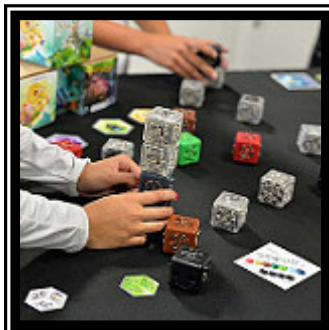




**Student Achievement ® Well-Being ® Partnerships**

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015



**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, 2015

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Superintendent of Schools

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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  
2014-2015**



Pictured from left to right:

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

(Row 2) Assistant Secretary Mike Schiers, and  
Members Mr. John Ahrens and Mr. John Creighton

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November 30, 2015

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, 2015. 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, 2015.

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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2015, 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 (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities and business-type activities into a single total column for government-wide activities. GASB Statement No. 34 also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found in the Financial Section immediately following the Independent Auditors' Report.

### **PROFILE OF THE GOVERNMENT – The District and Its Services**

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

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

St. Vrain Valley School District is the educational home of more than 30,000 of Colorado's students. St. Vrain Valley jumped to the seventh largest school district in the state according to the Colorado Department of Education's 2014 District Ranking by Pupil Membership. St. Vrain Valley operates 52 schools that are spread over 411 square miles. The makeup of the schools include: 1 standalone early childhood learning center, 23 elementary, 1 PK-8, 1 K-8, 8 middle, 1 middle/senior, 7 high, 2 alternative, 1 online, 1 homeschool program, and 6 charter schools. Located approximately 30 miles north of Denver, the District is geographically diverse. Its physical boundaries extend from the Continental Divide into the plains of Colorado. Adding to its scenic setting are historic downtown Longmont and the backdrop of Rocky Mountain National Park and Longs Peak. The District includes approximately 164,000 residents. There are 13 different communities that makeup 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, 2015 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, 2015, 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, 2015. 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 2015.

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](http://www.cbo.gov). Specific documents cited are the October 7, 2015, *Monthly Budget Review for September 2015*; the August 25, 2015, *An Update to the Budget and Economic Outlook: 2015-2025*; and the June 16, 2015, *The 2015 Long-Term Budget Outlook*.

The long-term outlook for the federal budget has worsened dramatically over the past several years, in the wake of the 2007–2009 recession and slow recovery. Between 2008 and 2012, financial turmoil and a severe drop in economic activity, combined with various policies implemented in response to those conditions, sharply reduced federal revenues and increased spending. As a result, budget deficits rose: they totaled \$5.6 trillion in those five years, and in four of the five years, they were larger relative to the size of the economy than they had been in any year since 1946. Because of the large deficits, federal debt held

by the public soared, nearly doubling during the period. It is now equivalent to about 74 percent of the economy's annual output, or gross domestic product (GDP)—a higher percentage than at any point in U.S. history except a seven-year period around World War II.

The federal government ran a budget deficit of \$435 billion in fiscal year 2015, CBO estimates—\$48 billion less than the shortfall recorded in fiscal year 2014, and the smallest deficit recorded since 2007. Relative to the size of the economy, that deficit—at an estimated 2.4 percent of gross domestic product (GDP)—was slightly below the average experienced over the past 50 years, and 2015 was the sixth consecutive year in which the deficit declined as a percentage of GDP since peaking at 9.8 percent in 2009. By CBO's estimate, revenues were about 8 percent higher and outlays were about 5 percent higher in 2015 than they were in the previous fiscal year. CBO's deficit estimate is based on data from the *Daily Treasury Statements*; the Treasury Department will report the actual deficit for fiscal year 2015 later this month.

A deficit of \$435 billion would be \$9 billion larger than the shortfall that CBO projected in its August 2015 report, *An Update to the Budget and Economic Outlook: Fiscal Years 2015 to 2025*. Outlays exceeded the projection by \$8 billion and revenues fell short by \$2 billion, according to CBO's current estimates.

Receipts for fiscal year 2015 totaled \$3,249 billion, CBO estimates—\$229 billion (or 8 percent) more than the total for fiscal year 2014. The largest increases were in the following categories: individual income taxes and payroll taxes likely due to growth in wages and salaries; receipts from corporate taxes reflecting higher taxable profits in calendar years 2014 and 2015; and, miscellaneous fees and fines, a little more than half from new collections from health insurers under the reinsurance and risk adjustment programs established in the Affordable Care Act (ACA).

Outlays for fiscal year 2015 were \$3,685 billion. By CBO's estimate this is \$181 billion (or 5 percent) more than they were in fiscal year 2014. Outlays in several major programs or categories of spending increased. These include, but are not limited to, the following: Medicaid due to ACA provisions that increased enrollment, as well as health insurance subsidy payments for an entire fiscal year; spending for Social Security benefits; outlays for the Department of Education primarily due to the upward revision in estimated net subsidy costs of student loans and loan guarantees.

Over the next 10 years, the budget outlook remains much the same as CBO described earlier this year: If current laws generally remain unchanged, within a few years the deficit will begin to rise again relative to GDP, and by 2025, debt held by the public will be higher relative to the size of the economy than it is now.

CBO's economic forecast, which serves as the basis for its budget projections, anticipates that the economy will expand modestly this year, at a solid pace in calendar years 2016 and 2017, and at a more moderate pace in subsequent years. The pace of growth over the next few years is expected to reduce the quantity of underused resources, or "slack," in the economy, lowering the unemployment rate and putting upward pressure on compensation as well as on inflation and interest rates.

Although real (inflation-adjusted) GDP grew weakly early in 2015, recent data indicate that the economy is now on firmer ground, and CBO expects the pace of economic activity to pick up in the second half of this calendar year and over the next few years. After that, the agency anticipates moderate economic growth, constrained by relatively slow growth in the labor force.

### State Economy

The September 21, 2015, Office of State Planning and Budgeting (OSPB) report, *The Colorado Economic Outlook – Economic and Fiscal Review*, 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](http://www.colorado.gov).

The overall national economy is showing some momentum despite sluggish global conditions. Growth in the U.S. continues to be influenced more by domestic rather than international factors. Construction activity is growing and recent survey results from businesses outside the manufacturing sector remain at their highest level of the current expansion. The labor market continues to improve with sustained job gains and lower unemployment, though wage gains remain lower than in previous expansions. Indicators associated with the business cycle, such as business lending practices and the hiring of temporary workers, currently point to continued expansion. However, financial conditions have tightened with declines in equity assets and widening credit spreads, signaling concerns over global economic growth, especially in China, and the possibility of upcoming monetary policy tightening by the Federal Reserve.

Colorado's economy continues to show momentum, indicating its resilience in the face of slow global growth, the contraction in the oil and gas industry, and volatility in the financial markets. This shows that the state continues to have many favorable ingredients for economic growth, most notably its diverse mix of industries producing goods and services in high demand in today's economy. However, the oil and gas industry's contraction is contributing to slower overall job and income growth in 2015 compared with the robust growth of 2014. Job growth for the state is forecast to be 2.8 percent in 2015, 0.7 percentage points less than 2014's 3.5 percent growth.

New business activity in Colorado, a main source of job and economic growth, continued to expand through the first half of the year, per latest data available. Further, the most recent data on initial claims for unemployment insurance and income tax collections from wage withholding indicate a healthy job market.

Colorado added 64,900 new jobs from July 2014 to July 2015, a year-over-year increase of 2.6 percent. The leisure and hospitality sector led job growth by adding 14,800 jobs, while most other industries experienced more modest increases. The contraction in the oil and gas industry continued to result in job losses for the sector, although recent survey data suggests that employment losses are slowing.

After strong increases in General Fund revenue in FY 2014-15, 9.2 percent over the prior year, growth will moderate in FY 2015-16 due to several factors, including the contraction in the oil and gas industry and less growth in income sources subject to estimated income tax payments, most notably capital gains and oil and gas royalty payments. General Fund revenue growth for FY 2016-17 is expected to rebound from the slower growth in FY 2015-16 with continued economic expansion in the state.

The State's General Fund provides funding for the State's core programs and services, such as preschool through 12th grade education, higher education, services for low-income populations, the disabled and elderly, courts, and public safety. It also helps fund capital construction and maintenance needs for State facilities and, in some years, transportation projects. Under the state constitution, the State Education Fund helps fund preschool through 12th grade education and annually receives one-third of one percent of taxable income. In recent years, it has also received supplemental money from the General Fund as authorized by statute.

Although Colorado's economy is demonstrating momentum, economic conditions around the world exhibit some weakness, especially in China and other large developing economies. The recent turmoil in financial markets may also be cause for concern if the instability persists and leads to further tightening credit conditions or a material downgrade in expectations for economic growth. The slowdown in the oil and gas industry could hamper growth further, as well, especially if oil prices remain at low levels for an extended period of time.

Even relatively small changes in the projected growth rate of revenue sources can materially impact the budget outlook. This forecast projects TABOR revenue will exceed the State's revenue cap in all three years of the forecast, from FY 2015-16 through FY 2017-18. Higher-than-expected revenue collections would result in more revenue above the cap. In contrast, slower-than-expected revenue growth would result in future forecasts showing smaller amounts above the cap, or perhaps revenue being below the cap. These changes would have implications for critical components of the budget, such as the amount of General Fund money available for spending and the amount required to be transferred to transportation and capital construction.

The State Education Fund plays an important role in the State's General Fund budget. Under the state constitution, the State Education Fund helps fund preschool through 12th-grade education, the largest General Fund program. Therefore, higher or lower spending from the State Education Fund generally affects General Fund appropriations in order to support the targeted level of school funding. Decisions in one year affect the range of choices in the next year because they impact the available balance in the State Education Fund for future spending and General Fund availability for other programs.

#### Local Economy

Colorado property is reassessed for valuation every two years. In 2014, a non-assessment year, the District's assessment came in at \$2.38 billion. In August 2015, the initial certification of assessed valuations shows a large increase of more than 14%, mainly in the Boulder County and Weld County assessed valuation. The District's projected assessment for the 2016 year is \$2.75 billion. The largest community within the District is Longmont (the City). According to the City's CAFR for the year ended December 31, 2014, the estimated population is nearly 92,000.

*The Economic Indicators for Longmont Through July 2015*, prepared by the City's financial staff provides a positive snapshot. The City's most important revenue indicator, sales and use tax, was up 7.5% in 2014 compared to 2013 levels. Building permits through the month of June were 150 single family permits and 8 multi-family permits. This compares to 119 single family and 13 multi-family permits issued through June 2014. There were 18 new commercial construction permits through June 2015 compared to 5 through June 2014. The total valuation on permits through June 2015 increased 41.3% from valuation through June 2014. Actual number of permits issued for all purposes through June 2015 decreased by 9% over the same period in 2014. The U.S Department of Labor and Statistics estimated Longmont's unemployment rate as 3.3% in June 2015, down from 4.3% in June 2014. The Longmont Area Economic Council reported 220 primary employers in the Longmont area and a net loss of 236 primary jobs through June 2015.

The Weld County portion of the District includes the growing town of Erie with a population of about 21,500, as of 2014, increasing by 500 over 2013 numbers. Firestone, Mead, Frederick and Dacono have stable or moderate population growth. Other District communities with minimal growth include Niwot and Lyons, both located in Boulder County.

#### Continued Enrollment Growth

The District continues to grow in enrollment. Initial counts for the fall of 2015 show an increase of approximately 600 full-time equivalent students. Since 2006, the enrollment growth has averaged just over 721 students per year with an annual average growth rate of 3.21%. This totals 7,210 additional students in the district since 2006. The Planning Department projects that enrollment will continue to increase by an average of approximately 720 students per year over the next three years, to nearly 32,945 by the fall of 2018.

#### 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 86% of the District's Government wide general revenues for fiscal year 2014-2015.

The District is scheduled to receive \$7,122 per pupil FTE as per pupil revenue (PPR) for FY16. This compares to \$6,861 for FY15, an increase of \$261. In FY10, the year prior to large rescissions in per pupil funding, the District received \$7,109.

Although Colorado's economic growth is one of the top in the nation, portions of the state statutes are in conflict. These conflicts have the potential to cause issues with the state's budget, including funding to school districts. Because of the "Great Recession", the State of Colorado's ability to increase revenues and

provide additional funding to school districts is limited due to Colorado Revised Statute X (the TABOR amendment). In contrast to that, Amendment 23 guarantees per pupil funding for school districts will increase by at least the cost of inflation. Combining those two statutes with the requirement of increased Medicaid coverage and necessary increases to higher education, transportation, and the Department of Correction, causes significant issues with the State of Colorado's budget. It is unknown at this time how these conflicts will be resolved and the impact to school district funding.

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

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

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

## **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: continue to strengthen District finances; align standards, curriculum, instruction, and assessments; create a portfolio of 21st Century focus schools including expanding course offerings to meet the needs and ensure success for all students; enhance District-wide technology services; school safety; broaden communications and collaboration; and maximize the Board of Education's impact. These areas of focus will support specific, measurable District goals in the areas of 1st grade school readiness, 3rd grade reading proficiency, 5th grade reading proficiency, 8th grade algebra participation and successful completion, ACT achievement, enrollment in advanced coursework at the secondary level, and graduation rates.

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

To achieve these goals, the District has made a concerted effort to seek grants, gifts and donations. The District was successful in the 2010 Investing in Innovation (i3) ARRA Grant competition and received \$3.6 million over five years, ending in December 2015. This grant 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 Race to the Top District (RTT-D) Grant award. 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 High School feeder group by focusing on STEM education, summer intervention, and individual academic plans. This is a four year grant ending in December 2016.

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

Two years ago, in an attempt to slow rising health care costs, the District moved to a self-funded model. Districts of a similar size have implemented this model and reduced health care costs by retaining the premiums and paying out claims. In this situation, the District assumes some of the risk (although the District maintains both an individual stop loss policy and an overall stop loss policy), but also retains more of the premium. Most insurance companies are looking to achieve a claims loss ratio of 85%. The goal of the District is to retain those premiums to reduce overall costs. In addition, the District is establishing contacts with local physicians in an effort to improve the quality of care provided. The goal would be to increase the amount of money a physician receives for providing better choices and care up front in an effort to reduce follow up care and the costs associated with that follow up care.

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

In 2001, the State began assigning individual schools a rating based upon CSAP scores. The rating system was revised in 2009 for the 2010-11 fiscal year and is currently being revised again for the 2016-17 fiscal year. Under the current plan, the State Board of Education adopts targets related to four key state performance indicators: (1) student achievement, (2) student academic growth, (3) student academic growth gaps, and (4) postsecondary and workforce readiness. Using the four key performance indicators, the Colorado Department of Education assigns accreditation levels to districts and recommends school plan (accreditation) levels to districts, and produces a detailed data document for each school and district (School Performance Framework and District Performance Framework).

### School Facilities

The continuing growth in student enrollment in the District requires ongoing construction to provide adequate District school facilities. The Planning Department projects that enrollment will continue to increase by an average of approximately 720 students per year over the next three years, to nearly 32,945 by the fall of 2018.

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 early childhood learning center 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. In addition, one elementary school has been renovated to become a kindergarten through 4th grade school with a large capacity to provide centralized preschool to parts of Longmont.

With significant growth continuing to occur within the District, facility capacity will once again be a priority. The Superintendent, Board of Education, and staff are currently evaluating whether to ask for voter approval to pass a bond question related to new schools, additional capacity at current schools, and upgrades to buildings for safety and security.

### District Awards and Recognitions

The District has received numerous awards and recognitions. The awards include John Irwin Schools of Excellence Awards for the state's top 8% performing schools, numerous Governor's Distinguished Improvement awards, Colorado Trailblazer 'Schools to Watch' awards, and Apple Distinguished School awards. District schools have also received awards for co-curricular activities including fine arts, choir, band, orchestra, and athletics. In addition, the District has been named by the federal Office of Educational Technology as a Future Ready district. Also, four District high schools ranked in the top 5% of high schools in the nation according to *Newsweek* and *U.S. News & World Report*. Students from our District high schools have received scholarships from prestigious universities, foundations, and corporations, such as Boettcher and National Merit.

## **FINANCIAL INFORMATION**

As of June 30, 2015, the District had a fund balance of \$78.9 million in the General Fund (including its sub-funds). The increase of \$12.7 million is primarily the result of increased funding, improved operations, timing of projects, and not expending as planned in the budget given the anticipated subsequent year's salary schedule reconfiguration. As a result of the various classifications of fund balance, the ending unassigned General Fund balance is \$22.0 million.

**Accounting Policies:** Detailed descriptions of the District's accounting policies are contained in the Notes to Financial Statements on pages 33-65, and they are an integral part of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and investments, and other significant accounting information.

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

### **FINANCIAL AWARDS and ACKNOWLEDGMENTS**

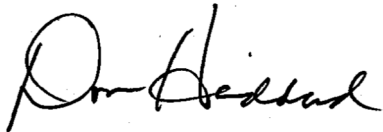
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the eleventh 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 Accountant Jane Frederick, CPA; Budget Director Tony Whiteley, CPA; and District Accountants Kirk Youngman and Shelly Murphy, 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



Gregory A. Fieth  
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, 2014*

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



A handwritten signature in black ink, appearing to read "Mark C. Pepera", written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read "John D. Musso", written over a horizontal line.

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

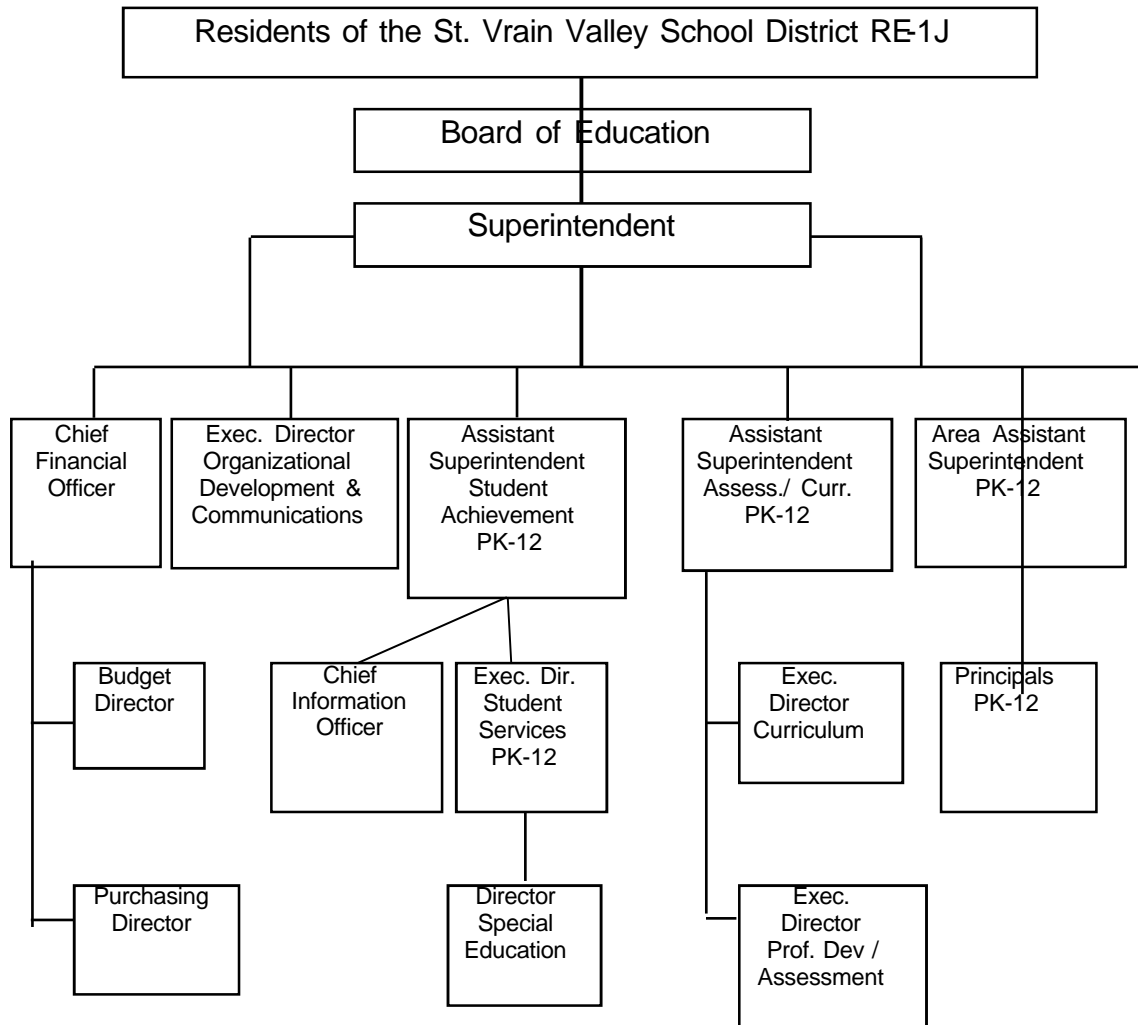
**June 30, 2014**

Executive Director/CEO

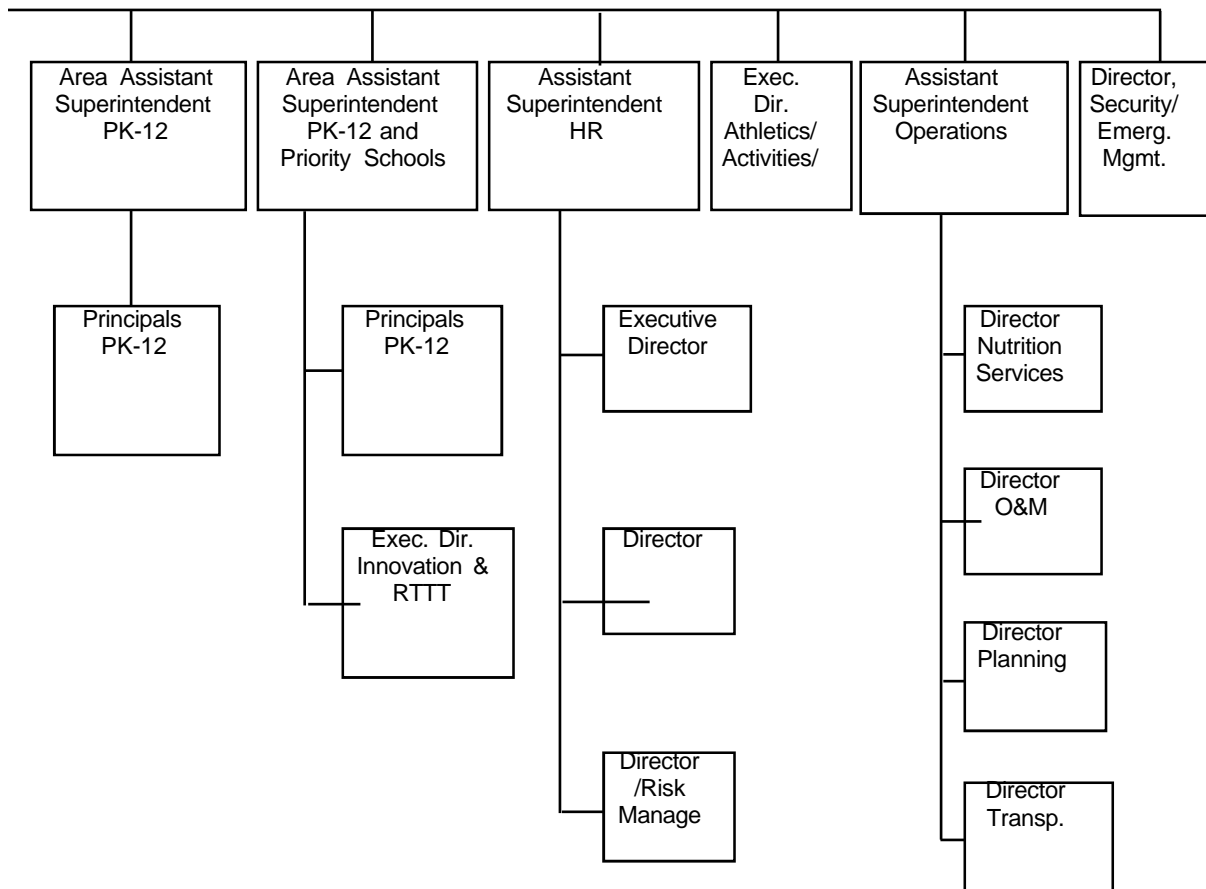
**St. Vrain Valley School District RE-1J**

**ORGANIZATIONAL CHART**

**June 30, 2015**



Approved: November 12, 2014



### Statement of Purpose

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

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

**As of June 30, 2015**

### **Elected Officials**

<b><u>Board Member</u></b>	<b><u>Term of Office</u></b>
District A, Joie Siegrist, Vice President	2/12 - 11/15 (Appointed 2/12)
District B, Debbie Lammers, Secretary	11/09 - 11/17
District C, Bob Smith, President	11/09 - 11/15 (Appointed 11/07)
District D, John Ahrens, Member	11/13 - 11/17
District E, John Creighton, Member	11/07 - 11/15
District F, Paula Peairs, Treasurer	11/13 - 11/17
District G, Mike Schiers, Asst Secretary	11/07 - 11/15

### **Appointed Officials**

#### **District Leadership Team**

Don Haddad.....Superintendent  
Greg Fieth.....Chief Financial Officer  
John Poynton..... Executive Director of Organizational  
Development & Communications  
Connie Syferd..... Asst Superintendent of Student Achievement  
Joe McBreen..... Chief Information Officer  
Jackie Whittington..... Executive Director of Student Services  
Tori Teague ..... Asst Superintendent of Assessment & Curriculum  
Kahle Charles ..... Executive Director of Curriculum  
Diana Lauer ..... Executive Director of  
Professional Development & Assessment  
David Burnison .....Interim Area 1 Asst Superintendent PK-12  
Mark Mills.....Area 2 Asst Superintendent PK-12  
Regina Renaldi .....Area 3 Asst Superintendent PK-12  
& Priority Schools  
Patty Quinones .....Executive Director of Innovation  
& Race to the Top  
Ella Padilla.....Asst Superintendent of Human Resources  
Dina Perfetti-Deany..... Executive Director of Human Resources  
Rob Berry ..... Executive Director of Athletics, Activities & Fine Arts  
Brian Lamer .....Asst Superintendent of Operations

## **FINANCIAL SECTION**



## Independent Auditors' Report

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

### Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the St. Vrain Valley School District RE-1J (the District), as of and for the year ended June 30, 2015, 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 were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis Of Matter***

As discussed in Notes 1 and 15, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, effective for the year ended June 30, 2015. As discussed in Note 15, the District has also changed the financial reporting for the Nutrition Services Fund from a business-type activity and enterprise fund to a governmental activity and special revenue fund to comply with the Colorado Department of Education financial reporting requirements. Our opinion is not modified with respect to these matters.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the district's proportionate share of the net pension liability and schedule of district contributions on pages 5 through 16, pages 68 through 71, page 72 and page 73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying 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 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 30, 2015 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 30, 2015

St. Vrain Valley School District RE-1J  
**Management's Discussion and Analysis**  
As of and for the Fiscal Year Ended June 30, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal and the financial statements of the District.

**Financial Highlights**

- The District reported a deficit net position of \$300.9 million primarily due to implementing the Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and recognizing its proportionate share of a net pension liability of \$468.6 million at June 30, 2015.
- Effective July 1, 2014, the District's *Nutrition Services Fund* was no longer report as a business-type activity. The fund's beginning balances for capital assets, accumulated depreciation and net investment in capital assets were restated as of July 1, 2014. The fund is reported instead as a special revenue fund and part of the primary government's governmental activities.
- Total net position of the District decreased \$5.4 million during the year ended June 30, 2015, primarily the result of recognizing \$19.3 million of its proportionate share of the pension expense under GASB Statement No. 68.
- Fund balance of the District's governmental funds increased from an ending fund balance of \$144.2 million for fiscal year ended June 30, 2014 to \$148.4 million for fiscal year ended June 30, 2015. The increase is primarily due to the restatement of the *Nutrition Services Fund* of \$2.2 million, improved operations of the *General Fund*, and advanced refunding of bonds in the *Bond Redemption Fund* in excess of the *Building Fund's* planned spending for capital projects.
- During the current year, the fund balance in the District's *General Fund* increased by \$12.7 million leaving an ending fund balance of \$78.9 million. The increase is primarily due to increased funding, improved operations, timing of projects, and not expending as planned in the budget given the anticipated subsequent year's salary schedule reconfiguration.
- In October 2014, the District issued \$50 million in general obligation bonds to advance refund \$56 million of outstanding bonds, saving taxpayers \$7.95 million.

**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 19-65 are comprised of three components: 1.) Government-wide financial statements, 2.) Fund financial statements, and 3.) Notes to financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

The District maintains nine different governmental funds. The major funds as of June 30, 2015 are the *General Fund*, the *Governmental Designated-Purpose Grants Fund*, the *Bond Redemption Fund*, and the *Building Fund*. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled Nonmajor Governmental Funds. Individual fund information for the nonmajor funds is presented as other supplemental information elsewhere in this document. The basic governmental fund financial statements can be found on pages 22-25 of this report.

The District maintained one type of proprietary fund, an internal service fund. Internal service funds are used to accumulate and allocate costs internally among the governmental functions. The District has one internal service fund, the *Self Insurance Fund*, which is used to account for specific medical and dental plans. The basic proprietary fund financial statements are presented on pages 27-29 of this report.

The District is the fiduciary for assets that belong to student 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 33-65 of this report.

### **Other Information**

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the *General Fund* and the major special revenue *Governmental Designated-Purpose Fund* is included as required supplementary information (RSI) in the financial statements to demonstrate compliance with the adopted budget. Also included in the RSI are the required schedules resulting in the implementation of GASB Statement No. 68. The remaining governmental funds budgetary comparisons are reported as other supplemental information. Combining and individual fund statements and schedules can be found on pages 67-101 of this report.

### **Government-wide Financial Analysis**

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

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

For refunding of debt resulting in defeasance, deferred outflows of resources are the differences where the net carrying value of the old debt is less than the reacquisition price. Due to the implementation of GASB Statement No. 68, deferred outflows of resources also include the net difference between projected and actual earnings on pension plan investments as well as contributions made subsequent to Colorado Public Employees' Retirement Association's (PERA) measurement date (December 31, 2014).

Current and noncurrent liabilities are determined based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, claims payable, unearned revenues and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2016. Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2016. Also included in noncurrent liabilities is the District's proportionate share of the net pension liability.

Deferred inflows of resources are revenues that will be earned over the life of investments from a forward delivery agreement. Also included is the difference between expected and actual experience with regard to economic and demographic factors in PERA's pension plan.

As of June 30, 2015, the liabilities plus deferred inflows exceed assets plus deferred outflows of the primary government's governmental activities exceed by \$300.9 million with an unrestricted deficit net position of \$356.0 million. For seven of the nine prior fiscal years, the District was able to report positive

balances in all three categories of net position. In the current fiscal year, due to the implementation of GASB Statement No. 68, the District reported a negative unrestricted net position.

Effective July 1, 2014, the District's *Nutrition Services Fund* was no longer reported as a business-type activity. The fund's beginning balances for capital assets, accumulated depreciation and net investment in capital assets were restated as of July 1, 2014. The fund is reported instead as a special revenue fund and part of the primary government's governmental activities.

In fiscal year 2015, the amount "net investment in capital assets" for the primary government's governmental activities decreased by \$480 thousand, to \$4.3 million. Net positive changes in other investments were not enough to offset the \$13.7 million spend down of cash in the *Building Fund* and capital assets realized net decrease of \$4.5 million, resulting in the decrease in "net investment in capital assets". Positive changes include long-term debt decrease of \$14.4 million (see Note 8). Although there was a net addition of \$9.8 million in capital assets, the depreciation was \$15.4 million, causing a net decrease in capital assets.

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 \$222 thousand as of June 30, 2015. Net position restricted for debt service increased \$1.3 million resulting in a total of \$34.0 million.

The \$454.1 million increase in liabilities plus deferred inflows is attributable to the District recognizing its proportionate share of a net pension liability of \$468.6 million (see Note 10).

Table 1 provides a summary of the District's net position as of June 30, 2015 compared to June 30, 2014.

**Table 1**  
**Comparative Summary of Net Position**  
**As of June 30, 2015 and 2014**  
**(in Thousands)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014 - 2015
<b>Assets</b>							
Current assets	\$ 146,902	\$ 144,172	\$ -	\$ 2,362	\$ 146,902	\$ 146,534	0.25%
Noncurrent assets							
excluding capital assets	37,227	35,948	-	-	37,227	35,948	3.56%
Capital assets	400,930	405,436	-	1,046	400,930	406,482	-1.37%
<b>Total assets</b>	<b>585,059</b>	<b>585,556</b>	<b>-</b>	<b>3,408</b>	<b>585,059</b>	<b>588,964</b>	<b>-0.66%</b>
<b>Deferred outflows</b>	<b>35,800</b>	<b>9,828</b>	<b>-</b>	<b>-</b>	<b>35,800</b>	<b>9,828</b>	<b>264.27%</b>
<b>Liabilities</b>							
Current liabilities	27,820	29,361	-	135	27,820	29,496	-5.68%
Long-term liabilities	423,521	437,890	-	-	423,521	437,890	-3.28%
Pension liability	468,596	-	-	-	468,596	-	n/a
<b>Total liabilities</b>	<b>919,937</b>	<b>467,251</b>	<b>-</b>	<b>135</b>	<b>919,937</b>	<b>467,386</b>	<b>96.83%</b>
<b>Deferred inflows</b>	<b>1,814</b>	<b>435</b>	<b>-</b>	<b>-</b>	<b>1,814</b>	<b>435</b>	<b>317.01%</b>
<b>Net Position</b>							
Net investment in capital assets	4,340	4,820	-	1,046	4,340	5,866	-26.01%
Restricted for							
TABOR	8,024	7,802	-	-	8,024	7,802	2.85%
Debt service	34,036	32,700	-	-	34,036	32,700	4.09%
Colo Preschool	558	454	-	-	558	454	22.91%
Other	8,119	6,660	-	-	8,119	6,660	21.91%
Unrestricted	(355,969)	75,262	-	2,227	(355,969)	77,489	-559.38%
<b>Total net position</b>	<b>\$ (300,892)</b>	<b>\$ 127,698</b>	<b>\$ -</b>	<b>\$ 3,273</b>	<b>\$ (300,892)</b>	<b>\$ 130,971</b>	<b>-329.74%</b>

## Government-wide Activities

Governmental activities decreased the net position of the District \$5.4 million during the year ended June 30, 2015, primarily the result of recognizing \$19.3 million of its proportionate share of the pension expense under GASB Statement No. 68. Table 2 provides a summary of the District's change in net position for 2015 compared to 2014.

**Table 2**  
**Comparative Schedule of Changes in Net Position**  
**For the Years Ended June 30, 2015 and 2014**  
**(in Thousands)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2014 - 2015
	2015	2014	2015	2014	2015	2014	
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 20,818	\$ 17,222	\$ -	\$ 3,879	\$ 20,818	\$ 21,101	-1.34%
Grants & contributions:							
Operating	34,241	25,359	-	5,053	34,241	30,412	12.59%
Capital	1,079	1,023	-	15	1,079	1,038	3.95%
General revenues							
Property, specific ownership, and mill levy override taxes	137,539	137,711	-	-	137,539	137,711	-0.12%
State revenue	133,584	119,132	-	-	133,584	119,132	12.13%
Other	5,260	7,124	-	1	5,260	7,125	-26.18%
<b>Total revenues</b>	<u>332,521</u>	<u>307,571</u>	<u>-</u>	<u>8,948</u>	<u>332,521</u>	<u>316,519</u>	5.06%
<b>Expenses</b>							
Instruction	201,742	178,639	-	-	201,742	178,639	12.93%
Supporting services	122,354	102,775	-	8,878	122,354	111,653	9.58%
Interest expense	13,866	19,739	-	-	13,866	19,739	-29.75%
<b>Total expenses</b>	<u>337,962</u>	<u>301,153</u>	<u>-</u>	<u>8,878</u>	<u>337,962</u>	<u>310,031</u>	9.01%
<b>Increase (decrease) in net position</b>	(5,441)	6,418	-	70	(5,441)	6,488	183.86%
<b>Net position - 7/1</b>	127,698	121,280	3,273	3,203	130,971	124,483	5.21%
<b>Restatement **</b>	(423,149)	-	(3,273)	-	(426,422)	-	#DIV/0!
<b>Net position, restated</b>	<u>(295,451)</u>	<u>121,280</u>	<u>-</u>	<u>3,203</u>	<u>(295,451)</u>	<u>124,483</u>	-337.34%
<b>Net position - 6/30</b>	<u>\$ (300,892)</u>	<u>\$ 127,698</u>	<u>\$ -</u>	<u>\$ 3,273</u>	<u>\$ (300,892)</u>	<u>\$ 130,971</u>	-329.74%

\*\* The restatement above includes the change in accounting principle of the *Nutrition Services Fund* from a business-type activity to a governmental activity, as well as the implementation of GASB Statement No. 68.

The governmental activities' total assets decreased by just less than \$500 thousand and deferred outflows of resources increased \$26.0 million attributed to the following elements:

**Table 3**  
**Comparative Schedule of Assets & Deferred Outflows of Resources**  
**of Governmental Activities**  
**As of June 30, 2015 and 2014**

	2015	2014	Increase (Decrease)
Cash and investments	\$ 170,398,989	\$ 170,091,380	\$ 307,609
Accounts receivable	647,202	285,349	361,853
Due from component units	315,317	200,946	114,371
Grants receivable	5,007,388	4,090,651	916,737
Interest receivable	263	179	84
Taxes receivable	6,309,329	4,294,950	2,014,379
Prepaid expenses	393,660	605,953	(212,293)
Deposits	556	549	7
Inventories	1,056,548	549,883	506,665
Capital assets			
Non-depreciable	33,217,049	27,679,925	5,537,124
Depreciable, net	367,712,945	377,756,112	(10,043,167)
Total assets	<u>\$ 585,059,246</u>	<u>\$ 585,555,877</u>	<u>\$ (496,631)</u>
Deferred outflows of resources	<u>\$ 35,799,929</u>	<u>\$ 9,827,570</u>	<u>\$ 25,972,359</u>

The net increase in cash and investments (which includes unrestricted and restricted cash and investments) is primarily due to increased funding from state and local sources, improved operations, and not expending as planned in the budget given the anticipated subsequent year's salary schedule reconfiguration in the *General Fund*. These attributes combined with the advanced refunding of bonds in the *Bond Redemption Fund*, and the inclusion of the *Nutrition Services Fund* in the governmental activities were enough to offset the *Building Fund*'s planned spending for capital projects.

The \$1.4 million increase in accounts and grants receivable, as well as due from component units, is due to the receipt of reimbursable expenditures, timing of a state construction grant project, increased federal grant awards, and additional services provided to the charter schools. The increase in taxes receivable of \$2.0 million in the current year is due to a slight change in tax revenue recognition at year end and an increase of abatements in two of the District's significant county property tax bases. The decrease in prepaid expenses is the result of recognizing the current year's portion of expenses incurred. The \$507 thousand increase in inventories is primarily due to the inclusion of the *Nutrition Services Fund* in the governmental activities. The increase in non-depreciable capital assets reflects additional construction projects in progress at year end. Depreciable capital assets decreased because depreciation exceeded the net additions and transfers in of capital assets.

Deferred outflows of resources are due to two factors: debt defeasance and the pension liability. The October 2014 advance refunding of bonds resulted in the deferred outflow increase from \$9.8 million to \$11.2 million. The net difference between projected and actual earnings on pension plan investments as well as contributions made by the District after the plan's measurement date resulted in the deferred outflows of \$24.5 million.

The governmental activities' total liabilities increased by \$452.7 million and deferred inflows of resources increased \$1.4 million as follows:

**Table 4**  
**Comparative Schedule of Liabilities & Deferred Inflows of Resources**  
**of Governmental Activities**  
**As of June 30, 2015 and 2014**

	2015	2014	Increase (Decrease)
Accounts payable	\$ 3,917,896	\$ 6,807,730	\$ (2,889,834)
Due to component units	-	3,712	(3,712)
Retainage payable	161,550	295,682	(134,132)
Accrued salaries, benefits, withholdings	18,536,664	17,408,900	1,127,764
Accrued interest payable	788,423	826,787	(38,364)
Claims payable	2,852,544	2,820,177	32,367
Unearned revenues	1,562,755	1,198,135	364,620
Noncurrent liabilities			
Due within one year	16,545,975	15,476,645	1,069,330
Due in more than one year	406,975,248	422,412,906	(15,437,658)
Pension liability	468,595,684	-	468,595,684
Total liabilities	<u>\$ 919,936,739</u>	<u>\$ 467,250,674</u>	<u>\$ 452,686,065</u>
Deferred inflows of resources	<u>\$ 1,814,418</u>	<u>\$ 434,533</u>	<u>\$ 1,379,885</u>

Accounts payable decreased by \$2.9 million, and the related retainage payable decreased by \$134 thousand, as major renovation capital construction projects were completed and timeliness of vendor payments improved. Accrued salaries, benefits and payroll withholdings increased by \$1.1 million due to salary increases given, benefit increases, and growth in the number of employees. The decrease in accrued interest reflects the decreased bond interest due by the District because of the principal payments made against bonded debt as well as the advance refunding of bonds. The slight increase in claims payable is due to increased estimates of claims within the *Risk Management Fund* and the internal service fund created for the District's specific self-insured health and dental plans at June 30, 2015. The increase in unearned revenues is due to increased grant program activity. The increase in noncurrent liabilities due within one year is primarily due to the increase in bond principal due in December 2015 as compared to December 2014. Noncurrent liabilities due in more than one year decreased as a result of the paying down of bond debt (see Note 8). The increase in pension liability is due to the implementation of GASB Statement No. 68 during the current fiscal year (see Note 10).

Deferred inflows of resources increased \$1.4 million primarily due to the changes in proportion of the net pension liability under GASB Statement No. 68.

Since the *Nutrition Services Fund* is reported as a governmental activity (instead of a business-type activity), effective July 1, 2014, comparative schedules are no longer provided for business-type activities' assets or liabilities.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA after the 'negative factor' was applied, the District received \$6.861 per funded pupil. For the fiscal year ended June 30, 2015, the funded pupil count was 28,740.5, a growth rate of 2.6% 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 2015, SFA per pupil funding increased by \$328 per student.

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

**Table 5**  
**Comparative Schedule of Governmental Activities**  
**For the Years Ended June 30, 2015 and 2014**  
**(in Thousands)**

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$ 201,742	\$ 178,639	\$ 166,674	\$ 146,365
Supporting services	122,354	102,775	101,284	91,445
Interest expense	13,866	19,739	13,866	19,739
	<u>\$ 337,962</u>	<u>\$ 301,153</u>	<u>\$ 281,824</u>	<u>\$ 257,549</u>

Key elements of the governmental activities are as follows:

- The cost of all governmental activities this year was \$338.0 million compared to \$301.2 million last year. Interest expense decreased by \$5.9 million primarily due to the advance refunding of bonds.
- About \$20.8 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 \$3.6 million from 2014. The increase is primarily due to the inclusion of the *Nutrition Services Fund* in the governmental activities.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$35.3 million, an increase of \$8.9 million from fiscal year 2014 primarily due to the Race to the Top and National School Lunch/Breakfast federal grant programs.
- The majority of the District's net cost of services, \$281.8 million, was financed by State and District taxpayers.
- General revenues accounted for \$276.4 million in revenue which was 83.1% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$56.1 million or 16.9% of total revenues of \$332.5 million. These percentages reflect a shift of 2.7% of total revenue to program specific from general revenues.

Previously reported as a business-type activity, the *Nutrition Services Fund's* revenues of \$9.2 million and expenditures of \$9.1 million contributed to the increase in costs of services, charges for services and funding from federal and state sources for governmental activities.

## Financial Analysis of the District's Governmental Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$148.4 million, an increase from the restated balance of \$146.5 million. As noted earlier, the fund balance increase occurred because the fund balance increases in the *General Fund* and the *Bond Redemption Fund* offset the expenditures for capital outlay in the *Building Fund*.

Among major funds, the *General Fund* is the chief operating fund of the District. The *General Fund* had \$252.3 million in revenues, and \$240.0 million in expenditures. The *General Fund's* fund balance increased from \$66.2 million to \$78.9 million. The increase of \$12.7 million is primarily the result of increased revenues and not expending all accounts as planned in the budget. The *General Fund* received more revenue than anticipated due to increases in services provided to the six charter schools and in indirect costs associated with larger grants. Several factors resulted expenditures being lower than budgeted. A mild winter combined with energy conservation programs led to lower utility costs. New and renovated preschool playgrounds were delayed and not completed within the fiscal year. In addition, due to facility capacity forecasts, the District decided to increase *General Fund* fund balance to assist with potential student growth concerns. A conservative budget approach to personnel, combined with review of personnel needs, also helped to increase *General Fund* balance.

Significant differences between the *General Fund's* adopted and amended budgets are due to a \$3.5 million increase in total program funding resulting from student growth; \$2.8 million increase in state revenues (other than equalization, a component of total program funding) due to increased funding for programs including, but not limited to, English Language Proficiency Act; and, a \$3.0 million increase in purchased services due to anticipated state BEST grant activity, additional outside placement and preschool tuition expenses, READ Act tuition scholarship reimbursements, and continued flood related mitigation costs.

For six of the past seven fiscal years, the *Governmental Designated-Purpose Grants Fund* met the minimum criteria to be reported as a major special revenue fund. Revenues of \$15.3 million were offset by equal expenditures.

The fund balance of the *Bond Redemption Fund* had a slight increase of \$1.3 million, resulting in a balance of \$34.0 million as of June 30, 2015. The *Bond Redemption Fund* has adequate resources accumulated to make the December 2015 principal and interest payments. The mill levy to accumulate resources for the June 2016 interest payment will be certified in December 2015. In October 2014, the District had an opportunity to refinance over \$50 million of its Series 2004, Series 2005A, and Series 2006B to save taxpayers over \$7.95 million (future value savings). During this process, the District was able to secure a credit ratings upgrade to "AA" from Standard and Poor's. The upgrade is a reflection of the District's solid financial procedures and healthy fund balance.

The *Building Fund* is used to record the proceeds, interest revenue and corresponding construction expenditures for bonds. The fund balance decreased by \$11.8 million due to planned capital outlay construction activity during the fiscal year. The fund had total revenues of just over \$79 thousand and total expenditures of \$11.8 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 activities as of June 30, 2015 is \$400.9 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, decreased for the current fiscal year by \$5.6 million. Major capital events during the year included the renovation of a District elementary school to provide additional preschool capacity in the Longmont area, along with building improvements in several other schools.

Table 6 shows fiscal year 2015 capital assets compared to 2014.

**Table 6**  
**Comparative Schedule of Capital Assets**  
**As of June 30, 2015 and 2014**  
**(Net of Depreciation, in Thousands)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014 - 2015
Land	\$ 20,053	\$ 20,053	\$ -	\$ -	\$ 20,053	\$ 20,053	0.00%
Water rights	1,084	1,084	-	-	1,084	1,084	0.00%
Projects in progress	12,080	6,543	-	-	12,080	6,543	84.62%
Land improvements	9,647	10,695	-	-	9,647	10,695	-9.80%
Buildings	225,149	230,094	-	-	225,149	230,094	-2.15%
Building improvements	123,335	128,949	-	-	123,335	128,949	-4.35%
Equipment **	9,582	8,018	-	1,046	9,582	9,064	5.71%
Totals	<u>\$ 400,930</u>	<u>\$ 405,436</u>	<u>\$ -</u>	<u>\$ 1,046</u>	<u>\$ 400,930</u>	<u>\$ 406,482</u>	-1.37%

\*\* Equipment and the related accumulated were restated to include the *Nutrition Services Fund*, previously a business-type activity, and effective July 1, 2014, reported as a governmental activity.

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

Debt Administration. The District was assigned an underlying rating of AA from Standard & Poor's Financial Services and Aa2 from Moody's Investors Service for its general obligation refunding bond issues in October 2014. 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, 2015 as compared to June 30, 2014 is shown in Table 7. State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$484 million and the legal debt margin was \$92.2 million.

**Table 7**  
**Comparative Schedule of Outstanding Debt**  
**As of June 30, 2015 and 2014**  
**(in Thousands)**

	2015	2014	Increase (Decrease)
General obligation bonds	\$ 391,800	\$ 411,565	\$ (19,765)
Deferred bond premium	28,338	22,771	5,567
Registered coupons	300	300	-
Reg'd coupons discount	(20)	(20)	-
Capital leases	548	736	(188)
Benefits payable	2,555	2,538	17
Total debt	<u>\$ 423,521</u>	<u>\$ 437,890</u>	<u>\$ (14,369)</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**

In November 2008, the Board referred ballot questions to District voters for both a mill levy override increase of \$16.5 million and a bond issue of \$189 million. The voters approved both measures by a strong margin. The additional MLO funding allowed the District to accomplish the following, offering more competitive compensation to attract and retain superior teachers, administrators, and staff; improving the technology infrastructure; adding 21st century learning opportunities; enhancing safety measures throughout the District; and increasing instructional programming. The 2008 bond revenues were efficiently managed to accomplish the stated improvements and additions, as well as provide additional renovations to District facilities that improved and expanded the educational services in our community.

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

The two mill levy overrides are projected to generate more than \$39 million dollars in fiscal year 2015-2016. This amounts to approximately \$1,300 more per student. These mill levy overrides are fixed mills so the revenues grow with assessed valuation.

The District has experienced strong growth in student enrollment from fiscal years 2006 through 2015, ranging from 1.03% to 5.11%. The October 2014 headcount was 303 more students than the previous year, a 1.03% increase. Current projections reflect an estimated annual growth rate of 1.97% or above over the next five years.

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 2016.

The District has provided increases in employee compensation for each of the 2005 through 2016 budget years. The mill levy overrides passed by the community, along with the operating efficiencies implemented by the District due to state budget cuts have improved the District's starting and average teacher pay compared to neighboring districts. The District and its Education Association agreed to a new salary schedule concept for certified personnel for the 2015-2016 fiscal year. The salary schedule increased the base salary, but also stabilized the cost of providing an experience step for teachers. The concept of the new salary schedule is to increase the base salary of a new teacher quicker than the previous salary schedule. In combination with test score improvements, national recognition and a stable, supportive School Board, the District continues to receive a strong response of qualified applicants for open positions.

Strong administrative leadership, a stable and supportive School Board, the vibrant and growing District population, an emphasis on positive relationships with businesses and stakeholders, and conservative financial management have combined to make St. Vrain Valley Schools one of the top achieving Districts in Colorado. Evidence in support of this claim include John Irwin Schools of Excellence Awards for state's top 8% performing schools as well as numerous Governor's Distinguished Improvement Awards and Colorado Trailblazer 'Schools to Watch' Awards. Also, four District high schools ranked in the top 5% of high schools in the nation according to Newsweek and U.S. News and World Report.

To enhance learning opportunities for our students, the District started an in-District online school and opened a homeschool program. The initial pupil count for 2014 in these two programs exceeded 700 students. For 2015, that number is estimated to be 850 students. In addition, the District has applied for and received numerous grants and continues to actively seek grants and corporate sponsorships. In early August 2010, the U.S. Department of Education notified the District that it had been selected for a \$3.6 million development grant, payable over five years, under the 2010 Investing in Innovation Fund (i3) competition. Out of 1700 applicants, the District received the highest score nationwide on its application and was one of 49 chosen to receive grant funds. The District's grant plan focused on expanding programs

for at risk students in seven schools, including extending the school year at four elementary schools, targeting at-risk math students at two middle schools and fully implementing the STEM (science, technology, engineering, mathematics) academy at Skyline High School. In order to receive the award, the District submitted evidence of matching funds from the private sector, including in-kind donations from RidgeviewTel and IBM. The District had already begun several of these programs; the grant funds covered expenses that would have otherwise impacted the *General Fund*. In November 2012, the District also received one of the first round of Race to the Top grants from the federal government. This grant provides \$16.5 million dollars over four years. It was developed to create and implement more STEM curricula into the lower socio-economic schools within the District.

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

With significant growth occurring within the District, facility capacity will once again be a priority. The Superintendent, Board of Education, and staff are currently evaluating whether to ask for voter approval to pass a bond question related to new schools, additional capacity at current schools, and upgrades to buildings for safety and security.

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

The District is now in its seventh 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.

### **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](http://www.svvsd.org).

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

## **BASIC FINANCIAL STATEMENTS**



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

**Statement of Net Position  
June 30, 2015**

	Primary Government	Component
	Governmental	Units
	Activities	Charter
		Schools
<b>Assets</b>		
Cash and investments	\$ 133,172,183	\$ 11,450,956
Accounts receivable	647,202	94,267
Due from component units	315,317	-
Grants receivable	5,007,388	173,762
Interest receivable	263	-
Taxes receivable	6,309,329	-
Prepaid expenses	393,660	114,374
Deposits	556	14,441
Inventories	1,056,548	-
Restricted cash and investments for		
Bond Redemption Fund	33,635,649	-
Building Corporations	-	11,357,123
Self Insurance Fund	3,591,157	-
Capital assets,		
Non-depreciable	33,217,049	11,844,651
Depreciable, net	367,712,945	30,668,582
Total assets	585,059,246	65,718,156
<b>Deferred outflows of resources</b>	35,799,929	7,909,469
<b>Liabilities</b>		
Accounts payable	3,917,896	630,241
Due to primary government	-	296,896
Retainage payable	161,550	181,128
Accrued salaries and benefits	11,100,558	1,007,527
Payroll withholdings	7,436,106	-
Accrued interest payable	788,423	615,946
Claims payable	2,852,544	-
Unearned revenues	1,562,755	197,133
Noncurrent liabilities		
Due within one year	16,545,975	785,000
Due in more than one year	406,975,248	54,934,442
Pension liability	468,595,684	36,236,798
Total liabilities	919,936,739	94,885,111
<b>Deferred inflows of resources</b>	1,814,418	2,028
<b>Net Position</b>		
Net investment in capital assets	4,340,004	(3,035,275)
Restricted for		
TABOR	8,023,712	857,000
Debt service	34,035,743	758,443
Colorado Preschool Fund	557,709	-
Extracurricular, community programs	8,119,351	-
Unrestricted	(355,968,501)	(19,839,682)
Total net position	\$ (300,891,982)	\$ (21,259,514)

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, 2015

		Program Revenues		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
Instruction	\$ 201,741,825	\$ 17,381,838	\$ 17,685,955	\$ -
Supporting services	122,353,964	3,436,233	16,555,231	1,078,391
Interest expense	13,866,228	-	-	-
Total governmental activities	337,962,017	20,818,071	34,241,186	1,078,391
Business-type activities				
Total business-type activities	-	-	-	-
Total primary government	\$ 337,962,017	\$ 20,818,071	\$ 34,241,186	\$ 1,078,391
COMPONENT UNITS				
Instruction	\$ 14,855,029	\$ 1,849,197	\$ 464,785	\$ 30,185
Supporting services	11,748,617	550,630	358,239	506,964
Interest expense	2,170,218	-	-	-
Total component units	\$ 28,773,864	\$ 2,399,827	\$ 823,024	\$ 537,149

### General Revenues

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

Total general revenues

Change in net position

Net position, beginning

Restatement, change in accounting principle

Restatement, change in accounting principle

Net position, restated

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Charter Schools
\$ (166,674,032)	\$ -	\$ (166,674,032)	\$ -
(101,284,109)	-	(101,284,109)	-
(13,866,228)	-	(13,866,228)	-
(281,824,369)	-	(281,824,369)	-
-	-	-	-
(281,824,369)	-	(281,824,369)	-
-	-	-	(12,510,862)
-	-	-	(10,332,784)
-	-	-	(2,170,218)
-	-	-	(25,013,864)
97,352,334	-	97,352,334	-
8,253,685	-	8,253,685	-
133,584,264	-	133,584,264	-
-	-	-	21,711,601
31,932,829	-	31,932,829	3,024,140
370,277	-	370,277	15,497
4,889,519	-	4,889,519	835,966
276,382,908	-	276,382,908	25,587,204
(5,441,461)	-	(5,441,461)	573,340
127,698,240	3,273,080	130,971,320	9,375,534
3,273,080	(3,273,080)	-	-
(426,421,841)	-	(426,421,841)	(31,208,388)
(295,450,521)	-	(295,450,521)	(21,832,854)
\$ (300,891,982)	\$ -	\$ (300,891,982)	\$ (21,259,514)

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

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

**Balance Sheet  
Governmental Funds  
June 30, 2015**

	General	Governmental Designated- Purpose Grants	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash & investments - unrestricted	\$ 93,101,416	\$ -	\$ -	14,667,429	\$ 23,346,851	\$ 131,115,696
Cash & investments - restricted	-	-	33,635,649	-	-	33,635,649
Accounts receivable	589,455	-	-	-	55,746	645,201
Due from other funds	2,697,629	-	-	-	-	2,697,629
Due from component units	126,679	187,818	-	-	820	315,317
Grants receivable	-	4,945,445	-	-	61,943	5,007,388
Interest receivable on investments	-	-	263	-	-	263
Taxes receivable	4,593,723	-	1,715,606	-	-	6,309,329
Prepays	-	-	-	-	393,660	393,660
Deposits	276	-	-	-	280	556
Inventories	564,419	-	-	-	492,129	1,056,548
Total assets	<u>\$ 101,673,597</u>	<u>\$ 5,133,263</u>	<u>\$ 35,351,518</u>	<u>\$ 14,667,429</u>	<u>\$ 24,351,429</u>	<u>\$ 181,177,236</u>
<b>Liabilities</b>						
Accounts payable	\$ 1,042,667	\$ 99,359	\$ -	\$ 1,459,662	\$ 1,307,707	\$ 3,909,395
Due to other funds	-	2,697,629	-	-	-	2,697,629
Retainage payable	58,952	-	-	81,642	20,956	161,550
Accrued salaries and benefits	9,636,171	928,266	-	2,918	533,203	11,100,558
Payroll withholdings	7,436,106	-	-	-	-	7,436,106
Claims payable	826,369	-	-	-	-	826,369
Unearned revenues	135,347	1,408,009	-	-	19,399	1,562,755
Total liabilities	<u>19,135,612</u>	<u>5,133,263</u>	<u>-</u>	<u>1,544,222</u>	<u>1,881,265</u>	<u>27,694,362</u>
<b>Deferred inflows of revenue</b>						
From unavailable property tax revenue & forward investment agreement	<u>3,680,106</u>	<u>-</u>	<u>1,315,775</u>	<u>18,496</u>	<u>40,005</u>	<u>5,054,382</u>
<b>Fund Balances</b>						
Nonspendable:						
deposits, inventories, prepaids	564,695	-	-	-	886,069	1,450,764
Restricted: TABOR	8,023,712	-	-	-	-	8,023,712
Restricted: Colorado Preschool	557,709	-	-	-	-	557,709
Restricted: debt service	-	-	34,035,743	-	-	34,035,743
Restricted: special revenue funds	-	-	-	-	8,119,351	8,119,351
Committed: capital projects	-	-	-	13,104,711	7,017,709	20,122,420
Committed: contingencies	5,349,142	-	-	-	-	5,349,142
Committed: Board allocations	8,704,722	-	-	-	-	8,704,722
Committed: risk management	3,302,891	-	-	-	-	3,302,891
Committed: special revenue fund	-	-	-	-	6,407,030	6,407,030
Assigned: Mill Levy Override	25,498,100	-	-	-	-	25,498,100
Assigned: subsequent year expenditures reported in						
General Fund	4,815,248	-	-	-	-	4,815,248
Unassigned reported in General Fund	<u>22,041,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,041,660</u>
Total fund balances	<u>78,857,879</u>	<u>-</u>	<u>34,035,743</u>	<u>13,104,711</u>	<u>22,430,159</u>	<u>148,428,492</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 101,673,597</u>	<u>\$ 5,133,263</u>	<u>\$ 35,351,518</u>	<u>\$ 14,667,429</u>	<u>\$ 24,351,429</u>	<u>\$ 181,177,236</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, 2015**

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

<b>Governmental funds total fund balances</b>	<b>\$ 148,428,492</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	400,929,994
Deferred outflows from refunding debt are not considered current financial resources and, therefore, not reported in the governmental fund	11,250,446
Premium (\$28,337,919) on issuance of bonds, discount \$19,563 on registered coupons, are recognized as other financing source in the governmental funds but are deferred in the statement of net position.	(28,318,356)
Long-term liabilities, including capital leases (\$548,205), compensated absences (\$2,554,662), bonds payable (\$391,800,000), registered coupons payable (\$300,000), as well as related accrued interest (\$788,423) and claims payable (\$354,159) are not due and payable in the current period and, therefore, are not reported in the funds.	(396,345,449)
Pension liability (\$468,595,684) and related deferred inflows (\$1,628,925) and deferred outflows \$24,549,483 are not considered current and, therefore, not reported in the funds.	(445,675,126)
Deferred property tax inflows will be collected but are not available to pay for the current period's expenditures and, therefore, are not recorded as revenue in the funds.	4,868,889
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.	3,969,128
<b>Net position of governmental activities</b>	<b><u>\$ (300,891,982)</u></b>

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, 2015**

	General	Governmental Designated- Purpose Grants	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 60,375,453	\$ -	\$ 35,181,183	\$ -	\$ -	\$ 95,556,636
Specific ownership taxes	8,253,685	-	-	-	-	8,253,685
Mill levy override	31,932,829	-	-	-	-	31,932,829
Investment income	243,824	-	1,842	43,925	74,850	364,441
Charges for services	4,877,980	-	-	-	9,098,887	13,976,867
Pupil activities	-	-	-	-	6,841,204	6,841,204
Miscellaneous	4,573,750	-	3,216	35,370	1,203,314	5,815,650
Local intergovernmental	-	152,260	-	-	-	152,260
State intergovernmental	140,117,058	598,879	-	-	5,068,520	145,784,457
Federal intergovernmental	1,877,304	14,543,781	-	-	5,619,908	22,040,993
Total revenues	252,251,883	15,294,920	35,186,241	79,295	27,906,683	330,719,022
<b>Expenditures</b>						
Current						
Instruction	148,455,603	6,719,343	-	-	11,905,309	167,080,255
Supporting services	90,292,901	8,556,275	-	4,355,444	878,761	104,083,381
Food service operations	-	-	-	-	8,960,303	8,960,303
Capital outlay	802,513	19,302	-	7,481,160	6,483,649	14,786,624
Debt service						
Principal	-	-	14,205,000	-	-	14,205,000
Interest	-	-	18,711,630	-	-	18,711,630
Bond issuance costs, fiscal charges	-	-	428,003	-	-	428,003
Total expenditures	239,551,017	15,294,920	33,344,633	11,836,604	28,228,022	328,255,196
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	12,700,866	-	1,841,608	(11,757,309)	(321,339)	2,463,826
<b>Other Financing Sources (Uses)</b>						
Issuance of refunding bonds, coupons	-	-	50,355,000	-	-	50,355,000
Refunding bond premium	-	-	10,821,491	-	-	10,821,491
Payment to refunding bond escrow agent	-	-	(61,682,860)	-	-	(61,682,860)
Transfers in	-	-	-	-	6,669	6,669
Transfers out	-	-	-	-	(6,669)	(6,669)
Total other financing sources (uses)	-	-	(506,369)	-	-	(506,369)
Net change in fund balances	12,700,866	-	1,335,239	(11,757,309)	(321,339)	1,957,457
Fund balances, beginning	66,157,013	-	32,700,504	24,862,020	20,524,755	144,244,292
Restatement, change in accounting principle	-	-	-	-	3,273,080	3,273,080
Restatement, change in accounting principle	-	-	-	-	(1,046,337)	(1,046,337)
Fund balances, restated	66,157,013	-	32,700,504	24,862,020	22,751,498	146,471,035
Fund balances, ending	\$ 78,857,879	\$ -	\$ 34,035,743	\$ 13,104,711	\$ 22,430,159	\$ 148,428,492

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, 2015**

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

**Net change in fund balances of governmental funds** **\$ 1,957,457**

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	(14,699,872)	
Capital outlay - capitalized, net of deleted assets	<u>9,147,492</u>	(5,552,380)

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	5,254,625	
Current year amortization of deferred outflows	(447,587)	
Long term portion of claims payable	51,038	
Change in deferred property tax accrual	<u>1,795,698</u>	6,653,774

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	(251,929)	
Accrued vacation earned during the year	(948,019)	
Amount paid during the year	<u>1,182,186</u>	(17,762)

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.

Issuance of refunding bonds, coupons	(50,355,000)	
Premium, discount received on issuance of bonds, coupons	(10,821,491)	
Defeasance of bond issuance costs and premiums	1,870,463	
Bond principal payments	70,120,000	
Accrued interest expense on bonds	38,364	
Long-term lease payments	<u>187,956</u>	11,040,292

Pension expense related to the cost-sharing multiple-employer defined benefit pension fund are recognized on a government-wide basis and not included in the fund statements.		(19,253,285)
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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.

(269,557)

<b>Change in net position of governmental activities</b>		<b><u>\$ (5,441,461)</u></b>
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The accompanying notes are an integral part of this financial statement.

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

**Statement of Fund Net Position  
Proprietary Fund  
June 30, 2015**

		Governmental Activities
		Internal Service Fund
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$	2,056,487
Accounts receivable		2,001
Total current assets		<u>2,058,488</u>
Noncurrent assets		
Restricted cash and cash equivalents		<u>3,591,157</u>
Total assets		<u>5,649,645</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable		8,501
Claims payable		<u>1,672,016</u>
Total liabilities		<u>1,680,517</u>
<b>Net Position</b>		
Unrestricted		<u>3,969,128</u>
Total net position	\$	<u><u>3,969,128</u></u>

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

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

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2015**

	Governmental Activities
	Internal Service Fund
<b>Operating Revenues</b>	
Charges for services	\$ 14,967,215
Total operating revenues	<u>14,967,215</u>
<b>Operating Expenses</b>	
Salaries and benefits	186,469
Purchased services	795,569
Small equipment	12,500
Claims paid	<u>14,248,070</u>
Total operating expenses	<u>15,242,608</u>
Operating (loss) / income	<u>(275,393)</u>
<b>Nonoperating Revenues</b>	
Investment income	<u>5,836</u>
Change in net position	(269,557)
Net position, beginning	<u>4,238,685</u>
Net position, ending	<u><u>\$ 3,969,128</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 Fund  
For the Year Ended June 30, 2015**

	Governmental Activities <u>Internal Service Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 14,971,017
Cash paid to suppliers/vendors	(14,845,144)
Cash paid to employees	(186,469)
Net cash (used in) operating activities	<u>(60,596)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Change in restricted cash and cash equivalents	(4,467)
Net cash (used in) noncapital financing activities	<u>(4,467)</u>
<b>Cash Flows from Investing Activities</b>	
Investment income	<u>5,836</u>
(Decrease ) in cash and cash equivalents	(59,227)
Cash and cash equivalents, beginning of the year	<u>2,115,714</u>
Cash and cash equivalents, end of the year	<u><u>\$ 2,056,487</u></u>
<b>Reconciliation of Operating (Loss) / Income to Net Cash (Used in) / Provided by Operating Activities</b>	
Operating (loss)	\$ (275,393)
Adjustments to reconcile operating (loss) to Net cash (used in) operating activities	
Changes in assets and liabilities	
Decrease in accounts receivable	3,802
Increase in accounts payable	8,501
Increase in claims payable	<u>202,494</u>
Net cash (used in) operating activities	<u><u>\$ (60,596)</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, 2015**

	Private Purpose Trust - Student Scholarship	Agency - Student Activity
<b>Assets</b>		
Cash and investments	\$ 220,835	\$ 129,315
Accounts receivable	3,554	-
Total assets	<u>224,389</u>	<u>\$ 129,315</u>
<b>Liabilities</b>		
Accounts payable	-	\$ 259
Undistributed monies	-	129,056
Total liabilities	<u>-</u>	<u>\$ 129,315</u>
<b>Net Position</b>		
Held in trust	<u>\$ 224,389</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, 2015**

	Private Purpose Trust - Student Scholarship
<b>Additions</b>	
Investment income	\$ 175
Contributions	47,998
Total additions	48,173
<b>Deductions</b>	
Scholarships	42,968
Total deductions	42,968
Change in net position	5,205
Net position, beginning	219,184
Net position, ending	\$ 224,389

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



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

### **Notes to Financial Statements**

June 30, 2015

#### **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 seventh largest in the state of Colorado, has 1 standalone early childhood learning center, 23 elementary, 1 PK-8, 1 K-8, 8 middle, 1 middle/senior, 7 high, 2 alternative, 1 online, 1 homeschool program, and 6 charter schools, serving over 30,000 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-8; Carbon Valley Academy, grades K-8; Flagstaff Academy, grades K-8; Imagine Charter School at Firestone, grades K-8; St. Vrain Community Montessori School, PK-8; and Twin Peaks Charter Academy, grades K-12. All six charter schools were operational during the fiscal year. No new charter applications have been received.

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**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, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Accounting (Continued)**

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

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

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

Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. Effective July 1, 2014, the Colorado Department of Education required that the District's only enterprise fund, *Nutrition Services Fund*, be reported as a special revenue fund.

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

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

**Government-wide and Fund Financial Statements**

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide and Fund Financial Statements (Continued)**

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

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

The District's agency fund applies the accrual basis of accounting, but does not have a measurement focus.

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

**Assets, Liabilities and Net Position**

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

*Investments* – 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, 2015

**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.

*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

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position (Continued)**

discounts 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 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.

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

*Pensions* – The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. For refunding of debt resulting in defeasance, deferred outflow of resources is the difference where the net carrying value of the old debt is less than the reacquisition price. Deferred outflows also result from the net difference between projected and actual earnings on pension plan investments as well as contributions made by the District to PERA after PERA's measurement date.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. For advanced income from the forward delivery agreement and for property taxes, these revenues will be earned or collected but are not available to pay the current period's expenditures. Changes in proportion and differences between contributions recognized and proportionate share of contributions as well as differences between expected and actual experience related to pensions can generate deferred inflows of resources.

*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).

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

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

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

Property Taxes

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. The District's property tax calendar for 2015 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

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property Taxes (Continued)**

which the taxes are levied in the government-wide statements. The District has deferred inflows from property tax collection at June 30, 2015 in the amount of \$4,868,889. 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.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

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

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

The Self Insurance Fund's expenditures of \$15,242,608 exceed budgeted appropriations of \$15,095,000. This 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 assignment of fund balance for subsequent years' expenditures based on the encumbered appropriation authority carried over.

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Accountability**

Although the School Finance Act no longer requires school districts to budget a minimum amount per pupil for instructional supplies and materials, instructional capital outlay, and instructional field trips, the Board of Education approved a policy that requires the District to continue doing so to meet its goals and needs. For fiscal year 2015, the District budgeted \$5,064,088 for instructional supplies and material purposes. The District expended \$5,188,603 for instructional purposes during fiscal year ended June 30, 2015.

Direct allocation of funding to the Capital Reserve and Risk Management Funds was also discontinued by the Legislature. However, the District continues to fund these needs according to prior statute. For fiscal years 2012 and 2013, the Board of Education waived its own policy regarding the full funding at the prescribed amount. With the recovering economy and improved revenue forecasts, however, the Board of Education reinstated its policy beginning with the fiscal year 2014 budget. During fiscal year 2015, a total of \$7,756,503 was allocated: \$4,921,561 to the Capital Reserve Capital Projects Fund and \$2,834,942 to the Risk Management Fund.

**NOTE 3: DEPOSITS AND INVESTMENTS**

At June 30, 2015, the District's deposits and investments were reported in the financial statements as follows:

	<u>District</u>	<u>Component Units</u>
Governmental activities	\$ 170,398,989	\$ 22,808,079
Agency	129,315	106,022
Private purpose trust scholarship	220,835	-
	<u>\$ 170,749,139</u>	<u>\$ 22,914,101</u>

At June 30, 2015, the District and component units had cash and investments with the following carrying balances:

	<u>District</u>	<u>Component Units</u>
Cash	\$ 14,487,165	\$ 15,667,742
Investments	156,261,974	7,246,359
	<u>\$ 170,749,139</u>	<u>\$ 22,914,101</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, 2015, the District had bank deposits of \$14,607,418 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 \$15,983,685 of which \$1,500,000 was covered by FDIC and \$14,483,685 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, 2015

**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, 2015, the District had the following investments, excluding agency:

<u>Investment Type</u>	<u>S&amp;P's or Moody's Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
			<u>Less Than 1</u>	<u>1-5</u>
Money market mutual funds	AAAm	\$ 36,624,822	\$ 36,624,822	\$ -
Money market investment pools	AAAm	119,637,152	119,637,152	-
Total investments		<u>\$ 156,261,974</u>	<u>\$ 156,261,974</u>	<u>\$ -</u>

The component units had the following investments as of June 30, 2015:

<u>Investment Type</u>	<u>S&amp;P or Moody's Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>
			<u>Less Than 1</u>
Money market investment pool-CSAFE	AAAm	\$ 2,441,599	\$ 2,441,599
Money market investment pool-ColoTrust	AAAm	85,713	85,713
Money market funds	AAAm	4,719,047	4,719,047
Total investments		<u>\$ 7,246,359</u>	<u>\$ 7,246,359</u>

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

*Local Government Investment Pools* – At June 30, 2015, 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](http://www.colotrust.com) and [www.csafe.org](http://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, 2015, none of the investments were subject to this risk.

*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, 2015

**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, 2015, the money market mutual funds and money market investment pool were 23% and 77%, respectively, of the District's total investments.

**Restricted Cash and Investments**

The Bond Redemption Fund's deposits and investments totaling \$33,635,649 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 \$3,591,157 are restricted for the purposes of the medical and dental self-insurance trust funds. The component units' deposits and investments totaling \$11,357,123 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, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants Fund	<u>\$ 2,697,629</u>

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

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers during fiscal year 2015 were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Community Education Fund	Student Activities Fund	<u>\$ 6,669</u>

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 5: CAPITAL ASSETS**

The following is a summary of changes in the District's capital assets for the year ended June 30, 2015:

	Restated Balance 7/1/2014	Additions	Deletions & Adjustments	Transfers	Balance 6/30/2015
<b>Governmental activities</b>					
Non-depreciable assets					
Land	\$ 20,053,379	\$ -	\$ -	\$ -	\$ 20,053,379
Projects in progress	6,542,968	6,959,742	-	(1,422,618)	12,080,092
Water rights	1,083,578	-	-	-	1,083,578
Total non-depreciable assets	<u>27,679,925</u>	<u>6,959,742</u>	<u>-</u>	<u>(1,422,618)</u>	<u>33,217,049</u>
Depreciable assets					
Land improvements	24,106,959	-	-	-	24,106,959
Buildings	301,936,554	537,245	-	-	302,473,799
Building improvements	183,639,236	-	-	1,422,618	185,061,854
Equipment	30,713,751	2,347,279	(696,774)	-	32,364,256
Total depreciable assets	<u>540,396,500</u>	<u>2,884,524</u>	<u>(696,774)</u>	<u>1,422,618</u>	<u>544,006,868</u>
Less accumulated depreciation for					
Land improvements	13,412,046	1,048,073	-	-	14,460,119
Buildings	71,843,136	5,482,018	-	-	77,325,154
Building improvements	54,690,125	7,036,969	-	-	61,727,094
Equipment	21,648,744	1,815,204	(682,392)	-	22,781,556
Total accumulated depreciation	<u>161,594,051</u>	<u>15,382,264</u>	<u>(682,392)</u>	<u>-</u>	<u>176,293,923</u>
Total depreciable assets, net	<u>378,802,449</u>	<u>(12,497,740)</u>	<u>(14,382)</u>	<u>1,422,618</u>	<u>367,712,945</u>
Governmental activities			-		
Total capital assets, net	<u>\$ 406,482,374</u>	<u>\$ (5,537,998)</u>	<u>\$ (14,382)</u>	<u>\$ -</u>	<u>\$ 400,929,994</u>

The beginning balances for equipment and its related accumulated depreciation were restated to reflect the change of accounting principle for the *Nutrition Services Fund*, formerly a business-type activity (enterprise fund) and, effective July 1, 2014, reported as a governmental activity (special revenue fund). The equipment balance at June 30, 2014 was \$27,311,492 and, as of July 1, 2014, was restated to \$30,713,751, a difference of \$3,402,259. Accumulated depreciation for equipment at June 30, 2014 was \$19,292,822 and, as of July 1, 2014, was restated to \$21,648,744, a difference of \$2,355,922.

Capital assets included above that were acquired through capital lease arrangements are modular buildings, with a cost of \$904,678 and accumulated depreciation of \$373,669, and equipment, with a cost of \$1,030,418 and accumulated depreciation of \$386,157. The net value of these capital assets is \$1,175,270.

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 5: CAPITAL ASSETS (Continued)**

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

**Governmental activities**

Instruction	\$ 13,419,915
Supporting services	<u>1,962,349</u>
Total	<u><u>\$ 15,382,264</u></u>

**Component Units' Capital Assets**

The following is a summary of changes in the component units' capital assets for the year ended June 30, 2015:

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Reclassifications &amp; Deletions</u>	<u>Balance 6/30/2015</u>
<b>Component units</b>				
Non-depreciable assets				
Land	\$ 3,105,289	\$ 1,249,717	\$ -	\$ 4,355,006
Construction in progress	<u>612,223</u>	<u>7,455,135</u>	<u>(577,713)</u>	<u>7,489,645</u>
Total non-depreciable assets	<u>3,717,512</u>	<u>8,704,852</u>	<u>(577,713)</u>	<u>11,844,651</u>
Depreciable assets				
Land improvements	280,487	-	-	280,487
Building	31,775,983	1,535,860	-	33,311,843
Leasehold improvements	1,354,034	331,090	-	1,685,124
Furniture & equipment	755,398	116,543	1,610	873,551
Software costs	<u>20,021</u>	<u>-</u>	<u>-</u>	<u>20,021</u>
Total depreciable assets	<u>34,185,923</u>	<u>1,983,493</u>	<u>1,610</u>	<u>36,171,026</u>
Less accumulated depreciation	<u>4,525,951</u>	<u>974,883</u>	<u>1,610</u>	<u>5,502,444</u>
Total depreciable assets, net	<u>29,659,972</u>	<u>1,008,610</u>	<u>-</u>	<u>30,668,582</u>
Total capital assets, net	<u><u>\$ 33,377,484</u></u>	<u><u>\$ 9,713,462</u></u>	<u><u>\$ (577,713)</u></u>	<u><u>\$ 42,513,233</u></u>

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

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

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**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, 2015 are determined to be as follows:

General Fund	\$ 9,636,171
Grants Fund	928,266
Other funds	<u>536,121</u>
<b>Total primary government</b>	<b>\$ 11,100,558</b>
<b>Component units</b>	<b>\$ <u>1,007,527</u></b>

**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, 2015, \$249,040 of the deferred amount has been recognized. Income recognized was \$170,497 by the General Fund, \$24,830 by the Building Fund, \$2,886 by the Capital Reserve Capital Projects Fund, and \$50,827 by the Fair Contributions Fund. The remaining balances by fund of \$126,992, \$18,496, \$2,149, and \$37,856, respectively, are deferred inflows of resources as of June 30, 2015.

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 8: LONG-TERM DEBT**

The District's long-term debt changed as follows during the year ended June 30, 2015.

<b>Governmental activities</b>	Balance 7/1/2014	Additions	Payments/ Amortization	Balance 6/30/2015	Due within one year
General obligation bonds	\$ 411,565,000	\$ 50,355,000	\$ (70,120,000)	\$ 391,800,000	\$ 15,225,000
Deferred bond premium	22,771,053	10,821,491	(5,254,625)	28,337,919	-
Registered coupons	300,000	-	-	300,000	-
Registered coupons discount	(19,563)	-	-	(19,563)	-
Capital leases	736,161	-	(187,956)	548,205	187,956
Vacation payable	968,689	948,019	(968,689)	948,019	948,019
Annual leave payable	1,568,211	251,929	(213,497)	1,606,643	185,000
<b>Total</b>	<b>\$ 437,889,551</b>	<b>\$ 62,376,439</b>	<b>\$ (76,744,767)</b>	<b>\$ 423,521,223</b>	<b>\$ 16,545,975</b>

**General Obligation Bonds**

Description, Interest Rates, and Maturity Dates

Balance  
due at  
June 30, 2015

Building Bonds (Series 2005A), original amount of \$14,000,000, due in varying installments through December 15, 2015, interest at 5.0%. Premium of \$511,241 received upon issuance is being amortized based on maturity of bonds. Amounts defeased were \$5,945,000 during fiscal year 2015. Premium amortization was adjusted accordingly.

\$ 695,000

Refunding Bonds (Series 2005B), original amount of \$42,815,000, due in varying installments through December 15, 2017, interest at 5.0%. 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.

19,085,000

Refunding Bonds (Series 2006), original amount of \$43,455,000, due in varying installments through December 15, 2022, interest from 3.95% 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.

38,850,000

Building Bonds (Series 2006B), original amount of \$56,800,000, due in varying installments through December 15, 2016, interest at 4.0%. Premium of \$3,622,791 received upon issuance is being amortized based on maturity of bonds. Amounts defeased were \$47,850,000 during fiscal year 2015. Premium amortization was adjusted accordingly.

250,000

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.

103,400,000

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 8: LONG-TERM DEBT (Continued)**

**General Obligation Bonds (Continued)**

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 3.0% 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.	34,205,000
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.	25,330,000
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
Refunding Bonds (Series 2014), original amount of \$50,355,000, due in varying installments through December 15, 2026, interest from 3.0% to 5.0%. Proceeds used to retire \$2,120,000, \$5,945,000 and \$47,850,000 of outstanding building bonds (Series 2004, 2005A and 2006B, respectively). Premium of \$10,821,491 received upon issuance is being amortized based on maturity of bonds.	<u>50,290,000</u>
Total general obligation bonds payable	<u>\$ 391,800,000</u>

**Advance Refunding**

On October 16, 2014, the District issued \$50,355,000 in general obligation bonds with an average coupon of 4.93% to advance refund \$2,120,000, \$5,945,000, and \$47,850,000 of outstanding 2004, 2005A, and 2006B Series bonds, respectively, with average interest rates of 5.00%, 5.00%, and 4.99%, respectively. The net proceeds of \$60.8 million were used to purchase open market securities (U.S. Government). Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments (2015, 2016-2022, and 2017-2026) on the 2004, 2005A and 2006B Series bonds, respectively. As a result, the portion of the aforementioned series bonds are considered to be defeased and the liability for those portions of the bonds have been removed from the general long-term debt. By advance refunding those portions of the bonds, the District reduced its total debt service

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 8: LONG-TERM DEBT (Continued)**

**Advance Refunding (Continued)**

payments over the next 10 years by nearly \$8.9 million, resulting in a savings of almost \$8.0 million net of district contributions. The District obtained an economic gain (difference between the present value of the debt service payments on the old and new debt, less district contributions ) of more than \$6.8 million.

Bond and coupon payments to maturity are as follows:

Year ending June 30	GO Bonds		Registered Coupons Supplemental	Total
	Principal	Interest	Interest	
2016	\$ 15,225,000	\$ 18,932,570	\$ -	\$ 34,157,570
2017	15,780,000	18,298,427	-	34,078,427
2018	16,735,000	17,570,964	300,000	34,605,964
2019	18,000,000	16,766,514	-	34,766,514
2020	18,825,000	15,901,489	-	34,726,489
2021-2025	96,825,000	65,916,426	-	162,741,426
2026-2030	104,260,000	42,570,067	-	146,830,067
2031-2034	106,150,000	11,697,101	-	117,847,101
Total	<u>\$391,800,000</u>	<u>\$207,653,558</u>	<u>\$ 300,000</u>	<u>\$ 599,753,558</u>

The amount of defeased debt outstanding as of June 30, 2015 is \$149,705,000. The defeased amount relates to the 2003 and 2004 Series (no longer payable) as well as 2005A and 2006B Series (shown above).

At June 30, 2015, the future minimum capital lease obligations are \$548,205 through 2018. The amount representing interest is \$40,528 and the net present value of these minimum lease payments is \$507,667.

**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, 2015 is considered payable within one year.

Unused annual leave is accumulated 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, 2015 includes qualified annual leave for all eligible employees as of June 30, 2015.

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, 2015

**NOTE 8: LONG-TERM DEBT (Continued)**

**Component Units' Long-Term Debt**

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

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

In August 2008, the Colorado Educational and Facilities Authority (CECFA) issued \$13,505,000 of Charter School Revenue Bonds, Series 2008. Proceeds of the bonds were used to construct Flagstaff Academy's building. The Academy is required to make lease payments to the Building Corporation for use of the building. The Building Corporation is required to make lease payments to the Trustee for payment of the bonds. Interest accrues at a rate of 6.75% and 7.0% per year. The lease matures in August 2038.

In November 2008, the Colorado Educational and Facilities Authority (CECFA) issued \$14,235,000 of Charter School Revenue Bonds, Series 2008. Proceeds of the bonds were used to construct Twin Peaks Charter Academy's building. Interest accrues at a rate of 5.75% to 7.0% per year. The lease matures in November 2038. In April 2011, CECFA issued \$4,775,000 of Charter School Revenue Bonds, Series 2011A and 2011B. Proceeds of the bonds were used to construct improvements to the Academy's building. Interest accrues at a rate of 6.375% to 7.5% per year. The lease matures in March 2043. In August 2014, CECFA issued \$21,990,000 of Charter School Revenue Bonds, Series 2014. Proceeds of the bonds were used to construct improvements to the Academy's building. Interest accrues at a rate of 6.375% to 7.5% per year. The lease matures in March 2044. The charter school is required to make equal lease payments to the Building Corporation for use of the building. The Building Corporation is required to make lease payments to the Trustee for payment of the bonds. In February 2013, the 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 the Academy to prepare the land for use. Interest accrues at a rate of 4.15% per year. During the year ended June 30, 2015, the Academy paid off both the promissory note and line of credit from proceeds of the Series 2014 Bonds.

Following is a summary of the component units' long-term debt transactions for the year ended June 30, 2015.

	Balance 7/1/2014	Additions	Payments	Balance 6/30/2015	Due within one year
Component units					
Revenue bonds	\$ 36,873,804	\$ 33,225,000	\$ 14,728,804	\$ 55,370,000	\$ 785,000
Premium	-	372,738	23,296	349,442	-
	<u>\$ 36,873,804</u>	<u>\$ 33,597,738</u>	<u>\$ 14,752,100</u>	<u>\$ 55,719,442</u>	<u>\$ 785,000</u>

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 8: LONG-TERM DEBT** (Continued)

**Component Units' Long-Term Debt** (Continued)

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>
2016	\$ 785,000	\$ 2,639,882	\$ 3,424,882
2017	1,005,000	2,885,023	3,890,023
2018	1,040,000	2,838,464	3,878,464
2019	1,090,000	2,787,830	3,877,830
2020	1,140,000	3,525,910	4,665,910
2021-2025	7,315,000	13,437,570	20,752,570
2026-2030	8,830,000	10,115,545	18,945,545
2031-2035	11,480,000	7,210,602	18,690,602
2036-2040	12,965,000	4,024,008	16,989,008
2041-2045	9,020,000	1,189,279	10,209,279
2046	700,000	36,750	736,750
Total	<u>\$ 55,370,000</u>	<u>\$ 50,690,863</u>	<u>\$ 106,060,863</u>

Defeasance of Debt. In August 2014, Twin Peaks Charter Academy defeased the Series 2008 Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. This resulted in a net present value savings of \$996,501. Accordingly the trust account assets and the liability for the defeased bonds are not included in the Academy's financial statements. At June 30, 2015, \$13,465,000 of bonds outstanding are considered defeased.

**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, 2015, the District had insurance deductibles of \$50,000 (property), \$25,000 (general liability), and \$1,000 (vehicle liability) per claim. At June 30, 2015, the District's property and liability claims payable was \$358,720.

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 9: RISK FINANCING (Continued)**

**Risk Management Fund (Continued)**

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, 2015. At June 30, 2015, the District's workers' compensation claims payable was \$821,808.

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

**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. Of the total claims payable, \$826,369 is payable from current resources and reported accordingly on the fund statements. Changes in the reported liability on a government-wide basis for the years ended June 30, 2015 and 2014 were as follows:

	2015	2014
Beginning fiscal year liability	\$ 1,350,655	\$ 941,615
Current year claims and adjustments	684,975	1,816,474
Claims paid	(855,102)	(1,407,434)
Ending fiscal year liability	<u>\$ 1,180,528</u>	<u>\$ 1,350,655</u>

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 9: RISK FINANCING (Continued)**

**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, 2015. The following is a summary of the changes in claims liability for the Self Insurance Fund for fiscal year ended June 30, 2015.

	2015	2014
Beginning fiscal year liability	\$ 1,469,522	\$ 2,181,787
Current year claims and adjustments	14,450,564	12,410,224
Claims paid	(14,248,070)	(13,122,489)
Ending fiscal year liability	<u>\$ 1,672,016</u>	<u>\$ 1,469,522</u>

**NOTE 10: DEFINED BENEFIT PENSION PLAN**

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

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

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)**

**Benefits Provided (Continued)**

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

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

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

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

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

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

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

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)**

**Contributions (Continued)**

The employer contribution requirements are summarized in the table below.

	For Year Ended 12/31/2014	For Year Ended 12/31/ 2015
Employer Contribution Rate <sup>1</sup>	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF <sup>1</sup>	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	3.50%	4.00%
Total Employer Contribution Rate to the SCHDTF <sup>1</sup>	16.43%	17.33%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$25,104,314 for the fiscal year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability of \$468,595,684 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2014, the District's proportion was 3.46 percent, which was an increase of 0.02 percent from its proportion measured as of December 31, 2013.

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 10: DEFINED BENEFIT PENSION PLAN** (Continued)

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

For the year ended June 30, 2015, the District recognized pension expense of \$19,253,285. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	n/a	\$34,989
Changes of assumptions or other inputs	n/a	n/a
Net difference between projected and actual earnings on pension plan investments	\$10,776,171	n/a
Changes in proportion and differences between contributions recognized and proportionate share of contributions	n/a	\$1,593,936
Contributions subsequent to the measurement date	\$13,773,312	n/a
<b>Total</b>	<b>\$24,549,483</b>	<b>\$1,628,925</b>

\$13,773,312 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30,</b>	
2016	\$2,090,737
2017	\$2,090,737
2018	\$2,271,729
2019	\$2,694,043

**Actuarial assumptions** – The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)**

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

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

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

The SCHDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

\* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

**Discount rate** – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)**

**Discount Rate (Continued)**

projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate** – The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$617,886,217	\$468,595,684	\$343,636,975

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

**Component Units' Defined Pension Benefit Plan**

**Contributions** – Employer contributions recognized by the SCHDTF from the component units were \$2,036,415 for the fiscal year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2015, the component units reported a combined liability of \$36,236,798 for their proportionate share of the net pension liability. At December 31, 2014, the component units' proportion was a combined 0.26736 percent, which was a net increase of 0.015 percent from their proportion measured as of December 31, 2013. For the year ended June 30, 2015, the component units recognized a combined pension expense of \$2,332,116.

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 10: DEFINED BENEFIT PENSION PLAN** (Continued)

**Component Units' Defined Pension Benefit Plan** (Continued)

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

At June 30, 2015, the component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	n/a	\$2,028
Changes of assumptions or other inputs	n/a	n/a
Net difference between projected and actual earnings on pension plan investments	\$624,995	n/a
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,036,275	n/a
Contributions subsequent to the measurement date	1,073,467	n/a
<b>Total</b>	<b>\$4,734,737</b>	<b>\$2,028</b>

\$1,073,467 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30,</b>	
2016	\$1,219,748
2017	\$1,219,748
2018	\$1,219,746

**Sensitivity of the component units' proportionate share of the net pension liability to changes in the discount rate** – The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$47,781,494	\$36,236,798	\$26,573,644

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 11: POSTEMPLOYMENT HEALTH CARE BENEFITS**

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

**Funding Policy** – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2014, and 2013, the District's employer contributions to the HCTF were \$1,516,577, \$1,439,638, and \$1,384,724, respectively, equal to its required contributions for each year.

Component units' employer contributions to HCTF were \$118,854, \$103,618, and \$88,263, respectively for the years ending June 30, 2015, 2014, and 2013, equal to their required contributions for each year.

**NOTE 12: DEFINED CONTRIBUTION PLAN**

**Plan Description** – Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy** – The Voluntary Investment Program is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. There is no employer match. For the year ended June 30, 2015, 2014 and 2013, the Voluntary Investment Program member contributions were \$1,641,725, \$1,445,496, and \$1,424,306, respectively.

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**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 \$197,342 for services provided during the year ended June 30, 2015. 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, 2015, 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.

**Construction Contracts**

The District has entered into a number of separate construction projects as of June 30, 2015. Contract commitments at June 30, 2015, as a result of these projects, totaled \$3,386,057.

**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, 2015, the District has complied with the requirements to include emergency reserves in its net position and fund balance.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2015

**NOTE 14: COMMITMENTS AND CONTINGENCIES** (Continued)

**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, 2015.

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 ACCOUNTING PRINCIPLE**

Effective July 1, 2014, the Colorado Department of Education required that districts report their food service operations as a governmental activity (special revenue fund) instead of a business-type activity (enterprise fund). This change of accounting principle was necessary to align the compliance, accounting and reporting of this fund with state board rules, state statute, federal regulations, cost principles, and the federal grant program. As a result, the *Nutrition Services Fund's* beginning fund balance was decreased by \$1,046,337 to a restated beginning balance of \$2,226,743, which is equal to the net current assets and current liabilities previously reported in the proprietary fund. All remaining assets and liabilities of the fund are not recognized at the fund level under modified accrual and have been reclassified as assets and liabilities of the governmental activities as of July 1, 2014.

During the year, the District and component units adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The primary objective of these Statements is to improve the accounting and financial reporting by state and local governments for pensions. As a result of implementing these statements, the District recognized its proportionate share of a net pension liability and the related deferred inflows and outflows (refer to Note 10), and restated net position as follows:

Net position, June 30, 2014	\$ 127,698,240
Adjustment for Nutrition Services	3,273,080
Adjustment for pension	(426,421,841)
Net position, restated, July 1, 2014	<u><u>\$(295,450,521)</u></u>

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

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 15: RESTATEMENT FOR CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

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

Net position, June 30, 2014	\$ 9,375,534
Adjustment for pension	<u>(31,208,388 )</u>
Net position, restated, July 1, 2014	<u>\$ (21,832,854)</u>

**NOTE 16: DEFICIT NET POSITION**

The net position of the District's governmental activities is a deficit of \$300,891,982 as a result of implementing GASB Statement No. 68. Also, the component units' net position is a deficit of \$21,259,514 as a result of implementing the new reporting standard.



## REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

**St. Vrain Valley School District RE-1J**  
**Schedule of Required Supplementary Information**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General, Colorado Preschool Program, and Risk Management Funds**  
**For the Year Ended June 30, 2015**

	General Fund				Colorado Preschool Program (A sub-fund of the General Fund)			
	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)
<b>Revenues</b>								
Local								
Property taxes	\$ 62,139,682	\$ 60,288,927	\$ 60,375,453	\$ 86,526	\$ -	\$ -	\$ -	\$ -
Specific ownership taxes	6,643,214	7,500,000	8,253,685	753,685	-	-	-	-
Mill levy override	33,185,188	32,465,981	31,932,829	(533,152)	-	-	-	-
Investment income	226,000	226,000	241,794	15,794	-	250	263	13
Charges for services	6,459,779	5,690,000	4,869,780	(820,220)	-	-	-	-
Miscellaneous	2,074,066	2,531,766	4,403,909	1,872,143	-	-	-	-
Total local revenues	<u>110,727,929</u>	<u>108,702,674</u>	<u>110,077,450</u>	<u>1,374,776</u>	<u>-</u>	<u>250</u>	<u>263</u>	<u>13</u>
State								
Equalization, net	120,192,208	124,434,436	124,410,444	(23,992)	1,208,000	1,417,317	1,417,317	-
Special Education	5,237,019	5,677,003	5,767,659	90,656	-	-	-	-
Vocational Education	677,984	593,710	641,051	47,341	-	-	-	-
Transportation	1,562,186	1,558,502	1,590,814	32,312	-	-	-	-
Gifted and Talented	267,554	311,300	278,505	(32,795)	-	-	-	-
English Language Proficiency Act	331,013	1,514,463	1,514,464	1	-	-	-	-
BEST grant	-	815,186	641,275	(173,911)	-	-	-	-
Other state sources	527,980	966,151	960,946	(5,205)	-	-	-	-
Total state revenues	<u>128,795,944</u>	<u>135,870,751</u>	<u>135,805,158</u>	<u>(65,593)</u>	<u>1,208,000</u>	<u>1,417,317</u>	<u>1,417,317</u>	<u>-</u>
Federal								
Build America Bond rebates	1,367,123	1,411,273	1,411,273	-	-	-	-	-
Migrant passed through BOCES	88,000	37,100	33,181	(3,919)	-	-	-	-
Other federal sources	-	-	-	-	-	-	-	-
Total federal revenues	<u>1,455,123</u>	<u>1,448,373</u>	<u>1,444,454</u>	<u>(3,919)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>240,978,996</u>	<u>246,021,798</u>	<u>247,327,062</u>	<u>1,305,264</u>	<u>1,208,000</u>	<u>1,417,567</u>	<u>1,417,580</u>	<u>13</u>
<b>Expenditures, encumbered basis</b>								
Current								
Salaries	141,494,029	142,135,722	137,804,825	4,330,897	156,855	170,319	149,092	21,227
Benefits	43,259,022	42,919,077	41,357,324	1,561,753	47,633	50,247	45,014	5,233
Purchased services	10,576,052	12,024,188	9,647,727	2,376,461	930,625	1,130,625	1,069,537	61,088
Supplies and materials	21,592,002	22,281,698	19,299,236	2,982,462	48,512	42,000	26,376	15,624
Claims paid	-	-	-	-	-	-	-	-
Other	855,311	980,311	771,977	208,334	24,375	24,376	23,965	411
Charter schools	25,326,798	24,735,984	24,735,762	222	-	-	-	-
Capital outlay	233,344	233,344	785,842	(552,498)	-	250,000	-	250,000
Total expenditures, encumbered basis	<u>243,336,558</u>	<u>245,310,324</u>	<u>234,402,693</u>	<u>10,907,631</u>	<u>1,208,000</u>	<u>1,667,567</u>	<u>1,313,984</u>	<u>353,583</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources uses	<u>\$ (2,357,562)</u>	<u>\$ 711,474</u>	<u>12,924,369</u>	<u>\$ 12,212,895</u>	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>103,596</u>	<u>\$ 353,596</u>
Fund balance, beginning			<u>62,390,069</u>				<u>454,113</u>	
Fund balance, ending			<u>\$ 75,314,438</u>				<u>\$ 557,709</u>	
Reconciliation of expenditures								
Expenditures, encumbered basis			\$ 234,402,693				\$ 1,313,984	
Plus: prior year encumbrances			317,159				-	
Less: current year encumbrances			-				-	
<b>Expenditures, US GAAP basis</b>			<u>234,719,852</u>				<u>1,313,984</u>	
Excess revenues over expenditures (US GAAP)			<u>12,607,210</u>				<u>103,596</u>	
Fund balance, beginning			<u>62,390,069</u>				<u>454,113</u>	
Fund balance, ending			<u>\$ 74,997,279</u>				<u>\$ 557,709</u>	

See the accompanying Independent Auditors' Report.

Risk Management Fund (A sub-fund of the General Fund)				Total			
Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 62,139,682	\$ 60,288,927	\$ 60,375,453	\$ 86,526
-	-	-	-	6,643,214	7,500,000	8,253,685	753,685
-	-	-	-	33,185,188	32,465,981	31,932,829	(533,152)
20,000	5,000	1,767	(3,233)	246,000	231,250	243,824	12,574
-	-	8,200	8,200	6,459,779	5,690,000	4,877,980	(812,020)
15,000	231,533	169,841	(61,692)	2,089,066	2,763,299	4,573,750	1,810,451
35,000	236,533	179,808	(56,725)	110,762,929	108,939,457	110,257,521	1,318,064
2,827,442	2,834,942	2,834,942	-	124,227,650	128,686,695	128,662,703	(23,992)
-	-	-	-	5,237,019	5,677,003	5,767,659	90,656
-	-	-	-	677,984	593,710	641,051	47,341
-	-	-	-	1,562,186	1,558,502	1,590,814	32,312
-	-	-	-	267,554	311,300	278,505	(32,795)
-	-	-	-	331,013	1,514,463	1,514,464	1
-	-	-	-	-	815,186	641,275	(173,911)
-	-	59,641	59,641	527,980	966,151	1,020,587	54,436
2,827,442	2,834,942	2,894,583	59,641	132,831,386	140,123,010	140,117,058	(5,952)
-	-	-	-	1,367,123	1,411,273	1,411,273	-
-	-	-	-	88,000	37,100	33,181	(3,919)
-	-	432,850	432,850	-	-	432,850	432,850
-	-	432,850	432,850	1,455,123	1,448,373	1,877,304	428,931
2,862,442	3,071,475	3,507,241	435,766	245,049,438	250,510,840	252,251,883	1,741,043
269,552	277,052	216,519	60,533	141,920,436	142,583,093	138,170,436	4,412,657
71,000	71,000	56,188	14,812	43,377,655	43,040,324	41,458,526	1,581,798
1,123,970	2,517,831	2,344,829	173,002	12,630,647	15,672,644	13,062,093	2,610,551
53,700	53,700	29,193	24,507	21,694,214	22,377,398	19,354,805	3,022,593
1,300,000	1,300,000	855,102	444,898	1,300,000	1,300,000	855,102	444,898
44,220	44,220	15,350	28,870	923,906	1,048,907	811,292	237,615
-	-	-	-	25,326,798	24,735,984	24,735,762	222
-	-	-	-	233,344	483,344	785,842	(302,498)
2,862,442	4,263,803	3,517,181	746,622	247,407,000	251,241,694	239,233,858	12,007,836
\$ -	\$ (1,192,328)	(9,940)	\$ 1,182,388	\$ (2,357,562)	\$ (730,854)	13,018,025	\$ 13,748,879
		3,312,831				66,157,013	
		\$ 3,302,891				\$ 79,175,038	
		\$ 3,517,181				\$ 239,233,858	
		-				317,159	
		-				-	
		3,517,181				239,551,017	
		(9,940)				12,700,866	
		3,312,831				66,157,013	
		\$ 3,302,891				\$ 78,857,879	

See the accompanying Independent Auditors' Report.

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**St. Vrain Valley School District RE-1J**  
**Schedule of Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Governmental Designated-Purpose Grants**  
**For the Year Ended June 30, 2015**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Local grants	\$ -	\$ -	\$ 152,260	\$ 152,260
State grants	540,000	538,147	598,879	\$ 60,732
Federal grants	10,467,000	10,429,926	9,031,044	(1,398,882)
ARRA - Federal education stimulus grants	4,200,000	5,220,594	5,512,737	292,143
Total revenues	<u>15,207,000</u>	<u>16,188,667</u>	<u>15,294,920</u>	<u>(893,747)</u>
<b>Expenditures</b>				
Salaries	9,000,000	9,491,231	9,443,839	47,392
Benefits	2,610,000	2,559,688	2,564,993	(5,305)
Purchased services	750,000	591,650	790,155	(198,505)
Supplies and materials	2,000,000	2,399,906	1,594,609	805,297
Other	670,000	883,496	882,022	1,474
Capital outlay	177,000	262,696	19,302	243,394
Total expenditures	<u>15,207,000</u>	<u>16,188,667</u>	<u>15,294,920</u>	<u>893,747</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.

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

	<u>2014</u>
District's proportion of the net pension liability (asset)	3.4574%
District's proportionate share of the net pension liability (asset)	\$ 468,595,684
District's covered-employee payroll	\$ 144,605,343
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	324.05%
Plan fiduciary net position as a percentage of the total pension liability	62.84%

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

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

	<u>2015</u>
Contractually required contribution	\$ 25,104,314
Contributions in relation to the contractually required contribution	(25,104,314)
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 148,684,016
Contributions as a percentage of covered-employee payroll	16.88%

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

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

**Notes to Required Supplementary Information**

June 30, 2015

**NOTE 1: GENERAL FUND BUDGETARY INFORMATION**

Prior to July 1, 2014, the General Fund annual budget was adopted on an encumbrance basis. However, during fiscal year 2015, the District adopted its general fund budget on a basis consistent with US GAAP. A budget basis is similar to a cash basis, in that revenues are recognized when cash is received, and expenditures are recorded when payments are made. However, budgeting on a US GAAP basis includes, for example, accruals for compensation earned but not paid as of fiscal year end, and recognition of deferred revenues. The District's other funds are also budgeted on a US GAAP basis.

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

- \$3.5 million increase in total program funding due to student growth
- \$2.8 million increase in state revenues (other than equalization, a component of total program funding) due to increased funding for programs including, but not limited to, English Language Proficiency Act
- \$3.0 million increase in purchased services due to anticipated state BEST grant activity, additional outside placement and preschool tuition expenses, READ Act tuition scholarship reimbursements, and continued flood related mitigation costs.

**NOTE 2: NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS**

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

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

## **SUPPLEMENTARY SCHEDULES – GOVERNMENTAL FUNDS**

### **Major Governmental Funds**

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

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

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

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Bond Redemption Fund  
For the Year Ended June 30, 2015**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 36,139,866	\$ 35,356,624	\$ 35,181,183	\$ (175,441)
Investment income	2,000	2,000	1,842	(158)
Miscellaneous	-	-	3,216	3,216
Total revenues	<u>36,141,866</u>	<u>35,358,624</u>	<u>35,186,241</u>	<u>(172,383)</u>
<b>Expenditures</b>				
Debt principal	14,140,000	14,205,000	14,205,000	-
Debt interest	19,880,767	18,711,630	18,711,630	-
Fiscal charges	10,000	432,603	428,003	4,600
Total expenditures	<u>34,030,767</u>	<u>33,349,233</u>	<u>33,344,633</u>	<u>4,600</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>2,111,099</u>	<u>2,009,391</u>	<u>1,841,608</u>	<u>(167,783)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of refunding bonds, coupons	-	50,355,000	50,355,000	-
Premium on bonds issued	-	10,821,491	10,821,491	-
Payment to refunded bond escrow agent	-	(61,682,860)	(61,682,860)	-
Total other financing sources (uses)	<u>-</u>	<u>(506,369)</u>	<u>(506,369)</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,111,099</u>	<u>1,503,022</u>	<u>1,335,239</u>	<u>\$ (167,783)</u>
Fund balance, beginning		<u>32,700,504</u>	<u>32,700,504</u>	
Fund balance, ending		<u>\$ 34,203,526</u>	<u>\$ 34,035,743</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, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Investment income	\$ 21,385	\$ 43,000	\$ 43,925	\$ 925
Miscellaneous	-	40,000	35,370	(4,630)
Total revenues	<u>21,385</u>	<u>83,000</u>	<u>79,295</u>	<u>(3,705)</u>
<b>Expenditures</b>				
Salaries	225,000	315,000	379,832	(64,832)
Benefits	58,188	81,000	96,642	(15,642)
Purchased services	7,300,000	7,300,000	3,871,983	3,428,017
Supplies and materials	100,000	100,000	3,034	96,966
Capital outlay	14,799,050	17,099,020	7,481,160	9,617,860
Other	50,000	50,000	3,953	46,047
Total expenditures	<u>22,532,238</u>	<u>24,945,020</u>	<u>11,836,604</u>	<u>13,108,416</u>
Net change in fund balances	<u>\$ (22,510,853)</u>	(24,862,020)	(11,757,309)	<u>\$ 13,104,711</u>
Fund balance, beginning		<u>24,862,020</u>	<u>24,862,020</u>	
Fund balance, ending		<u>\$ -</u>	<u>\$ 13,104,711</u>	

See the accompanying Independent Auditors' Report.

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## **SUPPLEMENTARY SCHEDULES – GOVERNMENTAL FUNDS**

### **Nonmajor Capital Projects Fund**

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

### **Nonmajor Special Revenue Funds**

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

- *Community Education Fund* – This fund is used to record the tuition-based activities including driver's education, summer school, child care, enrichment, and preschool.
- *Fair Contributions Fund* – In accordance with intergovernmental agreements, this fund is used to collect money for the acquisition, development, or expansion of public school sites based on impacts created by residential subdivisions.
- *Nutrition Services Fund* – To align the compliance, accounting and reporting for the federal grant program that is the food service fund, the Colorado Department of Education required that school districts report their food operations in a special revenue fund effective July 1, 2014. Previously, the District's *Nutrition Services Fund* was reported as an Enterprise Fund.
- *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, 2015**

	Capital Reserve Capital Projects Fund
<b>Assets</b>	
Cash and investments	\$ 8,209,917
Accounts receivable	-
Grants receivable	-
Due from component units	-
Prepays	371,635
Deposits	280
Inventories	-
Total assets	<u>\$ 8,581,832</u>
<b>Liabilities</b>	
Accounts payable	\$ 1,169,103
Accrued salaries and benefits	-
Construction retainage payable	20,956
Unearned revenues	-
Total liabilities	<u>1,190,059</u>
<b>Deferred inflows of revenue</b>	
From forward investment agreement	<u>2,149</u>
<b>Fund Balances</b>	
Nonspendable: deposits, inventories, prepaids	371,915
Restricted: special revenue funds	-
Committed: capital projects	7,017,709
Committed: special revenue fund	-
Assigned	-
Total fund balances	<u>7,389,624</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 8,581,832</u>

See the accompanying Independent Auditors' Report.

Special Revenue Funds				Total Nonmajor Governmental Funds
Community Education	Fair Contributions	Nutrition Services	Student Activity	
\$ 2,774,710	\$ 6,444,886	\$ 1,978,004	\$ 3,939,334	\$ 23,346,851
19,158	-	1,236	35,352	55,746
-	-	61,943	-	61,943
70	-	750	-	820
-	-	22,025	-	393,660
-	-	-	-	280
-	-	492,129	-	492,129
<u>\$ 2,793,938</u>	<u>\$ 6,444,886</u>	<u>\$ 2,556,087</u>	<u>\$ 3,974,686</u>	<u>\$ 24,351,429</u>
\$ 14,577	\$ -	60,314	\$ 63,713	\$ 1,307,707
395,204	-	137,098	901	533,203
-	-	-	-	20,956
17,951	-	-	1,448	19,399
<u>427,732</u>	<u>-</u>	<u>197,412</u>	<u>66,062</u>	<u>1,881,265</u>
<u>-</u>	<u>37,856</u>	<u>-</u>	<u>-</u>	<u>40,005</u>
-	-	514,154	-	886,069
2,366,206	-	1,844,521	3,908,624	8,119,351
-	-	-	-	7,017,709
-	6,407,030	-	-	6,407,030
-	-	-	-	-
<u>2,366,206</u>	<u>6,407,030</u>	<u>2,358,675</u>	<u>3,908,624</u>	<u>22,430,159</u>
<u>\$ 2,793,938</u>	<u>\$ 6,444,886</u>	<u>\$ 2,556,087</u>	<u>\$ 3,974,686</u>	<u>\$ 24,351,429</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, 2015**

	Capital Reserve Capital Projects Fund
<b>Revenues</b>	
Intergovernmental	\$ 4,921,561
Investment income	9,644
Charges for services	-
Pupil activities	-
Miscellaneous	105,907
State intergovernmental	-
Federal intergovernmental	-
	<hr/>
Total revenues	<u>5,037,112</u>
<b>Expenditures</b>	
Instruction	-
Supporting services	-
Food service operations	-
Capital expenditures/outlay	<u>6,235,537</u>
	<hr/>
Total expenditures	<u>6,235,537</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(1,198,425)</u>
<b>Other Financing Sources (Uses)</b>	
Transfers in	-
Transfers out	<u>-</u>
	<hr/>
Total other financing sources (uses)	<u>-</u>
Net changes in fund balances	(1,198,425)
Fund balances, beginning	8,588,049
Restatement, change in accounting principle	-
Restatement, change in accounting principle	<u>-</u>
Fund balances, restated	<u>8,588,049</u>
Fund balances, ending	<u><u>\$ 7,389,624</u></u>

See the accompanying Independent Auditors' Report.

Special Revenue Funds				Total Nonmajor Governmental Funds
Community Education	Fair Contributions	Nutrition Services	Student Activity	
\$ -	\$ -	\$ -	\$ -	\$ 4,921,561
3,195	56,532	1,251	4,228	74,850
5,662,654	-	3,436,233	-	9,098,887
-	-	-	6,841,204	6,841,204
-	1,078,391	19,016	-	1,203,314
-	-	146,959	-	146,959
-	-	5,619,908	-	5,619,908
<u>5,665,849</u>	<u>1,134,923</u>	<u>9,223,367</u>	<u>6,845,432</u>	<u>27,906,683</u>
5,779,057	-	-	6,126,252	11,905,309
583,794	4,805	-	290,162	878,761
-	-	8,960,303	-	8,960,303
<u>83,480</u>	<u>-</u>	<u>131,132</u>	<u>33,500</u>	<u>6,483,649</u>
<u>6,446,331</u>	<u>4,805</u>	<u>9,091,435</u>	<u>6,449,914</u>	<u>28,228,022</u>
(780,482)	1,130,118	131,932	395,518	(321,339)
-	-	-	6,669	6,669
<u>(6,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,669)</u>
<u>(6,669)</u>	<u>-</u>	<u>-</u>	<u>6,669</u>	<u>-</u>
(787,151)	1,130,118	131,932	402,187	(321,339)
3,153,357	5,276,912	-	3,506,437	20,524,755
-	-	3,273,080	-	3,273,080
-	-	(1,046,337)	-	(1,046,337)
<u>3,153,357</u>	<u>5,276,912</u>	<u>2,226,743</u>	<u>3,506,437</u>	<u>22,751,498</u>
<u>\$ 2,366,206</u>	<u>\$ 6,407,030</u>	<u>\$ 2,358,675</u>	<u>\$ 3,908,624</u>	<u>\$ 22,430,159</u>

See the accompanying Independent Auditors' Report.

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

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Capital Reserve Capital Projects Fund  
For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Allocation from General Fund	\$ 4,796,055	\$ 4,921,561	\$ 4,921,561	\$ -
Investment income	10,000	10,000	9,644	(356)
Miscellaneous	<u>20,000</u>	<u>175,000</u>	<u>105,907</u>	<u>(69,093)</u>
Total revenues	<u>4,826,055</u>	<u>5,106,561</u>	<u>5,037,112</u>	<u>(69,449)</u>
<b>Expenditures</b>				
Capital expenditures	<u>4,826,055</u>	<u>9,100,000</u>	<u>6,235,537</u>	<u>2,864,463</u>
Total expenditures	<u>4,826,055</u>	<u>9,100,000</u>	<u>6,235,537</u>	<u>2,864,463</u>
Net change in fund balances	<u>\$ -</u>	<u>(3,993,439)</u>	<u>(1,198,425)</u>	<u>\$ 2,795,014</u>
Fund balance, beginning		<u>8,588,049</u>	<u>8,588,049</u>	
Fund balance, ending		<u>\$ 4,594,610</u>	<u>\$ 7,389,624</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, 2015**

	<u>Original Budget</u>	<u>2nd Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Investment income	\$ 5,000	\$ 5,000	\$ 3,195	\$ (1,805)
Charges for services	<u>5,446,184</u>	<u>5,750,000</u>	<u>5,662,654</u>	<u>(87,346)</u>
Total revenues	<u>5,451,184</u>	<u>5,755,000</u>	<u>5,665,849</u>	<u>(89,151)</u>
<b>Expenditures</b>				
Instruction	5,560,000	6,200,000	5,779,057	420,943
Support services	300,000	550,000	583,794	(33,794)
Capital outlay	<u>-</u>	<u>-</u>	<u>83,480</u>	<u>(83,480)</u>
Total expenditures	<u>5,860,000</u>	<u>6,750,000</u>	<u>6,446,331</u>	<u>303,669</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(408,816)	(995,000)	(780,482)	214,518
<b>Other Financing (Uses)</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(6,669)</u>	<u>(6,669)</u>
Net change in fund balances	<u>\$ (408,816)</u>	<u>(995,000)</u>	<u>(787,151)</u>	<u>\$ 207,849</u>
Fund balance, beginning		<u>3,153,357</u>	<u>3,153,357</u>	
Fund balance, ending		<u>\$ 2,158,357</u>	<u>\$ 2,366,206</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, 2015**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Investment income	\$ 50,000	\$ 55,597	\$ 56,532	\$ 935
Cash in lieu	850,000	929,000	1,078,391	149,391
Total revenues	900,000	984,597	1,134,923	150,326
<b>Expenditures</b>				
Purchased services	150,000	150,000	4,805	145,195
Capital outlay	5,813,689	6,111,509	-	6,111,509
Total expenditures	5,963,689	6,261,509	4,805	6,256,704
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,063,689)</u>	(5,276,912)	1,130,118	<u>\$ 6,407,030</u>
Fund balance, beginning		5,276,912	5,276,912	
Fund balance, ending		<u>\$ -</u>	<u>\$ 6,407,030</u>	

See the accompanying Independent Auditors' Report.

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

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nutrition Services Fund  
For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Investment income	\$ 1,100	\$ 1,100	\$ 1,251	\$ 151
Charges for services	3,300,000	3,300,000	3,436,233	136,233
Other food service charges	60,000	60,000	19,016	(40,984)
State match	118,000	118,000	146,959	28,959
Commodities entitlement	550,603	550,603	534,454	(16,149)
National School Lunch/Breakfast Program	<u>5,100,000</u>	<u>5,100,000</u>	<u>5,085,454</u>	<u>(14,546)</u>
Total revenues	<u>9,129,703</u>	<u>9,129,703</u>	<u>9,223,367</u>	<u>93,664</u>
<b>Expenditures</b>				
Salaries	3,258,818	3,258,818	3,083,197	175,621
Benefits	1,025,068	1,025,068	1,102,129	(77,061)
Purchased services	175,000	175,000	69,583	105,417
Supplies and materials	4,513,202	4,513,202	4,491,261	21,941
Small equipment	221,576	256,576	131,132	125,444
Other	<u>100,000</u>	<u>100,000</u>	<u>214,133</u>	<u>(114,133)</u>
Total expenditures	<u>9,293,664</u>	<u>9,328,664</u>	<u>9,091,435</u>	<u>237,229</u>
Excess (deficiency) of revenues over (under) expenditures	(163,961)	(198,961)	131,932	330,893
<b>Other Financing (Uses)</b>				
Restatement due to accounting change	<u>(965,261)</u>	<u>(1,046,337)</u>	<u>-</u>	<u>1,046,337</u>
Net change in fund balances	<u><u>\$ (1,129,222)</u></u>	<u>(1,245,298)</u>	131,932	<u><u>\$ 1,377,230</u></u>
Fund balance, beginning		3,273,080	3,273,080	
Restatement, change in accounting principle		<u>(1,046,337)</u>	<u>(1,046,337)</u>	
Fund balance, restated		<u>2,226,743</u>	<u>2,226,743</u>	
Fund balance, ending		<u><u>\$ 981,445</u></u>	<u><u>\$ 2,358,675</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  
Student Activity Fund  
For the Year Ended June 30, 2015**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Investment income	\$ 4,000	\$ 4,000	\$ 4,228	\$ 228
Athletic activities	2,200,000	2,200,000	2,155,064	(44,936)
Pupil activities	3,400,000	3,400,000	3,633,153	233,153
PTO/Gift activities	700,000	800,000	1,052,987	252,987
Total revenues	<u>6,304,000</u>	<u>6,404,000</u>	<u>6,845,432</u>	<u>441,432</u>
<b>Expenditures</b>				
Athletic activities	3,171,000	3,330,162	2,128,963	1,201,199
Pupil activities	5,541,802	5,521,079	3,434,670	2,086,409
PTO/Gift activities	1,170,000	1,059,196	886,281	172,915
Total expenditures	<u>9,882,802</u>	<u>9,910,437</u>	<u>6,449,914</u>	<u>3,460,523</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(3,578,802)	(3,506,437)	395,518	3,901,955
<b>Other Financing Sources</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>6,669</u>	<u>6,669</u>
Net change in fund balances	<u>\$ (3,578,802)</u>	<u>(3,506,437)</u>	<u>402,187</u>	<u>\$ 3,908,624</u>
Fund balance, beginning		<u>3,506,437</u>	<u>3,506,437</u>	
Fund balance, ending		<u>\$ -</u>	<u>\$ 3,908,624</u>	

See the accompanying Independent Auditors' Report.

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## **SUPPLEMENTARY SCHEDULES – PROPRIETARY FUND**

### **Internal Service Fund**

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

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

**Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual  
Self Insurance Fund  
For the Year Ended June 30, 2015**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Investment income	\$ 5,000	\$ 6,500	\$ 5,836	\$ (664)
Charges for services	15,697,130	14,750,000	14,967,215	217,215
Total revenues	15,702,130	14,756,500	14,973,051	216,551
<b>Expenditures</b>				
Salaries	153,800	153,800	143,162	10,638
Benefits	43,330	48,700	43,307	5,393
Purchased services	25,000	25,000	795,569	(770,569)
Supplies and materials	5,000	5,000	-	5,000
Other	-	12,500	12,500	-
Claims paid	15,475,000	14,850,000	14,248,070	601,930
Total expenditures	15,702,130	15,095,000	15,242,608	(147,608)
Net change in fund balances	<u>\$ -</u>	(338,500)	(269,557)	<u>\$ 68,943</u>
Net position, beginning		4,238,685	4,238,685	
Net position, ending		<u>\$ 3,900,185</u>	<u>\$ 3,969,128</u>	

See the accompanying Independent Auditors' Report.

## **SUPPLEMENTARY SCHEDULES – FIDUCIARY FUNDS**

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

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

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

**Schedule of Additions, Deductions and Changes in Fiduciary Net Position - Budget and Actual  
Student Scholarship Fund  
For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Additions</b>				
Investment income	\$ 150	\$ 150	\$ 175	\$ 25
Contributions	<u>50,000</u>	<u>50,000</u>	<u>47,998</u>	<u>(2,002)</u>
Total additions	<u>50,150</u>	<u>50,150</u>	<u>48,173</u>	<u>(1,977)</u>
<b>Deductions</b>				
Scholarships	<u>55,000</u>	<u>60,000</u>	<u>42,968</u>	<u>17,032</u>
Total deductions	<u>55,000</u>	<u>60,000</u>	<u>42,968</u>	<u>17,032</u>
Change in net position	<u>\$ (4,850)</u>	(9,850)	5,205	<u>\$ 15,055</u>
Net position, beginning		<u>219,184</u>	<u>219,184</u>	
Net position, ending		<u>\$ 209,334</u>	<u>\$ 224,389</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, 2015**

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b>Assets</b>				
Cash and investments	\$ 157,620	\$ 107,489	\$ 135,794	\$ 129,315
Total assets	<u>\$ 157,620</u>	<u>\$ 107,489</u>	<u>\$ 135,794</u>	<u>\$ 129,315</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 259	\$ -	\$ 259
Undistributed monies	<u>157,620</u>	<u>107,230</u>	<u>135,794</u>	<u>129,056</u>
Total liabilities	<u>\$ 157,620</u>	<u>\$ 107,489</u>	<u>\$ 135,794</u>	<u>\$ 129,315</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, 2015**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Additions</b>				
Elementary Schools	\$ 50,000	\$ 50,000	\$ 43,681	\$ (6,319)
Middle Schools	20,000	25,000	26,121	1,121
High Schools	50,000	50,000	37,428	(12,572)
Other additions	8,000	-	-	-
Total additions	<u>128,000</u>	<u>125,000</u>	<u>107,230</u>	<u>(17,770)</u>
<b>Deductions</b>				
Elementary Schools	103,641	124,682	43,010	81,672
Middle Schools	55,540	31,254	33,309	(2,055)
High Schools	126,170	114,999	59,475	55,524
Other deductions	19,995	11,685	-	11,685
Total deductions	<u>305,346</u>	<u>282,620</u>	<u>135,794</u>	<u>146,826</u>
Change in undistributed monies	<u>\$ (177,346)</u>	(157,620)	(28,564)	<u>\$ 129,056</u>
Undistributed monies, beginning		<u>157,620</u>	<u>157,620</u>	
Undistributed monies, ending		<u>\$ -</u>	<u>\$ 129,056</u>	

See the accompanying Independent Auditors' Report.

## **SUPPLEMENTARY SCHEDULES – COMPONENT UNITS**

### **Charter Schools**

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

Carbon Valley Academy, located in Frederick (Weld County), began operations in the fall of fiscal year 2006 to serve students in grades K through 8. In 2009 the school opened a secondary academy with grade 9 and planned to add a grade each year until 12<sup>th</sup> 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), added a grade each year until 6<sup>th</sup> grade. In October 2013, the charter was renewed to serve grades pre-K through 8, adding grade 7 in fiscal year 2015 and grade 8 in fiscal year 2016.

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

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

**Combining Statement of Net Position  
Component Units  
June 30, 2015**

	Aspen Ridge Preparatory School	Carbon Valley Academy	Flagstaff Academy
<b>Assets</b>			
Cash and investments	\$ 1,104,330	\$ 864,076	\$ 3,682,465
Accounts receivable	73,757	-	7,920
Grants receivable	173,762	-	-
Prepays	4,666	10,080	56,086
Deposits	600	-	-
Restricted cash and investments	5,550,195	537,309	1,904,290
Capital assets,			
Non-depreciable	5,263,571	1,158,251	27,938
Depreciable, net	3,220	3,093,843	9,690,527
Total assets	<u>12,174,101</u>	<u>5,663,559</u>	<u>15,369,226</u>
<b>Deferred outflows of resources</b>	<u>611,717</u>	<u>709,689</u>	<u>526,716</u>
<b>Liabilities</b>			
Accounts payable	1,739	23,451	80,716
Due to primary government	184,183	10,094	90,319
Retainage payable	-	-	-
Accrued salaries and benefits	63,853	89,692	342,142
Accrued interest payable	-	21,965	387,765
Unearned revenue	17,550	-	48,303
Noncurrent liabilities			
Due within one year	-	110,000	230,000
Due in more than one year	11,235,000	4,520,000	12,675,000
Pension liability	2,449,151	3,790,127	10,572,687
Total liabilities	<u>13,951,476</u>	<u>8,565,329</u>	<u>24,426,932</u>
<b>Deferred inflows of resources</b>	<u>137</u>	<u>212</u>	<u>592</u>
<b>Net Position</b>			
Net investment in capital assets	(418,014)	(998,848)	(1,310,183)
Restricted for			
Emergencies	78,000	77,000	226,000
Debt service	-	-	-
Unrestricted	(825,781)	(1,270,445)	(7,447,399)
Total net position	<u>\$ (1,165,795)</u>	<u>\$ (2,192,293)</u>	<u>\$ (8,531,582)</u>

See the accompanying Independent Auditors' Report.

			Component Units
Imagine Charter School at Firestone	St Vrain Community Montessori School	Twin Peaks Charter Academy	Total Charter Schools
\$ 2,358,201	\$ 611,076	\$ 2,830,808	\$ 11,450,956
455	5,668	6,467	94,267
-	-	-	173,762
4,581	38,311	650	114,374
-	13,841	-	14,441
-	-	3,365,329	11,357,123
-	-	5,394,891	11,844,651
-	123,576	17,757,416	30,668,582
<u>2,363,237</u>	<u>792,472</u>	<u>29,355,561</u>	<u>65,718,156</u>
<u>1,342,557</u>	<u>371,933</u>	<u>4,346,857</u>	<u>7,909,469</u>
10,579	19,272	494,484	630,241
2,215	-	10,085	296,896
-	-	181,128	181,128
158,219	9,361	344,260	1,007,527
-	-	206,216	615,946
27,820	92,923	10,537	197,133
-	-	445,000	785,000
-	-	26,504,442	54,934,442
<u>6,352,906</u>	<u>2,504,017</u>	<u>10,567,910</u>	<u>36,236,798</u>
<u>6,551,739</u>	<u>2,625,573</u>	<u>38,764,062</u>	<u>94,885,111</u>
<u>355</u>	<u>140</u>	<u>592</u>	<u>2,028</u>
-	123,576	(431,806)	(3,035,275)
168,000	66,000	242,000	857,000
-	-	758,443	758,443
<u>(3,014,300)</u>	<u>(1,650,884)</u>	<u>(5,630,873)</u>	<u>(19,839,682)</u>
<u>\$ (2,846,300)</u>	<u>\$ (1,461,308)</u>	<u>\$ (5,062,236)</u>	<u>\$ (21,259,514)</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, 2015**

	Aspen Ridge Preparatory School	Carbon Valley Academy	Flagstaff Academy
<b>Expenses</b>			
Instruction	\$ 1,066,668	\$ 1,344,006	\$ 4,279,650
Supporting services	1,779,806	1,097,550	2,125,901
Interest expense	-	263,250	897,994
Total expenses	<u>2,846,474</u>	<u>2,704,806</u>	<u>7,303,545</u>
<b>Program Revenues</b>			
Charges for Services	289,792	164,439	903,540
Operating Grants and Contributions	318,018	141,840	125,725
Capital Grants and Contributions	51,245	43,593	141,292
Total program revenues	<u>659,055</u>	<u>349,872</u>	<u>1,170,557</u>
<b>General Revenues</b>			
Per pupil revenue	2,076,267	1,725,650	5,726,550
Mill levy override	104,852	441,065	772,877
Interest income	304	697	13,436
Other	-	105,097	32,186
Total general revenues	<u>2,181,423</u>	<u>2,272,509</u>	<u>6,545,049</u>
Change in net position	(5,996)	(82,425)	412,061
Net position, beginning	<u>590,572</u>	<u>862,609</u>	<u>1,285,933</u>
Restatement	(1,750,371)	(2,972,477)	(10,229,576)
Net position, restated	<u>(1,159,799)</u>	<u>(2,109,868)</u>	<u>(8,943,643)</u>
Net position, ending	<u>\$ (1,165,795)</u>	<u>\$ (2,192,293)</u>	<u>\$ (8,531,582)</u>

See the accompanying Independent Auditors' Report.

			Component Units
Imagine Charter School at Firestone	St Vrain Community Montessori School	Twin Peaks Charter Academy	Total Charter Schools
\$ 2,767,353	\$ 1,430,572	\$ 3,966,780	\$ 14,855,029
2,958,882	739,831	3,046,647	11,748,617
-	-	1,008,974	2,170,218
<u>5,726,235</u>	<u>2,170,403</u>	<u>8,022,401</u>	<u>28,773,864</u>
488,443	260,838	292,775	2,399,827
52,753	105,224	79,464	823,024
103,065	30,185	167,769	537,149
<u>644,261</u>	<u>396,247</u>	<u>540,008</u>	<u>3,760,000</u>
4,160,084	1,223,393	6,799,657	21,711,601
633,051	127,356	944,939	3,024,140
-	418	642	15,497
174,090	524,593	-	835,966
<u>4,967,225</u>	<u>1,875,760</u>	<u>7,745,238</u>	<u>25,587,204</u>
(114,749)	101,604	262,845	573,340
<u>2,037,440</u>	<u>547,878</u>	<u>4,051,102</u>	<u>9,375,534</u>
(4,768,991)	(2,110,790)	(9,376,183)	(31,208,388)
<u>(2,731,551)</u>	<u>(1,562,912)</u>	<u>(5,325,081)</u>	<u>(21,832,854)</u>
<u>\$ (2,846,300)</u>	<u>\$ (1,461,308)</u>	<u>\$ (5,062,236)</u>	<u>\$ (21,259,514)</u>

See the accompanying Independent Auditors' Report.



**STATISTICAL SECTION  
(UNAUDITED)**

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

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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.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b>	
The schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time. ....	106 – 117
<b>Revenue Capacity</b>	
The schedules contain information to help the reader assess the District’s most significant local and state revenue sources.....	118 – 122
<b>Debt Capacity</b>	
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. ....	123 – 127
<b>Demographic and Economic Information</b>	
The schedules offer demographic and economic indicators to help the reader understand the environment with which the District’s financial activities take place. ....	128 – 133
<b>Operating Information</b>	
The schedules contain information to help the reader understand the staffing of the District, student population it serves, and capital asset data.....	134 - 141

**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)**

	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets (1)	\$ 10,755,304	\$ 20,092,457	\$ 17,752,278	\$ 16,389,200
Restricted	38,271,459	42,011,881	36,348,780	43,552,511
Unrestricted	2,416,984	(1,985,048)	14,481,434	35,783,693
Total governmental net position	<u>51,443,747</u>	<u>60,119,290</u>	<u>68,582,492</u>	<u>95,725,404</u>
Business-type activities (2)				
Net investment in capital assets	1,143,171	1,059,518	926,902	1,075,631
Restricted	-	-	-	-
Unrestricted	1,067,695	927,056	695,203	476,099
Total business-type net position	<u>2,210,866</u>	<u>1,986,574</u>	<u>1,622,105</u>	<u>1,551,730</u>
Primary government				
Net investment in capital assets	11,898,475	21,151,975	18,679,180	17,464,831
Restricted	38,271,459	42,011,881	36,348,780	43,552,511
Unrestricted	3,484,679	(1,057,992)	15,176,637	36,259,792
Total primary government net position	<u>\$ 53,654,613</u>	<u>\$ 62,105,864</u>	<u>\$ 70,204,597</u>	<u>\$ 97,277,134</u>

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

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

2010	2011	2012	2013	2014	2015
\$ 5,837,277	\$ 1,650,384	\$ (4,553,120)	\$ 5,975,997	\$ 4,819,681	\$ 4,340,004
48,873,296	41,903,392	42,346,312	43,513,161	47,616,074	50,736,515
41,983,603	49,879,868	52,817,264	74,351,302	75,262,484	(355,968,501)
<u>96,694,176</u>	<u>93,433,644</u>	<u>90,610,456</u>	<u>123,840,460</u>	<u>127,698,239</u>	<u>(300,891,982)</u>
1,042,353	908,812	1,201,873	1,137,800	1,046,337	-
-	-	-	-	-	-
<u>967,637</u>	<u>1,534,339</u>	<u>1,957,064</u>	<u>2,065,046</u>	<u>2,226,743</u>	<u>-</u>
<u>2,009,990</u>	<u>2,443,151</u>	<u>3,158,937</u>	<u>3,202,846</u>	<u>3,273,080</u>	<u>-</u>
6,879,630	2,559,196	(3,351,247)	7,113,797	5,866,018	4,340,004
48,873,296	41,903,392	42,346,312	43,513,161	47,616,074	50,736,515
42,951,240	51,414,207	54,774,328	76,416,348	77,489,227	(355,968,501)
<u>\$ 98,704,166</u>	<u>\$ 95,876,795</u>	<u>\$ 93,769,393</u>	<u>\$ 127,043,306</u>	<u>\$ 130,971,319</u>	<u>\$ (300,891,982)</u>

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

	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 113,735,114	\$ 115,031,293	\$ 122,240,743	\$ 127,681,937
Supporting services	53,304,184	58,113,258	60,629,900	69,745,866
Interest	14,320,914	16,010,493	15,500,560	15,845,498
Total governmental activities expenses	<u>181,360,212</u>	<u>189,155,044</u>	<u>198,371,203</u>	<u>213,273,301</u>
Business-type activities:				
Food services	<u>5,873,965</u>	<u>6,368,635</u>	<u>7,069,557</u>	<u>7,825,813</u>
Total primary government expenses	<u>\$ 187,234,177</u>	<u>\$ 195,523,679</u>	<u>\$ 205,440,760</u>	<u>\$ 221,099,114</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
Tuition and fees	\$ 3,280,966	\$ 6,299,455	\$ 7,167,010	\$ 8,182,298
Internal charges (1)	576,681	634,386	731,765	1,892,602
Operating grants and contributions	13,090,706	12,329,701	13,200,675	14,558,258
Capital grants and contributions	<u>1,053,746</u>	<u>591,496</u>	<u>507,755</u>	<u>199,537</u>
Total governmental activities program revenues	<u>18,002,099</u>	<u>19,855,038</u>	<u>21,607,205</u>	<u>24,832,695</u>
Business-type activities: (2)				
Charges for services	3,098,897	3,363,892	3,574,268	3,776,079
Operating grants and contributions	2,442,897	2,754,834	3,106,894	3,661,169
Capital grants and contributions	-	-	-	312,655
Total business-type activities program revenues	<u>5,541,794</u>	<u>6,118,726</u>	<u>6,681,162</u>	<u>7,749,903</u>
Total primary government program revenues	<u>\$ 23,543,893</u>	<u>\$ 25,973,764</u>	<u>\$ 28,288,367</u>	<u>\$ 32,582,598</u>
Net (expense) / revenue				
Governmental activities	\$ (163,358,113)	\$ (169,300,006)	\$ (176,763,998)	\$ (188,440,606)
Business-type activities	<u>(332,171)</u>	<u>(249,909)</u>	<u>(388,395)</u>	<u>(75,910)</u>
Total primary government net expense	<u>\$ (163,690,284)</u>	<u>\$ (169,549,915)</u>	<u>\$ (177,152,393)</u>	<u>\$ (188,516,516)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	\$ 74,977,182	\$ 77,555,794	\$ 83,233,225	\$ 88,457,619
Specific ownership taxes	5,987,316	5,997,044	6,047,704	6,054,107
Mill levy override	-	-	-	15,923,875
State equalization	77,794,994	85,049,954	90,264,910	100,658,351
Investment income	2,511,220	4,805,951	4,350,866	1,690,910
Other	941,954	3,471,495	1,330,495	2,798,656
Transfers	<u>(310,317)</u>	<u>1,095,313</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>161,902,349</u>	<u>177,975,551</u>	<u>185,227,200</u>	<u>215,583,518</u>
Business-type activities:				
Investment income	25,035	25,617	23,926	5,535
Transfers	<u>310,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>335,352</u>	<u>25,617</u>	<u>23,926</u>	<u>5,535</u>
Total primary government	<u>\$ 162,237,701</u>	<u>\$ 178,001,168</u>	<u>\$ 185,251,126</u>	<u>\$ 215,589,053</u>
<b>Change in Net Position</b>				
Governmental activities	\$ (1,455,764)	\$ 8,675,545	\$ 8,463,202	\$ 27,142,912
Business-type activities	<u>3,181</u>	<u>(224,292)</u>	<u>(364,469)</u>	<u>(70,375)</u>
Total primary government	<u>\$ (1,452,583)</u>	<u>\$ 8,451,253</u>	<u>\$ 8,098,733</u>	<u>\$ 27,072,537</u>

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

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

2010	2011	2012	2013	2014	2015
\$ 136,783,787	\$ 154,559,432	\$ 156,466,950	\$ 162,259,184	\$ 178,639,344	\$ 201,741,825
106,835,640	92,466,787	87,621,269	82,910,079	102,775,349	122,353,964
19,182,556	20,837,721	20,839,718	20,383,627	19,739,295	13,866,228
262,801,983	267,863,940	264,927,937	265,552,890	301,153,988	337,962,017
7,795,085	8,155,509	8,338,941	8,550,602	8,878,049	-
\$ 270,597,068	\$ 276,019,449	\$ 273,266,878	\$ 274,103,492	\$ 310,032,037	\$ 337,962,017
\$ 11,324,592	\$ 10,924,440	\$ 12,478,933	\$ 14,190,837	\$ 15,704,630	\$ 19,348,384
2,033,494	1,594,055	1,731,141	1,557,178	1,517,636	1,469,687
19,607,144	26,905,761	19,577,033	19,285,254	25,359,439	34,241,186
452,712	334,803	514,826	742,088	1,022,765	1,078,391
33,417,942	39,759,059	34,301,933	35,775,357	43,604,470	56,137,648
3,911,304	3,709,186	3,804,775	3,448,430	3,879,122	-
4,206,325	4,878,818	4,884,351	5,035,106	5,052,608	-
135,146	-	364,451	109,033	15,396	-
8,252,775	8,588,004	9,053,577	8,592,569	8,947,126	-
\$ 41,670,717	\$ 48,347,063	\$ 43,355,510	\$ 44,367,926	\$ 52,551,596	\$ 56,137,648
\$ (229,384,041)	\$ (228,104,881)	\$ (230,626,004)	\$ (229,777,533)	\$ (257,549,518)	\$ (281,824,369)
457,690	432,495	714,636	41,967	69,077	-
\$ (228,926,351)	\$ (227,672,386)	\$ (229,911,368)	\$ (229,735,566)	\$ (257,480,441)	\$ (281,824,369)
\$ 91,637,477	\$ 91,600,278	\$ 94,238,488	\$ 99,933,752	\$ 96,794,464	\$ 97,352,334
6,023,739	5,805,254	5,920,333	7,090,842	8,241,096	8,253,685
17,385,887	17,180,635	17,108,522	31,646,447	32,675,735	31,932,829
110,042,029	101,290,756	103,622,720	108,346,576	119,131,699	133,584,264
1,361,173	2,014,620	952,516	770,928	447,054	370,277
3,902,508	6,952,806	5,960,237	15,218,992	6,677,328	4,889,519
-	-	-	-	-	-
230,352,813	224,844,349	227,802,816	263,007,537	263,967,376	276,382,908
570	666	1,150	1,942	1,157	-
-	-	-	-	-	-
570	666	1,150	1,942	1,157	-
\$ 230,353,383	\$ 224,845,015	\$ 227,803,966	\$ 263,009,479	\$ 263,968,533	\$ 276,382,908
\$ 968,772	\$ (3,260,532)	\$ (2,823,188)	\$ 33,230,004	\$ 6,417,858	\$ (5,441,461)
458,260	433,161	715,786	43,909	70,234	-
\$ 1,427,032	\$ (2,827,371)	\$ (2,107,402)	\$ 33,273,913	\$ 6,488,092	\$ (5,441,461)

**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)**

	2006	2007	2008	2009
Governmental activities:				
Property taxes	\$ 74,977,182	\$ 77,555,794	\$ 83,233,225	\$ 88,457,619
Specific ownership taxes	5,987,316	5,997,044	6,047,704	6,054,107
State equalization	77,794,994	85,049,954	90,264,910	100,658,351
Total finance act revenues	<u>\$ 158,759,492</u>	<u>\$ 168,602,792</u>	<u>\$ 179,545,839</u>	<u>\$ 195,170,077</u>
 Total governmental activities revenues (1)	 \$ 179,904,448	 \$ 197,830,589	 \$ 206,834,405	 \$ 240,416,213
 Public School Finance Act revenues as percentage of total governmental activities revenues	 88.2%	 85.2%	 86.8%	 81.2%

Note 1: Governmental activities revenues are a combination of  
program revenues and general revenues as shown on page 108-109

2010	2011	2012	2013	2014	2015
\$ 91,637,477	\$ 91,600,278	\$ 94,238,488	\$ 99,933,752	\$ 96,794,464	\$ 97,352,334
6,023,739	5,805,254	5,920,333	7,090,842	8,241,096	8,253,685
110,042,029	101,290,756	103,622,720	108,346,576	119,131,699	133,584,264
<u>\$ 207,703,245</u>	<u>\$ 198,696,288</u>	<u>\$ 203,781,541</u>	<u>\$ 215,371,170</u>	<u>\$ 224,167,259</u>	<u>\$ 239,190,283</u>
\$ 263,770,755	\$ 264,603,408	\$ 262,104,749	\$ 298,782,894	\$ 307,571,846	\$ 332,520,556
78.7%	75.1%	77.7%	72.1%	72.9%	71.9%

**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)**

	2006	2007	2008	2009
General Fund				
Nonspendable	\$ 308,880	\$ 358,352	\$ 470,427	\$ 279,157
Restricted	62,808	3,586,569	3,335,550	5,887,253
Committed	-	182,924	1,430,725	4,637,168
Assigned	5,282,565	4,495,619	3,468,174	21,235,851 (2)
Unassigned	2,079,433	3,466,093	6,758,492	3,675,281
Total General Fund	<u>\$ 7,733,686</u>	<u>\$ 12,089,557</u>	<u>\$ 15,463,368</u>	<u>\$ 35,714,710</u>
All Other Governmental Funds				
Nonspendable	\$ 38,576	\$ 42,257	\$ 42,257	\$ 42,257
Restricted	33,802,155	38,425,312	33,013,230	37,665,258
Committed	21,426,345	73,272,726	23,459,105	114,283,595
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 55,267,076</u>	<u>\$ 111,740,295</u>	<u>\$ 56,514,592</u>	<u>\$ 151,991,110</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.

2010	2011 (3)	2012	2013	2014	2015
\$ 368,341	\$ 412,819	\$ 436,926	\$ 1,093,153	\$ 550,152	\$ 564,695
7,012,090	7,152,152	7,058,536	7,253,916	8,255,777	8,581,421
6,448,562	6,797,608	12,435,243	14,714,696	16,712,437	17,356,755
22,768,212	23,713,563	24,551,891	37,334,057	29,144,534	30,313,348
5,750,977	8,526,501	5,409,629	4,126,286	11,494,113	22,041,660
<u>\$ 42,348,182</u>	<u>\$ 46,602,643</u>	<u>\$ 49,892,225</u>	<u>\$ 64,522,108</u>	<u>\$ 66,157,013</u>	<u>\$ 78,857,879</u>
\$ 42,257	\$ 42,257	\$ 14,537	\$ 14,537	\$ 606,233	\$ 886,069
41,861,206	34,751,240	35,287,776	36,259,245	39,360,297	42,155,094
162,632,220	104,057,163	78,979,099	46,545,871	38,120,748	26,529,450
-	1,712,983	-	-	-	-
-	-	-	-	-	-
<u>\$ 204,535,683</u>	<u>\$ 140,563,643</u>	<u>\$ 114,281,412</u>	<u>\$ 82,819,653</u>	<u>\$ 78,087,278</u>	<u>\$ 69,570,613</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)**

	2006	2007	2008	2009
<b>Revenues</b>				
Property taxes	\$ 75,034,205	\$ 75,761,142	\$ 82,001,081	\$ 87,124,649
Specific ownership taxes	5,987,316	5,997,044	6,047,704	6,054,107
Mill levy override	-	-	-	15,923,875
Investment income	2,386,324	4,758,927	4,324,865	1,690,910
Charges for service	3,857,647	4,505,478	4,949,331	7,072,297
Student activities (1)	-	2,428,363	2,949,444	3,002,603
Miscellaneous	1,670,385	1,760,662	1,804,691	2,643,533
Local intergovernmental	22,619	32,296	33,559	24,271
State intergovernmental	82,136,479	90,760,436	96,769,997	106,647,109
Federal intergovernmental	8,749,221	7,577,197	7,720,045	8,569,500
Total revenues	<u>\$ 179,844,196</u>	<u>\$ 193,581,545</u>	<u>\$ 206,600,717</u>	<u>\$ 238,752,854</u>
<b>Expenditures</b>				
Instruction	\$ 97,521,908	\$ 102,077,107	\$ 107,631,101	\$ 118,531,065
Supporting services	50,716,187	56,356,357	59,126,506	65,842,654
Student activities (1)	-	2,124,971	2,839,834	3,317,010
Food service operations (2)	-	-	-	-
Capital outlay	25,050,564	12,796,447	54,797,679	11,845,608
Debt service				
Principal	10,680,000	11,700,000	18,835,000	11,045,000
Accrued interest	-	-	-	-
Interest, bond issuance costs, fiscal charges	13,047,785	14,638,580	15,222,489	16,214,243
Total expenditures	<u>\$ 197,016,444</u>	<u>\$ 199,693,462</u>	<u>\$ 258,452,609</u>	<u>\$ 226,795,580</u>
Excess of revenues over (under) expenditures	<u>(17,172,248)</u>	<u>(6,111,917)</u>	<u>(51,851,892)</u>	<u>11,957,274</u>
Other financing sources (uses)				
Issuance of bonds, coupons	\$ 43,455,000	\$ 56,800,000	\$ -	\$ 104,000,000
Premium received on issuance of bonds	2,520,719	3,622,791	-	504,199
Paid to bond agent	(45,964,371)	(479,707)	-	(751,347)
Proceeds from sale of land	-	2,309,767	-	-
Lease obligations	-	(473,254)	-	-
Transfers in (3)	126,455	5,585,026	705,425	377,825
Transfers out (3)	(126,455)	(423,614)	(705,425)	(360,091)
Total other financing sources (uses)	<u>\$ 11,348</u>	<u>\$ 66,941,009</u>	<u>\$ -</u>	<u>\$ 103,770,586</u>
Net change in fund balances	<u>\$ (17,160,900)</u>	<u>\$ 60,829,092</u>	<u>\$ (51,851,892)</u>	<u>\$ 115,727,860</u>
Debt service as percentage of noncapital expenditures	<u>13.0%</u>	<u>13.9%</u>	<u>16.6%</u>	<u>12.9%</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: Due to change in accounting effective July 1, 2014, Nutrition Services was no longer reported as a business-type activity but, rather, included in governmental activities.

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

2010	2011	2012	2013	2014	2015
\$ 92,597,766	\$ 92,576,990	\$ 94,084,083	\$ 97,617,286	\$ 97,868,432	\$ 95,556,636
6,023,739	5,805,254	5,920,333	7,090,842	8,241,096	8,253,685
17,385,887	17,180,635	17,108,522	31,646,447	32,675,735	31,932,829
1,361,173	2,014,620	952,516	768,369	441,771	364,441
7,492,878	7,572,312	8,823,864	9,657,975	11,233,462	13,976,867
5,865,208	5,273,683	5,386,210	6,090,040	5,988,804	6,841,204
4,210,074	6,398,209	5,962,833	5,870,507	7,684,697	5,815,650
10,000	889,400	147,779	149,260	-	152,260
116,754,564	108,561,877	111,631,898	115,745,102	129,412,975	145,784,457
12,894,609	19,634,640	11,567,855	11,886,728	15,078,163	22,040,993
<u>\$ 264,595,898</u>	<u>\$ 265,907,620</u>	<u>\$ 261,585,893</u>	<u>\$ 286,522,556</u>	<u>\$ 308,625,135</u>	<u>\$ 330,719,022</u>
\$ 136,127,577	\$ 137,948,105	\$ 135,709,381	\$ 139,805,061	\$ 155,545,205	\$ 160,954,003
106,358,121	82,318,652	80,315,183	80,357,118	100,099,062	103,793,219
5,588,472	5,351,321	4,544,634	5,047,925	5,737,781	6,416,414
-	-	-	-	-	8,960,303
11,933,633	63,702,969	28,764,568	39,198,675	16,466,640	14,786,624
11,695,000	12,560,000	13,060,000	13,870,000	13,360,000	14,205,000
-	-	-	-	-	-
19,906,806	23,023,214	22,209,181	21,597,766	20,513,917	19,139,633
<u>\$ 291,609,609</u>	<u>\$ 324,904,261</u>	<u>\$ 284,602,947</u>	<u>\$ 299,876,545</u>	<u>\$ 311,722,605</u>	<u>\$ 328,255,196</u>
(27,013,711)	(58,996,641)	(23,017,054)	(13,353,989)	(3,097,470)	2,463,826
\$ 85,000,000	\$ 65,505,000	\$ 35,395,000	\$ -	\$ -	\$ 50,355,000
1,191,756	8,370,336	4,224,186	-	-	10,821,491
-	(74,596,274)	(39,594,781)	-	-	(61,682,860)
-	-	-	-	-	-
-	-	-	-	-	-
675,521	5,034,643	217,592	3,972	50,123	6,669
(675,521)	(5,034,643)	(217,592)	(3,481,859)	(50,123)	(6,669)
<u>\$ 86,191,756</u>	<u>\$ (720,938)</u>	<u>\$ 24,405</u>	<u>\$ (3,477,887)</u>	<u>\$ -</u>	<u>\$ (506,369)</u>
<u>\$ 59,178,045</u>	<u>\$ (59,717,579)</u>	<u>\$ (22,992,649)</u>	<u>\$ (16,831,876)</u>	<u>\$ (3,097,470)</u>	<u>\$ 1,957,457</u>
<u>12.0%</u>	<u>13.5%</u>	<u>13.2%</u>	<u>13.2%</u>	<u>11.2%</u>	<u>10.4%</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:				
Property taxes	\$ 75,034,205	\$ 75,761,142	\$ 82,001,081	\$ 87,124,649
Specific ownership taxes	5,987,316	5,997,044	6,047,704	6,054,107
State equalization	<u>77,794,994</u>	<u>85,049,954</u>	<u>90,264,910</u>	<u>100,658,351</u>
Total finance act revenues	<u>\$ 158,816,515</u>	<u>\$ 166,808,140</u>	<u>\$ 178,313,695</u>	<u>\$ 193,837,107</u>
 Total revenues (1)	 \$ 179,844,196	 \$ 193,581,545	 \$ 206,600,717	 \$ 238,752,854
 Public School Finance Act revenues as percentage of total governmental funds revenues	  88.3%	  86.2%	  86.3%	  81.2%

Note 1: As shown on the Changes in Fund Balances of Governmental Funds schedule, pages 114-115

2010	2011	2012	2013	2014	2015
\$ 92,597,766	\$ 92,576,990	\$ 94,084,083	\$ 97,617,286	\$ 97,868,432	\$ 95,556,636
6,023,739	5,805,254	5,920,333	7,090,842	8,241,096	8,253,685
110,042,029	101,290,756	103,622,720	108,346,576	119,131,699	133,584,264
<u>\$ 208,663,534</u>	<u>\$ 199,673,000</u>	<u>\$ 203,627,136</u>	<u>\$ 213,054,704</u>	<u>\$ 225,241,227</u>	<u>\$ 237,394,585</u>
\$ 264,595,898	\$ 265,907,620	\$ 261,585,893	\$ 286,522,556	\$ 308,625,135	\$ 330,719,022
78.9%	75.1%	77.8%	74.4%	73.0%	71.8%

**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
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
2013	2014	1,158,066	557,650	209,886	69,100	359,581	54,164
2014	2015	957,810	537,785	174,325	48,086	547,850	122,912

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
\$	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%
	21,464	5,035	2,434,946	53.679 (2)	18,177,477	13.40%
	18,342	8,272	2,415,382	53.673 (2)	18,333,472	13.17%

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

Levy Year	Collection Year	General Operating Millage	Debt Service Millage	Total School District Millage	Boulder County Millage	Weld County Millage	Larimer County Millage	Broomfield County Millage	Total County Millage	City of Longmont Millage
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
2013	2014	38.879	14.800	53.679	25.120	16.804	22.424	28.968	93.316	13.420
2014	2015	38.873	14.800	53.673	24.794	15.800	22.459	28.968	92.021	13.420

**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	2006			2015		
	2005 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value	2014 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value (2)
Kerr-McGee Rocky Mtn. Corp.	\$ 37,479,560	1	1.98%	\$ 160,048,770	1	6.70%
Encana Oil & Gas (USA) Inc.	27,465,610	4	1.45%	101,072,467	2	4.23%
Amgen Inc.	36,815,790	2	1.95%	27,835,919	3	1.17%
Circle Capital Longmont LLC	33,296,550	3	1.76%			
Longmont Diagonal Investments LP				19,098,241	4	0.80%
Patina Oil & Gas Corporation	16,300,750	6	0.86%			
Public Service Co. nka Xcel Energy				15,835,827	5	0.66%
Xilinx Inc.	8,848,540	9	0.47%	14,658,919	6	0.61%
Seagate Technology LLC	21,637,770	5	1.15%	13,597,201	7	0.57%
Hub Properties Trust				11,232,954	8	0.47%
Digital Globe, Inc.				11,061,561	9	0.46%
Ramco-Gershenson Properties LP				9,655,458	10	0.40%
Qwest Corporation	9,431,200	7	0.50%			
Micro Motion Inc.	9,011,960	8	0.48%			
Twin Peaks Mall Associated Ltd.	8,351,770	10	0.44%			
Total	#####		11.05%	\$ 384,097,317		16.07%

Note 1: Based on a 2005 certified assessed valuation of \$1,888,396,072

Note 2: Based on a 2014 certified assessed valuation of \$2,388,961,051

**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)
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
2013	2014	129,922,153	125,627,203	96.69%	2,459,347	128,086,550	98.59%	4,294,950
2014	2015	128,222,707	123,353,818	96.20%	1,600,853	124,954,671	97.45%	4,868,889

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		
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	4.4%	2,764
2013	424,925,000	924,117	300,000	426,149,117	4.0%	2,621
2014	411,565,000	736,161	300,000	412,601,161	(1)	2,525
2015	391,800,000	548,205	300,000	392,648,205	(1)	2,391

Note 1: Personal income data for 2014 and 2015 not available

Note 2: Personal Income and Per Capita data from the Demographic and Economic Information  
on pages 128-129

**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)
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
2013	2014	411,565,000	32,700,504	378,864,496	2.08%	2,319
2014	2015	391,800,000	34,035,743	357,764,257	1.95%	2,179

Note 1: Refer to Assessed and Estimated Actual Values of Taxable Property schedule on page 118-119

Note 2: Population data is in the Demographic and Economic Information on page 128-129

**Source:** District's financial records

**St. Vrain Valley School District RE-1J**  
**Debt Capacity**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2015**  
**(Unaudited)**

Name of Overlapping Entity	2014 Assessed Valuation	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the District	
			Percent	Amount
Berthoud Fire Protection District	\$ 235,233,215	\$ 595,000	10.68%	\$ 63,546
City of Boulder	2,599,361,894	79,610,000	0.91%	724,451
Carbon Valley Park & Recreation District	392,810,230	5,025,000	63.06%	3,168,765
Central Colorado Water Conservancy	2,975,105,890	29,250,000	0.01%	2,925
City of Dacono	55,157,550	2,062,616	44.63%	920,546
Town of Erie	246,077,799	19,755,000	83.32%	16,459,866
Erie Commons Metro District No. 1	200	7,745,000	100.00%	7,745,000
Frederick-Firestone Fire Protection Dist.	349,842,930	2,225,000	66.97%	1,490,083
Harvest Junction Metropolitan District	18,628,841	8,100,000	100.00%	8,100,000
Liberty Ranch Metropolitan District	5,119,570	4,685,000	100.00%	4,685,000
Lyons Fire Protection District	50,858,300	655,000	98.97%	648,254
Mead Western Meadows Metro District	3,287,930	3,150,000	100.00%	3,150,000
North Metro Fire Rescue Authority	1,094,874,433	20,995,000	95.99%	20,153,101
Northern Colorado Water Cons. District	14,881,330,062	4,229,788	14.06%	594,708
Palisade Metropolitan District No. 2	231,672	3,735,000	100.00%	3,735,000
Stoneridge Metropolitan District	6,694,410	3,790,000	95.34%	3,613,386
Sweetgrass Metropolitan District No. 2	5,842,120	2,750,000	0.03%	825
Vista Ridge Metropolitan District	51,256,220	43,024,821	100.00%	43,024,821
Wildflower Metropolitan District No. 1	2,360,620	312,100	100.00%	312,100
Wyndham Hill Metropolitan District No. 2	7,192,300	3,370,000	100.00%	3,370,000
Total overlapping debt				121,962,377
Direct debt of the District				391,800,000
Total direct and overlapping debt				<u>\$ 513,762,377</u>

This chart includes a summary of the estimated overlapping general obligation debt, as of December 31, 2014, 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)**

	2006	2007	2008	2009
Debt Limit	\$ 915,527,849	\$ 969,158,919	\$ 442,367,652	\$ 454,114,207
Total net debt applicable to limit	272,770,000	317,870,000	299,035,000	391,990,000
Legal debt margin	<u>\$ 642,757,849</u>	<u>\$ 651,288,919</u>	<u>\$ 143,332,652</u>	<u>\$ 62,124,207</u>
Total net debt applicable to the limit as a percentage of debt limit	29.8%	32.8%	67.6%	86.3%

**Fiscal Year 2015 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	\$ 2,388,961,051 (1)	\$ 18,333,471,533
Debt Limit Percentage	<u>20.00% (2)</u>	<u>6.00%</u>
Legal debt limit	477,792,210	1,100,008,292
Amount of debt applicable to debt limit: Total bonded debt as of June 30, 2015	<u>391,800,000</u>	<u>391,800,000</u>
Legal debt margin	<u>\$ 85,992,210</u>	<u>\$ 708,208,292</u>

Note 1: The assessed valuation shown here includes \$26,420,396 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.

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 480,457,607	\$ 472,060,055	\$ 471,961,545	\$ 492,142,370	\$ 484,070,694	\$ 477,792,210
465,295,000	451,865,000	438,795,000	424,925,000	411,565,000	391,800,000
<u>\$ 15,162,607</u>	<u>\$ 20,195,055</u>	<u>\$ 33,166,545</u>	<u>\$ 67,217,370</u>	<u>\$ 72,505,694</u>	<u>\$ 85,992,210</u>
96.8%	95.7%	93.0%	86.3%	85.0%	82.0%

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

**Population District-wide**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
142,172	146,193	148,920	150,949

**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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Boulder	\$ 14,192,102	\$ 14,841,031	\$ 15,039,895	\$ 14,584,246
Broomfield (1)	1,694,754	1,918,571	2,023,405	2,079,193
Larimer	9,953,554	10,541,856	11,378,132	11,291,870
Weld	5,919,700	6,384,960	7,067,989	6,925,906
Average	<u>\$ 7,940,028</u>	<u>\$ 8,421,605</u>	<u>\$ 8,877,355</u>	<u>\$ 8,720,304</u>

**Source:** United States Department of Commerce, Bureau of Economic Analysis  
Data subject to revision; not available for 2014 and beyond.

**Annual Per Capita Personal Income by County**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Boulder	\$ 49,628	\$ 51,388	\$ 50,058	\$ 48,056
Broomfield (1)	32,949	35,781	36,915	37,135
Larimer	35,397	36,766	38,848	37,844
Weld	26,002	26,314	28,402	27,186
Average	<u>\$ 35,994</u>	<u>\$ 37,562</u>	<u>\$ 38,556</u>	<u>\$ 37,555</u>

**Source:** United States Department of Commerce, Bureau of Economic Analysis  
Data subject to revision; not available for 2014 and beyond.

Note: 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
153,967	157,047	159,000	162,579	163,400	164,205

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 14,786,545	\$ 15,535,659	\$ 16,417,561	\$ 17,043,764
2,115,979	2,345,227	2,701,856	2,906,192
11,585,090	12,149,896	12,826,581	13,545,018
7,326,422	7,755,562	8,347,637	9,008,919
<u>\$ 8,953,509</u>	<u>\$ 9,446,586</u>	<u>\$ 10,073,409</u>	<u>\$ 10,625,973</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 50,095	\$ 51,893	\$ 53,772	\$ 54,968
37,709	40,892	46,346	48,867
38,546	39,767	41,311	42,866
28,817	29,986	31,657	33,393
<u>\$ 38,792</u>	<u>\$ 40,635</u>	<u>\$ 43,272</u>	<u>\$ 45,024</u>

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

**Median Age by County**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Boulder	35.5	35.8	36.1	36.3	37.0
Broomfield	34.5	34.7	34.9	35.5	35.8
Larimer	34.9	35.1	35.2	35.5	36.3
Weld	31.3	31.5	31.7	31.8	32.4

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

**Annual Unemployment Rate by County (1)**

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Boulder	(2)	4.1%	3.3%	4.8%	6.6%	7.1%
Broomfield	(3)	4.7%	3.8%	5.4%	7.5%	7.9%
Larimer	(4)	4.2%	3.4%	4.7%	6.6%	7.4%
Weld	(5)	5.0%	4.2%	5.6%	8.8%	10.2%

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

2011	2012	2013	2014	2015
37.3	36.5	36.6	37.2	37.5
36.1	36.9	37.0	37.3	37.5
36.7	35.8	35.9	36.4	36.8
32.6	33.6	33.8	33.9	34.0

2011	2012	2013	2014	2015 (6)
6.6%	6.1%	6.1%	4.1%	4.2%
7.7%	7.1%	7.1%	4.3%	4.2%
6.9%	6.4%	6.2%	4.3%	4.2%
9.7%	8.7%	8.3%	4.5%	4.1%

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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	2006		2015	
		Estimated Number of Employees (2)	Rank	Estimated Number of Employees (2)	Rank
IBM Corp.	Computer systems and services	4,500	1	2,800	1
Level 3 Communications Inc.	Communication/fiberoptic network	2,150	4	2,370	2
Boulder Community Hospital	Healthcare			2,260	3
Oracle Corp.	Network computer systems/software	2,700	3	1,980	4
Storage Technology Corp.	Data storage products	2,000	5		
Covidien (parent of Valleylab)	Surgical solution products	1,000	8	1,760	5
Exempla Good Samaritan Medical	Healthcare			1,480	6
Ball Aerospace & Technologies Corp	Aerospace instruments and data systems	2,975	2	1,440	7
Urban Lending Solutions	Mortgage industry professional services			1,390	8
Seagate Technology	Computer hard disc drives	1,200	7	1,370	9
Longmont United Hospital	Healthcare			1,250	10
Safeway Inc.	Food and drug retail	1,245	6		
Hunter Douglas Window Fashions	Window louvers	934	9		
ConAgra Foods	Food (turkey) products	920	10		
		<u>19,624</u>		<u>18,100</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:** 2015 figures as of May 2014 from the Development Research Partners as posted by Metro Denver Economic Development Corp; and Longmont Area Economic Council  
2006 data from The Daily Camera, "Top 50 Boulder and Broomfield County Employers," April 11, 2005

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

Function	Description	2006	2007	2008
Direct Instruction	Classroom teachers, special education and English as a Second Language teachers, teachers' aides, librarians (3), counselors (3)	1,515	1,571	1,753
Classroom Support	Librarians (3), counselors (3), school principals and assistant principals, support staff including speech services, attendance, and extra-curricular activities	381	395	441
Building Support	Student transportation, utilities, maintenance, custodial services, printing, purchasing, technology services, etc.	307	319	356
Central Support/ Administration	Human resources, finance, payroll, budgeting, legal, clerical support, supervision of instruction, public information, superintendent's office, etc.	30	31	34
Total FTE		<u>2,234</u>	<u>2,316</u>	<u>2,584</u>

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

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

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

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

**Source:** District's Human Resources Department

<u>2009</u>	<u>2010 (2)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1,514	1,612 (	1,589 (4)	1,535 (4)	1,549 (4)	1,813 (4)	1,844 (4)
381	366 (	388 (4)	406 (4)	382 (4)	401 (4)	430 (4)
307	336	338	354	374	386 (4)	398 (4)
30	32	34	36	37	36	38
<u>2,232</u>	<u>2,346</u>	<u>2,349</u>	<u>2,331</u>	<u>2,342</u>	<u>2,636</u>	<u>2,710</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)
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
2014	29,389.0	28,011.8
2015	29,692.0	28,740.5

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.

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**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
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%
2014	301,153,988	29,389.0	10,247	25.4:1 (5)	10,879	37.0%
2015	337,962,017	29,692.0	11,382	25.4:1 (5)	8,937	30.1%

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

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

Note 3: Provided by the Human Resources Department

Note 4: Provided by Nutrition Services / Student Count schedule

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

**Source:** District's financial records

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

	2006	2007	2008	2009	2010
Elementary schools (2)	22	22	22	25	25
Total square feet	1,072,642	1,072,642	1,072,642	1,228,045	1,232,741
Total program capacity	10,411	10,411	10,411	11,505	11,641
Enrollment	9,632	9,778	9,971	10,890	11,236
Percent capacity	93%	94%	96%	95%	97%
<hr/>					
(P)K-8 schools (3)					
Total square feet					
Total program capacity					
Enrollment					
Percent capacity					
<hr/>					
Middle schools	9	9	9	9	9
Total square feet	905,153	905,153	905,153	905,153	908,105
Total program capacity	6,331	6,331	6,331	6,331	6,331
Enrollment	4,872	4,956	4,992	4,909	5,060
Percent capacity	77%	78%	79%	78%	80%
<hr/>					
High schools	7	7	7	7	8
Total square feet	1,083,994	1,083,994	1,083,994	1,083,994	1,246,227
Total program capacity	6,995	6,995	6,995	6,995	7,721
Enrollment	6,461	6,728	7,019	7,026	7,147
Percent capacity	92%	96%	100%	100%	93%
<hr/>					
Alternative schools (1)	2	2	2	2	2
Total square feet	97,032	97,032	97,032	97,032	152,516
Enrollment	554	572	556	558	552
<hr/>					
Charter schools	4	4	3	4	5
Enrollment	1,120	1,420	1,397	1,887	2,308
<hr/>					
Other District Facilities					
Total square feet	132,853	144,106	144,106	144,106	169,672

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

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

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

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

2011	2012	2013	2014	2015
26	26	26	23	23
1,305,337	1,305,337	1,305,337	1,227,732	1,240,032
12,291	12,336	12,065	11,068	11,068
11,453	11,475	11,724	10,763	10,329
93%	93%	97%	97%	93%
			2	2
			284,649	284,649
			2,150	2,150
			1,750	1,747
			81%	81%
9	9	9	8	8
908,105	908,105	922,105	828,025	828,025
6,392	5,740	6,200	5,558	5,640
5,080	5,114	5,361	5,072	5,241
79%	89%	86%	91%	93%
8	9	8	8	8
1,301,849	1,492,200	1,372,591	1,461,491	1,461,491
8,413	8,738	8,834	7,721	8,890
7,255	7,440	7,681	7,897	8,169
86%	85%	87%	102%	92%
2	2	2	1	3
152,516	152,516	152,516	81,600	81,600
578	738	626	209	864
5	6	6	6	6
2,589	3,009	3,587	3,761	3,342
169,672	185,720	305,329	271,318	272,482

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

	2006	2007	2008	2009
General Capital Assets Group / Governmental Activities				
Land/Sites	\$ 17,281,724	\$ 18,564,441	\$ 19,792,539	\$ 19,792,539
Projects in progress	5,072,230	8,658,126	58,980,808	1,811,297
Water rights	4,089,516	4,089,516	4,122,407	4,340,807
Capital assets not depreciated	<u>26,443,470</u>	<u>31,312,083</u>	<u>82,895,754</u>	<u>25,944,643</u>
Land Improvements	16,974,890	19,261,023	19,261,023	20,163,514
Buildings	176,858,388	178,542,911	178,624,762	245,874,910
Building Improvements	99,353,087	99,556,995	99,725,058	99,876,713
Equipment	23,950,193	25,213,065	26,120,496	27,199,661
Capital assets depreciated	<u>317,136,558</u>	<u>322,573,994</u>	<u>323,731,339</u>	<u>393,114,798</u>
Less: accumulated depreciation				
Land Improvements	5,681,171	6,579,135	7,477,099	8,409,521
Buildings	35,314,984	39,654,107	42,877,045	46,979,138
Building Improvements	23,283,112	26,385,211	29,472,391	32,574,831
Equipment	12,658,701	14,658,269	16,644,245	18,731,165
Total accumulated depreciation	<u>76,937,968</u>	<u>87,276,722</u>	<u>96,470,780</u>	<u>106,694,655</u>
Capital assets depreciated, net	<u>240,198,590</u>	<u>235,297,272</u>	<u>227,260,559</u>	<u>286,420,143</u>
Total capital assets, General Capital Assets Group / Governmental Activities	<u><u>\$ 266,642,060</u></u>	<u><u>\$ 266,609,355</u></u>	<u><u>\$ 310,156,313</u></u>	<u><u>\$ 312,364,786</u></u>
Enterprise Fund / Business-type Activities				
Equipment	\$ 2,249,157	\$ 2,312,660	\$ 2,324,322	\$ 2,634,246
Less: accumulated depreciation	1,105,986	1,253,142	1,397,420	1,558,615
Total	<u><u>\$ 1,143,171</u></u>	<u><u>\$ 1,059,518</u></u>	<u><u>\$ 926,902</u></u>	<u><u>\$ 1,075,631</u></u>

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

**Source:** District's financial records

2010	2011	2012	2013	2014	2015 (1)
\$ 19,792,539	\$ 20,073,379	\$ 20,073,379	\$ 20,073,379	\$ 20,053,379	\$ 20,053,379
25,144,438	70,274,929	23,008,224	46,882,404	6,542,968	12,080,092
4,943,227	1,095,578	1,095,578	1,095,578	1,083,578	1,083,578
49,880,204	91,443,886	44,177,181	68,051,361	27,679,925	33,217,049
20,178,134	23,402,497	23,402,497	24,051,471	24,106,959	24,106,959
246,727,350	249,187,029	300,679,143	301,587,741	301,936,554	302,473,799
100,398,102	112,542,642	130,861,657	135,461,032	183,639,236	185,061,854
29,210,118	30,357,183	24,868,107	25,752,447	27,311,492	32,364,256
396,513,704	415,489,351	479,811,404	486,852,691	536,994,241	544,006,868
9,298,853	10,271,324	11,308,292	12,366,859	13,412,046	14,460,119
51,412,991	56,207,902	61,282,240	66,768,318	71,843,136	77,325,154
35,740,474	39,379,006	43,833,351	48,617,140	54,690,125	61,727,094
20,548,985	22,192,475	18,069,528	17,801,645	19,292,822	22,781,556
117,001,303	128,050,707	134,493,411	145,553,962	159,238,129	176,293,923
279,512,401	287,438,644	345,317,993	341,298,729	377,756,112	367,712,945
<u>\$ 329,392,605</u>	<u>\$ 378,882,530</u>	<u>\$ 389,495,174</u>	<u>\$ 409,350,090</u>	<u>\$ 405,436,037</u>	<u>\$ 400,929,994</u>
\$ 2,756,630	\$ 2,823,299	\$ 3,291,862	\$ 3,377,603	\$ 3,402,259	\$ -
1,714,277	1,914,487	2,089,989	2,239,803	2,355,922	-
<u>\$ 1,042,353</u>	<u>\$ 908,812</u>	<u>\$ 1,201,873</u>	<u>\$ 1,137,800</u>	<u>\$ 1,046,337</u>	<u>\$ -</u>



## **COMPLIANCE SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of St. Vrain Valley School District RE-1J (the District), as of and for the year ended June 30, 2015, 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 30, 2015. 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, Carbon Valley Academy 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 Aspen Ridge Preparatory School were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance And Other Matters**

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

### **Purpose Of This Report**

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

*RubinBrown LLP*

November 30, 2015

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

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

## **Report On Compliance For Each Major Federal Program**

We have audited St. Vrain Valley School District RE-1J's (the District) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *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, 2015. 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 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, 2015.

### **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.

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be material weaknesses.

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 30, 2015

# ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Period Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Program Or Award Number	Federal Expenditures
<b>U.S. Department Of Education</b>			
Direct award from the federal government:			
Investing in Innovation, Recovery Act	84.396	4396	\$ 750,372
Race to the Top - District Grants	84.416	5416	4,746,774
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	4010, 92xx	3,043,388
Migrant Education - State Grant Program (Title I, Part C of ESEA)	84.011	4011	—
Special Education - Grants to States (IDEA, Part B)	84.027	4027	3,811,782
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	5126	456,010
Special Education - Preschool Grants (IDEA Preschool)	84.173	4173	44,541
Education for Homeless Children and Youth	84.196	5196	35,609
English Language Acquisition State Grants (Title III, Part A of ESEA)	84.365	4365	262,254
Improving Teacher Quality State Grants (Title II, Part A of ESEA)	84.367	4367	489,469
Race to the Top: Early Learning	84.412	5412	4,189
Race to the Top Fund	84.413	5413	15,591
Charter Schools	84.282	5282	187,818
Passed through Colorado Community Colleges & Occupational Education System:			
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	4048	140,865
<b>Total U.S. Department Of Education</b>			<u>13,988,662</u>
<b>U.S. Department Of Agriculture</b>			
Passed through State Department of Human Services:			
National School Lunch Program (non-cash commodities entitlement)	10.555	4555	534,454
Passed through State Department of Education:			
School Breakfast Program	10.553	4553	1,181,522
National School Lunch Program	10.555	4555	3,762,318
Summer Food Service Program for Children	10.559	4559	141,584
<b>Total U.S. Department Of Agriculture</b>			<u>5,619,878</u>
<b>Total Expenditures Of Federal Awards</b>			<u>\$ 19,608,540</u>

## **ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J**

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### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2015**

#### **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, 2015.

#### **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.

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# ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2015

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### Section I - Summary Of Auditors' Results

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#### Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

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

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

Unmodified

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

☒ yes ☐ no

Identification of major programs:

**CFDA No.**

**Name Of Federal Program Or Cluster**

---

10.553,10.555, 10.559	School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
84.282	Charter Schools
84.416	Race to the Top - District Grants

Dollar threshold used to distinguish between

Type A and Type B programs:

\$588,256

Auditee qualified as low-risk auditee?

☒ yes ☐ no

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## ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended June 30, 2015

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#### Section II - Financial Statement Findings

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There were no findings related to the District's financial statements for the year ended June 30, 2015.

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#### Section III - Federal Award Findings And Questioned Costs

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##### Finding 2015-001

##### Material Weaknesses, Internal Control Over Compliance

CFDA 10.553, 10.555, and 10.559 - School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children  
CFDA 84.282 - Charter Schools  
CFDA 84.416 - Race to the Top - District Grants

Federal Agency: U.S. Department of Agriculture and Education

Pass-Through Entity: Colorado Department of Education

**Criteria Or Specific Requirement:** 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. 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 (EPLS) maintained by the General Services Administration (GSA), 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 District does not have a control in place to verify purchases with vendors in excess of \$25,000 are not suspended or debarred.

**Questioned Costs:** Not applicable.

## ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)

For The Year Ended June 30, 2015

**Context:** No payments were made to debarred vendors; however, some program personnel were unaware of the requirement to perform debarment searches. The District Procurement Department performed verification on some vendors but the procedures were not consistently applied throughout the fiscal year with respect to debarment searches.

**Effect:** The District could be out of compliance with Procurement, Contracting and Debarment compliance requirements.

**Cause:** There is not a control in place at the program level to identify vendors with program transactions in excess of \$25,000 and to verify potential vendors are not debarred.

**Recommendation:** We recommend program management implement internal policies to identify vendors where transactions will likely exceed \$25,000 and route through the Procurement Department to ensure appropriate contracts and contract file documentation is in place.

**Views Of Responsible Officials And Planned Corrective Action:** The District has already taken measures to ensure compliance with this requirement by notifying all applicable purchasing personnel of this provision, putting processes in place to verify suspension and debarment and documenting searches performed.

**ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)**  
**For The Year Ended June 30, 2015**

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**Section IV - Prior-Year Findings**

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None noted





**Colorado Department of Education**  
**Auditors Integrity Report**  
District: 0470 - ST VRAIN VALLEY RE 1J  
Fiscal Year 2014-15  
Colorado School District/BOCES

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>	<b>+</b>		<b>-</b>	<b>=</b>
10 General Fund	62,390,070	221,121,613	208,514,403	74,997,280
18 Risk Mgmt Sub-Fund of General Fund	3,312,829	3,499,041	3,508,980	3,302,890
19 Colorado Preschool Program Fund	454,113	1,417,580	1,313,985	557,709
<b>Sub- Total</b>	<b>66,157,012</b>	<b>226,038,235</b>	<b>213,337,368</b>	<b>78,857,879</b>
11 Charter School Fund	7,003,269	27,732,348	26,239,866	8,495,750
20,26-29 Special Revenue Fund	9,043,245	7,499,399	7,251,334	9,291,310
21 Food Service Spec Revenue Fund	2,226,742	9,223,368	9,091,435	2,358,675
22 Govt Designated-Purpose Grants Fund	0	15,814,547	15,814,547	0
23 Pupil Activity Special Revenue Fund	4,909,392	7,357,825	7,080,233	5,186,984
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	32,700,504	96,362,732	95,027,493	34,035,743
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	24,862,019	79,295	11,836,603	13,104,711
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	8,588,050	5,037,112	6,235,538	7,389,624
<b>Totals</b>	<b>155,490,233</b>	<b>395,144,861</b>	<b>391,914,417</b>	<b>158,720,677</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	2,786,875	63,296	1,064,884	1,785,287
<b>Totals</b>	<b>2,786,875</b>	<b>63,296</b>	<b>1,064,884</b>	<b>1,785,287</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	219,184	48,173	42,968	224,389
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	157,620	107,230	135,794	129,056
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>376,804</b>	<b>155,403</b>	<b>178,762</b>	<b>353,445</b>

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.

