years Ago
(Unaudited)

Employer	Product of Service	2004		2013	
		Estimated Number of Employees (2)	Rank	Estimated Number of Employees (2)	Rank
University of Colorado, Boulder	Public university			7,500	1
Boulder Valley School District	Public education			4,133	2
St. Vrain Valley School District	Public education			3,806	3
IBM Corp.	Computer systems and services	4,800	1	2,800	4
Ball Corp.	Areospace instruments and data systems			2,545	5
Level 3 Communications Inc.	Communication/fiberoptic network			2,454	6
Oracle Corp.	Network computer systems/software			1,980	7
Boulder County	County government			1,902	8
Covidien (parent of Valleylab)	Surgical solution products	920	6	1,830	9
Wal-Mart Stores Inc.	Discount retail chain	625	10	1,450	10
Urban Lending Solutions	Mortgage industry professional services			1,389	11
Seagate Technology	Computer hard disc drives	1,080	4	1,307	12
City of Boulder	Local government			1,258	13
King Soopers (division of Kroger)	Grocery chain			916	14
Hunter Douglas Inc.,	Window louvers			868	15
Storage Technology Corp.	Data storage products	2,000	2		
ConAgra Foods	Food (turkey) products	1,200	3		
Safeway Inc.	Food and drug retail	1,000	5		
Maxtor Corp.	Computer hard disc drives	828	7		
Kable Fulfillment Services, Inc.	Order fulfillment services for publishers	675	8		
Micro Motion Inc.	Flowmeters for industrial use	640	9		
		<u>13,768</u>		<u>36,138</u>	

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

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

Source: 2013 data from The Daily Camera, "Top 50 Employers", September 2013
and from The Boulder County Business Report, "Book of Lists", April 2013
2004 data from The Daily Camera, "Top 50 Boulder and Broomfield County Employers," May 11, 2003

St. Vrain Valley School District RE-1J
Operating Information
Full-Time Equivalent (FTE) District Employees by Function (1)
Last Nine Fiscal Years (2)
(Unaudited)

<u>Function</u>	<u>Description</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Direct Instruction	Classroom teachers, special education and English as a Second Language teachers, teachers' aides, librarians (4), counselors (4)	1,534	1,515	1,571
Classroom Support	Librarians (4), counselors (4), school principals and assistant principals, support staff including speech services, attendance, and extra-curricular activities	386	381	395
Building Support	Student transportation, utilities, maintenance, custodial services, printing, purchasing, technology services, etc.	311	307	319
Central Support/ Administration	Human resources, finance, payroll, budgeting, legal, clerical support, supervision of instruction, public information, superintendent's office, etc.	30	30	31
Total FTE		<u>2,261</u>	<u>2,234</u>	<u>2,316</u>

Note 1: The numbers above are from the Employee Management System for the General Fund as of June 30 and do not take into account staffing fluctuations during the year or vacancies at year-end.

Note 2: Due to the change in compiling and reporting FTE data, the FTE by function is not available prior to fiscal year 2005.

Note 3: The District changed human resources and payroll systems during fiscal year 2010 and, thus, changed the methodology by which it compiles and reports employee FTE.

Note 4: Based on the District Board of Education's goals, librarians and counselors were reclassified from classroom support to direct instruction effective fiscal year 2010.

Note 5: Although the above table represents FTE for the General Fund only, additional FTE were supported by federally funded grants as follows: 62, 49, 56 and 56 FTE for direct instruction; and 36, 44, 34, and 41 FTE for classroom support for fiscal years 2010, 2011, 2012, and 2013, respectively.

Source: District's Human Resources Department

<u>2008</u>	<u>2009</u>	<u>2010 (3)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1,753	1,514	1,612 (5)	1,589 (5)	1,535 (5)	1,549 (5)
441	381	366 (5)	388 (5)	406 (5)	382 (5)
356	307	336	338	354	374
34	30	32	34	36	37
<u>2,584</u>	<u>2,232</u>	<u>2,346</u>	<u>2,349</u>	<u>2,331</u>	<u>2,342</u>

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

Fiscal Year	Student Membership/ Enrollment (1)	Student Full-Time Equivalency (FTE) As of October 1 (2)
2004	20,913.0	20,174.0
2005	21,467.0	20,724.5
2006	22,482.0	21,631.5
2007	23,630.0	22,263.0
2008	24,216.0	22,836.5
2009	25,270.0	23,901.1
2010	26,303.0	24,905.9
2011	26,662.0	25,493.3
2012	27,340.0	26,120.2
2013	28,599.0	27,207.8

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

Note 2: Student full-time equivalency (FTE) represents the amount of time the students are actually attending classes.

Source: District's Records Management

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

Fiscal Year	Expenses (1)	Enrollment (2)	Cost per Pupil	Pupil Teacher Ratio (3)	Number of Free and Reduced Students (4)	Percent of Free and Reduced Students in Lunch Program
2004	\$ 146,932,609	20,913.0	\$ 7,026	23.5:1	4,516	21.6%
2005	157,562,371	21,467.0	7,340	23:05:01	5,007	23.3%
2006	181,360,212	22,482.0	8,067	24.1:1	6,249	27.8%
2007	189,155,044	23,630.0	8,005	24.1:1	6,940	29.4%
2008	198,371,203	24,216.0	8,192	24.1:1	7,325	30.2%
2009	213,273,301	25,270.0	8,440	24.8:1	7,877	31.2%
2010	262,801,983	26,303.0	9,991	24.0:1 (5)	9,083	34.5%
2011	267,863,940	26,662.0	10,047	24.0:1 (5)	9,358	35.1%
2012	264,927,937	27,340.0	9,690	25.0:1 (5)	9,586	35.1%
2013	265,552,890	28,599.0	9,285	25.4:1 (5)	9,433	33.0%

Note 1: Expenses for governmental activities from Changes in Net Assets schedule

Note 2: Enrollment (total membership) from the Student Count schedule

Note 3: Provided by the Human Resources Department

Note 4: Provided by Nutrition Services

Note 5: Ratio based on an average standard which can be further impacted by other variables including the number of free & reduced students, literacy programs, focus programs, academic assistance, and Title schools

Source: District's financial records

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

	2004	2005	2006	2007	2008
Elementary schools	20	22	22	22	22
Total square feet	968,072	1,072,642	1,072,642	1,072,642	1,072,642
Total program capacity	9,331	10,411	10,411	10,411	10,411
Enrollment	9,188	9,494	9,632	9,778	9,971
Percent capacity	98%	91%	93%	94%	96%
Middle schools	6	6	9	9	9
Total square feet	569,712	569,712	905,153	905,153	905,153
Total program capacity	4,054	4,054	6,331	6,331	6,331
Enrollment	3,850	3,873	4,872	4,956	4,992
Percent capacity	95%	96%	77%	78%	79%
High schools	7	7	7	7	7
Total square feet	916,071	920,371	1,083,994	1,083,994	1,083,994
Total program capacity	6,995	6,995	6,995	6,995	6,995
Enrollment	6,831	7,123	6,461	6,728	7,019
Percent capacity	98%	102%	92%	96%	100%
Alternative schools (1)	2	2	2	2	2
Total square feet	97,032	97,032	97,032	97,032	97,032
Enrollment	534	483	554	572	556
Charter schools	2	2	4	4	3
Enrollment	669	645	1,120	1,420	1,397
Other District Facilities					
Total square feet	132,853	132,853	132,853	144,106	144,106

Note 1: Includes alternative programs in addition to alternative schools. However, in 2013, the District reassessed which programs to include.

Note 2: Includes the new elementary school. Construction completed prior to June 30, 2011.

Note 3 : Includes the new high school. Construction completed prior to June 30, 2012.

Note 4 : An old high school was under construction during fiscal year 2013 to be converted to a K8. Its square footage was moved to Other District Facilities.

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

2009	2010	2011	2012	2013
25	25	26	26	26
1,228,045	1,232,741	1,305,337	1,305,337	1,305,337
11,505	11,641	12,291	12,336	12,065
10,890	11,236	11,453	11,475	11,724
95%	97%	93%	93%	97%
9	9	9	9	9
905,153	908,105	908,105	908,105	922,105
6,331	6,331	6,392	5,740	6,200
4,909	5,060	5,080	5,114	5,361
78%	80%	79%	89%	86%
7	8	8	9 (3)	8 (4)
1,083,994	1,246,227	1,301,849	1,492,200	1,372,591
6,995	7,721	8,413	8,738	8,834
7,026	7,147	7,255	7,440	7,681
100%	93%	86%	85%	87%
2	2	2	2	2
97,032	152,516	152,516	152,516	152,516
558	552	578	738	626
4	5	5	6	6
1,887	2,308	2,589	3,009	3,587
144,106	169,672	169,672	185,720	305,329 (4)

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

	2004	2005	2006	2007
General Fixed Assets Group / Governmental Activities				
Land/Sites	\$ 13,101,777	\$ 16,868,344	\$ 17,281,724	\$ 18,564,441
Projects in progress	47,988,336	20,455,309	5,072,230	8,658,126
Water rights	2,612,516	2,612,516	4,089,516	4,089,516
Capital assets not depreciated	<u>63,702,629</u>	<u>39,936,169</u>	<u>26,443,470</u>	<u>31,312,083</u>
Land Improvements	13,803,835	16,362,434	16,974,890	19,261,023
Buildings	104,563,622	163,650,732	176,858,388	178,542,911
Building Improvements	83,590,019	87,209,911	99,353,087	99,556,995
Equipment	17,487,102	23,182,130	23,950,193	25,213,065
Capital assets depreciated	<u>219,444,578</u>	<u>290,405,207</u>	<u>317,136,558</u>	<u>322,573,994</u>
Less: accumulated depreciation				
Land Improvements	4,222,100	4,840,750	5,681,171	6,579,135
Buildings	31,298,614	33,136,901	35,314,984	39,654,107
Building Improvements	18,049,170	19,791,865	23,283,112	26,385,211
Equipment	10,746,973	11,550,228	12,658,701	14,658,269
Total accumulated depreciation	<u>64,316,857</u>	<u>69,319,744</u>	<u>76,937,968</u>	<u>87,276,722</u>
Capital assets depreciated, net	<u>155,127,721</u>	<u>221,085,463</u>	<u>240,198,590</u>	<u>235,297,272</u>
Total capital assets, General Fixed Assets Group / Governmental Activities	<u>\$ 218,830,350</u>	<u>\$ 261,021,632</u>	<u>\$ 266,642,060</u>	<u>\$ 266,609,355</u>
Enterprise Fund / Business-type Activities				
Equipment	\$ 1,576,109	\$ 1,953,186	\$ 2,249,157	\$ 2,312,660
Less: accumulated depreciation	<u>848,425</u>	<u>971,415</u>	<u>1,105,986</u>	<u>1,253,142</u>
Total	<u>\$ 727,684</u>	<u>\$ 981,771</u>	<u>\$ 1,143,171</u>	<u>\$ 1,059,518</u>

Source: District's financial records

2008	2009	2010	2011	2012	2013
\$ 19,792,539	\$ 19,792,539	\$ 19,792,539	\$ 20,073,379	\$ 20,073,379	\$ 20,073,379
58,980,808	1,811,297	25,144,438	70,274,929	23,008,224	46,882,404
4,122,407	4,340,807	4,943,227	1,095,578	1,095,578	1,095,578
82,895,754	25,944,643	49,880,204	91,443,886	44,177,181	68,051,361
19,261,023	20,163,514	20,178,134	23,402,497	23,402,497	24,051,471
178,624,762	245,874,910	246,727,350	249,187,029	300,679,143	301,587,741
99,725,058	99,876,713	100,398,102	112,542,642	130,861,657	135,461,032
26,120,496	27,199,661	29,210,118	30,357,183	24,868,107	25,752,447
323,731,339	393,114,798	396,513,704	415,489,351	479,811,404	486,852,691
7,477,099	8,409,521	9,298,853	10,271,324	11,308,292	12,366,859
42,877,045	46,979,138	51,412,991	56,207,902	61,282,240	66,768,318
29,472,391	32,574,831	35,740,474	39,379,006	43,833,351	48,617,140
16,644,245	18,731,165	20,548,985	22,192,475	18,069,528	17,801,645
96,470,780	106,694,655	117,001,303	128,050,707	134,493,411	145,553,962
227,260,559	286,420,143	279,512,401	287,438,644	345,317,993	341,298,729
\$ 310,156,313	\$ 312,364,786	\$ 329,392,605	\$ 378,882,530	\$ 389,495,174	\$ 409,350,090
\$ 2,324,322	\$ 2,634,246	\$ 2,756,630	\$ 2,823,299	\$ 3,291,862	\$ 3,377,603
1,397,420	1,558,615	1,714,277	1,914,487	2,089,989	2,239,803
\$ 926,902	\$ 1,075,631	\$ 1,042,353	\$ 908,812	\$ 1,201,873	\$ 1,137,800

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COMPLIANCE SECTION

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**Independent Auditors' Report On Internal
Control Over Financial Reporting And On
Compliance And Other Matters Based On An
Audit Of Financial Statements Performed In
Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of St. Vrain Valley School District RE-1J (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 11, 2013. Our report includes a reference to other auditors, who audited the financial statements of the Aspen Ridge Preparatory School, the Carbon Valley Academy, the Flagstaff Academy, Imagine Charter School at Firestone, St. Vrain Community Montessori School and Twin Peaks Charter Academy, as described in our report on the District's financial statements. This report does not include the results of the Twin Peaks Charter Academy, Flagstaff Academy, Imagine Charter School at Firestone and St. Vrain Community Montessori School auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Carbon Valley Academy and Aspen Ridge Preparatory School were not audited in accordance with *Government Auditing Standards*, and according, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with them.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

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

Purpose Of This Report

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

RubinBrown LLP

November 11, 2013



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**Independent Auditors' Report On Compliance
For Each Major Federal Program And
Report On Internal Control Over Compliance
Required by OMB Circular A-133**

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

Report On Compliance For Each Major Federal Program

We have audited St. Vrain Valley School District RE-1J's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion On Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report On Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-01, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

November 11, 2013

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Period Ended June 30, 2013

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Program Or Award Number	Federal Expenditures
U.S. Department Of Education			
<i>Direct award from the federal government</i>			
Advanced Placement Program	84.330	5330	\$ 2,632
Investing in Innovation, Recovery Act	84.396	4396	805,265
Race to the Top - District Grants	84.416	5416	415,642
<i>Passed through State Department of Education</i>			
Adult Education - Basic Grants to States	84.002	5002,6002	221,777
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	4010, 5010, 6010	2,533,450
Special Education - Grants to States (IDEA, Part B)	84.027	4027	4,178,631
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	5126	369,715
Special Education - Preschool Grants (IDEA Preschool)	84.173	4173	75,178
Education for Homeless Children and Youth	84.196	5196	36,362
Charter Schools (Title V, Part B of ESEA)	84.282	5282, 6282	209,435
English Language Acquisition State Grants (Title III, Part A of ESEA)	84.365	4365	294,206
Improving Teacher Quality State Grants (Title II, Part A of ESEA)	84.367	4367	471,511
Race to the Top Fund	84.395	4395	73,921
<i>Passed through Colorado Community Colleges & Occupational Education System</i>			
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	4048	150,867
Total U.S. Department Of Education			9,838,592
U.S. Department Of Agriculture			
<i>Passed through State Department of Human Services</i>			
National School Lunch Program (noncash commodities entitlement)	10.555	4555	515,971
<i>Passed through State Department of Education</i>			
School Breakfast Program	10.553	4553	620,492
National School Lunch Program	10.555	4555	3,545,283
Summer Food Service Program for Children	10.559	4559	135,220
Fresh Fruits and Vegetables	10.582	4582	102,561
Total U.S. Department Of Agriculture			4,919,527
Total Expenditures Of Federal Awards			\$ 14,758,119

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2013

1. Basis Of Presentation

The accompanying schedule of expenditures of federal awards, which includes the federal grant activity of the St. Vrain Valley School District RE-1J (the District), is presented on the modified accrual basis of accounting, except for the U.S. Department of Education grants, which are presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the District's financial statements for the year ended June 30, 2013.

2. Noncash

The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received. The commodities are recognized as expenditures when used by the schools. The majority of the commodities are stored at the individual schools, instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as deferred revenue.

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS**For The Year Ended June 30, 2013**

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	_____ yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	_____ yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> yes	_____ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

<input checked="" type="checkbox"/> yes	_____ no
---	----------

Identification Of Major Programs

CFDA No.	Name Of Federal Program Or Cluster
84.027, 84.173	Special Education - Grants to States (IDEA B) and Preschool Grants (IDEA Preschool)
84.282	Charter Schools
84.365	English Language Acquisition State Grants
84.396	State Fiscal Stabilization Fund (SFSF) - Investing in Innovation Fund (I3), Recovery Act
84.416	Race to the Top - District Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$442,744

Auditee qualified as low-risk auditee? ☒ yes ☐ no

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended June 30, 2013

Section II - Financial Statement Findings

There were no findings relating to the District's financial statements for the year ended June 30, 2013.

Section III - Federal Award Findings And Questioned Costs

Finding: 2013-01

Federal Award: CFDA 84.282 Charter Schools

Federal Agency: Colorado Department of Education

Criteria: Per the Procurement, Suspension and Debarment compliance requirement, nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR Section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions. When a nonfederal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR Section 180.300).

Condition: The charter school did not check to see if the vendor is on the debarment or suspended list before it entered into a transaction.

Questioned Costs: Not applicable.

Context: The disbursement selected for testing was not checked for debarment or suspension before the transactions occurred. In the transaction tested, the vendor was not debarred.

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)

Effect: Without thorough reviews, inappropriate costs may be charged to the federal grant, possibly leading to misuse of federal funds, repayment of grant monies and loss of grant funding.

Cause: There is not sufficient review of vendors by the charter schools to ensure they are not on the debarment or suspension list.

Recommendation: We recommend the charter schools implement procurement policies to have vendors related to federal grants be appropriately reviewed for suspension or debarment through the Excluded Parties List System website before the transaction in excess of \$25,000 occurs. We recommend this review be properly documented. The District should also perform monitoring and oversight to ensure charter schools are checking debarment for covered transactions.

Views Of Responsible Officials And Planned Corrective Actions: Although the Purchasing Department conducted searches of suspended or debarred entities to comply with Board Policy and Federal grant guidelines, the department did not maintain documentation to support their search results. Effective immediately, the department is printing or saving documentation and attaching it to all federal grant requisitions equaling or exceeding \$25,000 before the requisition is approved and converted into a purchase order. For vendors who appear on the excluded party list, the department will attach the supporting documentation and return it along with the requisition to the originator. The Purchasing Department will also assist the requisition originator in finding an approved alternate entity.

Section IV - Prior-Year Findings

There were no federal award findings or questioned costs for the year ended June 30, 2012.



Colorado Department of Education

Auditors Integrity Report

District: 0470 - ST VRAIN VALLEY RE 1J

Fiscal Year 2012-13

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number		Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
		+		-	=
Governmental					
10	General Fund	44,543,177	197,694,397	180,992,877	61,244,696
18	Risk Mgmt Sub-Fund of General Fund	4,986,029	1,858,987	3,966,401	2,878,615
19	Colorado Preschool Program Fund	363,021	979,435	943,660	398,796
Sub- Total		49,892,226	200,532,819	185,902,938	64,522,107
11	Charter School Fund	3,105,868	21,187,103	19,123,043	5,169,929
20,26-29	Special Revenue Fund	6,277,643	6,460,999	5,272,017	7,466,625
21	Capital Reserve Spec Revenue Fund	0	0	0	0
22	Govt Designated-Purpose Grants Fund	0	10,737,736	10,737,736	0
23	Pupil Activity Special Revenue Fund	4,051,184	6,543,786	6,005,316	4,589,654
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	30,163,653	35,862,493	35,467,767	30,558,379
39	Non-Voter Approved Debt Service Fund	0	0	0	0
41	Building Fund	69,836,278	427,479	33,883,305	36,380,452
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	5,515,549	3,248,106	3,006,389	5,757,266
Totals		168,842,402	285,000,520	299,398,510	154,444,412
Proprietary					
51	Food Service Fund	3,158,937	8,594,512	8,550,602	3,202,846
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	-700,699	6,610,805	2,887,293	3,022,813
Totals		2,458,238	15,205,317	11,437,895	6,225,659
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	215,820	48,996	41,428	223,387
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	137,315	158,230	152,199	143,346
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
Totals		353,135	207,225	193,627	366,733

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.
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