

Karen Ragland, President, Board of Education
Dr. Don Haddad, Superintendent of Schools

Educational Services Center
395 South Pratt Parkway
Longmont, Colorado 80501

DISTRICT VISION STATEMENT

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.

DISTRICT MISSION STATEMENT

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

ESSENTIAL BOARD ROLES

- Guide the superintendent
- Engage constituents
- Ensure alignment of resources
- Monitor effectiveness
- Model excellence

BOARD MEMBERS

- Jim Berthold, Secretary
- Meosha Brooks, Member
- Chico Garcia, Member
- Sarah Hurianek, Member
- Dr. Richard Martyr, Treasurer
- Karen Ragland, President
- Joie Siegrist, Vice President

PUBLIC COMMENT PROCESS

The Board of Education values community perspectives and the feedback from our parents, teachers, staff and community. During Board Meetings, the Board will hear up to 30 minutes of public comment on non-agenda items and 30 minutes of public comment on agenda-specific items.

- Each person is limited to three minutes of public comment
- The manner of your comments must be appropriate for the business meeting of the board.
- If you are speaking to a non-agenda item, you must limit your remarks to matters of public concern about the district.
- Concerns about the day-to-day operations of the district should first be referred through the proper administrative channels before it is presented to the board.

Learn more at <http://stvra.in/publiccomment>

1. CALL TO ORDER:

6:00 pm Regular Business Meeting

2. ADDENDUMS/CHANGES TO THE AGENDA:

3. VISITORS:

Silver Creek High School Feeder Presentation
Superintendent's Excellence in Education Award

4. AUDIENCE PARTICIPATION:

5. SUPERINTENDENT'S REPORT:

6. REPORTS:

6.1. FY22 Annual Comprehensive Financial Report

7. CONSENT ITEMS:

8. ACTION ITEMS:

8.1. Recommendation: Acceptance of Boulder County Sheriff Proposal - Secured Storage of Long Rifle at Lyons Middle Senior High School and Niwot High School

9. DISCUSSION ITEMS:

10. ADJOURNMENT:

October 26, 2022

Karen Ragland, President, Board of Education
Dr. Don Haddad, Superintendent of Schools

Educational Services Center
395 South Pratt Parkway
Longmont, Colorado 80501

**Board of Education Meetings: Held at 395 South Pratt Parkway,
Board Room, unless otherwise noted:**

Wednesday, November 9	6:00 - 8:00 pm Regular Meeting
Wednesday, December 14	5:15 - 5:45 pm Study Session
Wednesday, December 14	6:00 - 8:00 pm Regular Meeting

MEMORANDUM

DATE: October 26, 2022

TO: Board of Education

FROM: Dr. Don Haddad, Superintendent of Schools

SUBJECT: 2022 Fiscal Year Annual Comprehensive Financial Report (ACFR)
Strategic Priority – Strong District Finances

PURPOSE

For the Board of Education to get an update on the draft of the 2022 Fiscal Year Annual Comprehensive Financial Report.

BACKGROUND

The 2022 Fiscal Year Annual Comprehensive Financial Report (ACFR) was audited by the certified public accounting firm of CliftonLarsonAllen (CLA). While the audit is substantially complete, the ACFR still needs to undergo two additional reviews.

Attached is a preliminary draft of the ACFR, which contains the basic financial statements, but does not contain the auditors' integrity or single audit reports, nor the auditor's opinions. The Administration is confident in the accuracy of the report; however, it is still subject to change. If additional information can be included in the ACFR prior to the Board meeting, an updated draft will be provided at that time. Paul Niedermuller from CLA will review the 2022 ACFR with the Board in detail at the October 26th study session as well as note any changes from the preliminary draft, discuss a draft Report to Governance, and respond to questions. Administration anticipates issuing a complete, final report for the Board of Education's acceptance at its regular meeting on November 9th.



Student Achievement • Well-Being • Partnerships

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended June 30, 2022

395 South Pratt Parkway • Longmont CO • 80501-6499

DRAFT

St. Vrain Valley School District RE-1J

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FINANCIAL SECTION

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St. Vrain Valley School District RE-1J
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2022

As management of the St. Vrain Valley School District RE-1J, Colorado (the District), we offer readers of the District's Annual Comprehensive Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. 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 \$57.1 million at June 30, 2022, compared to the prior year's deficit net position of \$250.2 million. The change is primarily due to the decrease in its proportionate shares of pension and OPEB liabilities. The pension and OPEB liabilities are reporting requirements in accordance with Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68*; and, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. The combined pension and OPEB liabilities only were \$405.8 million compared to prior year's \$570.9 million, a decrease of \$165.1 million.
- Total net position of the District increased \$193.1 million during the year ended June 30, 2022, primarily due to the net changes of all varying components of the pension under GASB Statements No. 68 and another one-year revenue recognition policy change regarding federal pandemic relief funds.
- Fund balance of the District's governmental funds increased from an ending fund balance of \$287.1 million at June 30, 2021 to \$306.8 million for fiscal year ended June 30, 2022. The increase is primarily due to job vacancies not filled, the delay of capital reserve projects and curriculum purchases, the backorder of technology supplies, the return-to-normal activities in charges for services, the increase in tax increment financing (TIF) from urban renewal authorities, and the supplemental funding from pandemic-related relief funding.
- During the current year, the fund balance in the District's *General Fund* increased by \$5.8 million leaving an ending fund balance of \$168.3 million. Despite a planned spenddown of fund balance, the increase is primarily due to the outperformance of the budget in areas of salaries and benefits, as well as federal pandemic relief funding of over \$19.6 million that offset expenditures including personnel; technology; air quality systems; and, cleaning supplies and services.
- The District's numerous construction projects and major renovations at several school sites – including classroom additions, a new school auditorium, and building improvements – to provide its growing student population with rigorous academics and competitive programs in safe and innovative environments that foster learning and student development.

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 23-83 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 Annual Comprehensive Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

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

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

The government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or most of their costs from user fees and charges (business-type activities). Governmental activities consolidate governmental funds including the *General Fund*, *Bond Redemption Fund*, *Building Fund*, nonmajor capital projects and special revenue funds, and an internal service fund. The District has no business-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 23-25 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, 2022 are the *General Fund*, the *Bond Redemption Fund*, and the *Building Fund*. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled Nonmajor Governmental Funds. Individual fund information for the nonmajor funds is presented as other supplemental information elsewhere in this document. The basic governmental fund financial statements can be found on pages 26-29 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 30-32 of this report.

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 District has no fiduciary funds.

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 33-83 of this report.

Other Information

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the *General Fund* is included as required supplementary information (RSI) in the financial statements to demonstrate compliance with the adopted budget. Also included in the RSI are the required schedules resulting in the implementation of GASB Statements No. 68 and No. 75. The RSI can be found on pages 85-94. The remaining governmental funds budgetary comparisons are reported as other supplemental information. Combining and individual fund statements and schedules can be found on pages 95-117 of this report.

Government-wide Financial Analysis

The assets of the District are composed of current assets, other noncurrent assets, right-to-use leased assets, and capital assets. Cash and investments, receivables, prepaid items, deposits, and inventories are current assets. These assets are available to provide resources for the near-term operations of the District. Eighty-six percent of the current assets are cash and investments.

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

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

Current and noncurrent liabilities are determined based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts and intergovernmental payables, retainage payable, accrued salaries and benefits, payroll withholdings, claims payable, unearned revenues, and current debt-related 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 2023.

Long-term liabilities such as lease and long-term debt obligations as well as compensated absences will be liquidated from resources that will become available after fiscal year 2023. Also included in longer term liabilities are the District's proportionate shares of the pension and OPEB liabilities (which are not considered long-term debt but, rather, reporting obligations). Although multiple participating employers are required to report their proportionate shares of these liabilities, Senate Bill 18-200 was enacted in June 2018, restructuring contributions, benefits, and future eligibility requirements which, thereby, will restore the full funding of these plans within 30 years. Also, beginning July 2018, the State of Colorado is required to make annual direct on-behalf payments to the state retirement system. In accordance with accounting principles generally accepted in the United States of America (US GAAP), the District not only recognizes the State's proportionate share of the pension liability associated with the District at the government-wide level, but also recognizes its share of the State's required payment as revenue and expenditures at the fund level.

Due to the implementation of GASB Statements No. 68 and No. 75, deferred outflows of resources and deferred inflows of resources can result from the net difference between expected and actual experience, projected and actual earnings on pension plan investments, changes in the District's proportionate of the

pension and OPEB liabilities, changes of assumptions, as well as contributions made by the District to Colorado Public Employees' Retirement Association's (PERA) after PERA's measurement date.

As of June 30, 2022, the liabilities plus deferred inflows exceeded assets plus deferred outflows of the primary government's governmental activities by \$57.1 million, with an unrestricted deficit net position of \$306.0 million. For two of the last ten fiscal years, the District reported positive balances in all three categories of net position. In eight consecutive fiscal years, however – including the current fiscal year – due to the implementation of GASB Statements No. 68 and No. 75, the District has reported a negative unrestricted net position.

Major renovations, additional classrooms, and safety upgrades contributed to the \$11.6 million increase in “net investment in capital assets” – from \$111.6 million to \$123.2 million – for the primary government's governmental activities. The net decrease of related liabilities (\$50.9 million) exceeded the decrease in capital assets (\$16.1 million), decreased deferred outflow of resources related to debt (\$1.1 million), and the decrease of *Building Fund's* cash and investments (\$22.0 million). Refer to Note 5 (Capital and Lease Assets) and Note 7 (Non-Current Debt, Financing Obligations, and Other Liabilities) for detailed information.

Colorado Constitution, 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 \$578 thousand to \$12.3 million as of June 30, 2022. Net position restricted for debt service increased \$17.3 million resulting in a total of \$91.3 million.

The \$254.2 million net decrease in liabilities plus deferred inflows of resources is attributable to the District recognizing its net decreased proportionate share of a pension liability of \$387.1 million and OPEB liability of \$18.7 million. Refer to Note 9 (Defined Benefit Pension Plan) and Note 10 (Defined Benefit OPEB Plan).

Table 1 provides a summary of the District's net position as of June 30, 2022 compared to June 30, 2021.

Table 1
Comparative Summary of Net Position
As of June 30, 2022 and 2021
(in Thousands)

	Governmental Activities		Total Dollar Change	Total Percentage Change
	2022	2021	2021 - 2022	2021 - 2022
Assets				
Current assets	\$ 279,392	\$ 278,401	\$ 991	0.36%
Restricted cash and investments	92,880	75,092	17,788	23.69%
Right-to-use assets	2,614	-	2,614	n/a
Capital assets	569,660	585,720	(16,060)	-2.74%
Total assets	944,546	939,213	5,333	0.57%
Deferred outflows of resources	118,161	184,571	(66,410)	-35.98%
Liabilities				
Current liabilities	46,672	49,244	(2,572)	-5.22%
Long-term liabilities	473,323	516,694	(43,371)	-8.39%
Pension liability	387,072	550,848	(163,776)	-29.73%
OPEB liability	18,727	20,023	(1,296)	-6.47%
Total liabilities	925,794	1,136,809	(211,015)	-18.56%
Deferred inflows of resources	194,030	237,217	(43,187)	-18.21%
Net Position				
Net investment in capital assets	123,228	111,623	11,605	10.40%
Restricted for				
TABOR	12,307	11,729	578	4.93%
Debt service	91,313	74,018	17,295	23.37%
Contractual, federal grant obligations	6,500	6,718	(218)	-3.25%
Colo Preschool	658	526	132	25.10%
Other	14,782	8,496	6,286	73.99%
Unrestricted	(305,905)	(463,352)	157,447	33.98%
Total net position	\$ (57,117)	\$ (250,242)	\$ 193,125	77.18%

Government-wide Activities

Governmental activities increased the net position of the District \$193.1 million during the year ended June 30, 2022. General revenues increased \$32.3 million primarily due to the increase in assessed property values (AV) when the AV was initially under-estimated or -reported at the state level. Program revenues increased \$7.7 million as activities nearly returned to pre-pandemic levels, supplemented by pandemic relief dollars, as did the related expenses, including salaries and benefits, purchased services, supplies, and allocations to charter schools. Table 2 provides a summary of the District's change in net position for 2022 compared to 2021.

Table 2
Comparative Schedule of Changes in Net Position
For the Years Ended June 30, 2022 and 2021
(in Thousands)

	<u>Governmental Activities</u>		<u>Total Dollar</u>	<u>Total</u>
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage</u>
			<u>2021 - 2022</u>	<u>Change</u>
Revenues				
Program revenues				
Charges for services	\$ 17,158	\$ 9,009	\$ 8,149	90.45%
Grants & contributions:				
Operating	68,881	71,056	(2,175)	-3.06%
Capital	3,821	2,092	1,729	82.65%
General revenues				
Property, specific ownership,				
and mill levy override taxes	246,738	242,344	4,394	1.81%
State equalization	162,874	135,023	27,851	20.63%
Other	11,715	11,672	43	0.37%
Total revenues	<u>511,187</u>	<u>471,196</u>	<u>39,991</u>	<u>8.49%</u>
Expenses				
Instruction	138,733	102,275	36,458	35.65%
Supporting services	161,236	173,089	(11,853)	-6.85%
Interest expense	18,093	19,114	(1,021)	-5.34%
Total expenses	<u>318,062</u>	<u>294,478</u>	<u>23,584</u>	<u>8.01%</u>
Increase (decrease)				
in net position	193,125	176,718	16,407	9.28%
Net position - 7/1	<u>(250,242)</u>	<u>(426,960)</u>	<u>176,718</u>	<u>41.39%</u>
Net position - 6/30	<u>\$ (57,117)</u>	<u>\$ (250,242)</u>	<u>\$ 193,125</u>	<u>77.18%</u>

The governmental activities' total assets increased by \$5.3 million and deferred outflows of resources decreased \$66.4 million attributed to the following elements:

Table 3
Comparative Schedule of Assets & Deferred Outflows of Resources
of Governmental Activities
As of June 30, 2022 and 2021

	2022	2021	Increase (Decrease)
Cash and investments	\$ 332,086,888	\$ 314,050,081	\$ 18,036,807
Cash with fiscal agent	3,956,644	2,035,646	1,920,998
Accounts receivable	3,393,981	5,620,638	(2,226,657)
Due from component units	295,031	67,623	227,408
Grants receivable	20,378,669	21,409,325	(1,030,656)
Lease receivable	340,028	-	340,028
Taxes receivable, net	8,793,063	7,837,808	955,255
Prepaid items	796,083	316,420	479,663
Deposits	42,857	4,605	38,252
Inventories	2,188,739	2,151,656	37,083
Right-to-use leased assets, net	2,613,624	-	2,613,624
Capital assets			
Non-depreciable	24,392,591	55,488,173	(31,095,582)
Depreciable, net	545,267,657	530,231,365	15,036,292
Total assets	<u>\$ 944,545,855</u>	<u>\$ 939,213,340</u>	<u>\$ 5,332,515</u>
Deferred outflows of resources			
Related to debt	\$ 7,216,045	\$ 8,364,130	\$ (1,148,085)
Related to pension	108,268,939	174,298,438	(66,029,499)
Related to OPEB	2,675,992	1,907,987	768,005
Total deferred outflows	<u>\$ 118,160,976</u>	<u>\$ 184,570,555</u>	<u>\$ (66,409,579)</u>

The \$18.0 million increase in cash and investments (which includes unrestricted and restricted cash and investments) is primarily due to the cash inflow from the increase in net revenues and decline in capital asset additions as bond proceeds were spent down. The \$1.9 million increase in cash with fiscal agent is due to increased property taxes collected by the county treasurers during June.

The \$2.2 million decrease in accounts receivable is primarily due to the prior year's delayed receipts of iPads sold as well as increased tax abatement revenues from local urban renewal authorities. The \$227 thousand increase of due from component units is based on timing of receipts for services provided. The \$1.0 million decrease in grant activity is primarily due to the timing of federal pandemic relief requests for funds approved after June. As a result, the District adopted another one-year policy change to extend the period from 60- to 120-days after fiscal year end for federal grant revenue recognition. The \$340 thousand increase in lease receivable and \$2.6 million increase in right-to-use lease assets relate to the implementation of GASB 87, *Leases*, as both a lessor and lessee, respectively. Taxes receivable, net of estimated uncollectible taxes, increased \$955 thousand, due to increased assessed property values. The \$480 thousand increase in prepaid items is primarily the result of purchasing software or electronic products prior to the commencement of licensing terms. The \$38 thousand increase in deposits relates to up-front funding for near-term transactions. The \$37 thousand increase in inventories is primarily due to the expansion of Nutrition Services commodities inventory, which helped address the supply chain crisis. The \$31.1 million decrease in non-depreciable capital assets reflects the completion of construction projects. Depreciable capital assets increased \$15.0 million primarily due to the completion of major renovations, additional classrooms, and other building improvements during the year.

Deferred outflows of resources are due to two factors: debt defeasance and the pension and OPEB liabilities. The \$1.1 million decrease is the current year amortization, on an effective interest method, related to debt. The difference between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension and OPEB plan investments, changes in proportion and differences between contributions recognized and proportionate share of contributions, as well as contributions made by the District after the plan's measurement date, resulted in the combined net decrease of deferred outflows of \$65.3 million.

The governmental activities' total liabilities decreased by \$211.0 million and deferred inflows of resources decreased \$43.2 million as follows:

Table 4
Comparative Schedule of Liabilities & Deferred Inflows of Resources
of Governmental Activities
As of June 30, 2022 and 2021

	2022	2021	Increase (Decrease)
Accounts payable	\$ 10,427,627	\$ 11,962,145	\$ (1,534,518)
Due to component units	1,392,078	994,939	397,139
Intergovernmental payable	292,082	-	292,082
Retainage payable	673,412	2,147,241	(1,473,829)
Accrued salaries, benefits, withholdings	27,259,941	27,527,883	(267,942)
Accrued interest payable	848,260	912,547	(64,287)
Claims payable	3,459,860	2,978,110	481,750
Unearned revenues	2,318,975	2,721,707	(402,732)
Noncurrent liabilities			
Due within one year	43,316,938	42,436,075	880,863
Due in more than one year	430,005,556	474,257,547	(44,251,991)
Net pension liability	387,072,180	550,847,978	(163,775,798)
OPEB liability	18,726,677	20,023,290	(1,296,613)
Total liabilities	<u>\$ 925,793,586</u>	<u>\$ 1,136,809,462</u>	<u>\$ (211,015,876)</u>
Deferred inflows of resources			
Related to leases	\$ 359,373	\$ -	\$ 359,373
Related to pension	187,027,263	230,733,677	(43,706,414)
Related to OPEB	6,643,238	6,482,831	160,407
	<u>\$ 194,029,874</u>	<u>\$ 237,216,508</u>	<u>\$ (43,186,634)</u>

Accounts payable combined with retainage payable decreased \$3.0 million, primarily due to the spend down of 2016 voter approved bond proceeds for community-wide improvements and capital construction projects. Amounts due to component units increased \$397 thousand for allowable costs incurred by the charter schools before fiscal year end, but not yet reimbursed by the District (the fiscal agent), primarily for Elementary and Secondary School Emergency Relief (ESSER) III funds – established through the American Rescue Plan (ARP) Act and awarded by the Colorado Department of Education (CDE). The \$292 thousand increase in intergovernmental payable relates to an advance from the Colorado Department of Education to the District in error. Accrued salaries, benefits, and payroll withholdings decreased \$268 thousand, despite rising costs, primarily due to job vacancies not being filled. The \$64 thousand decrease in accrued interest reflects the decreased bond interest due by the District because of the pay down of debt. The \$482 thousand increase in claims payable is due to the increase in workers' compensation, medical, and dental claim costs, in part due COVID-19. Refer to Note 8 (Risk Financing). The \$403 thousand decrease in unearned revenues is primarily due to recognition of grant activities in the current year that were delayed in the prior year. The net decrease of \$43.4 million in noncurrent liabilities due within one year and due in more than one year are primarily due to payments of bonds and leases during the year as well as the amortization of the deferred bond premium. Refer to Note 7 (Long-Term Debt). The combined decrease of \$165.1 million in pension and OPEB liabilities is due to recognizing the District's declining proportionate share of the pension and OPEB liabilities. Refer to Note 9 (Defined Benefit Pension Plan) and Note 10 (Defined Benefit Other Post Employment Benefit (OPEB)).

Deferred inflows of resources related to leases \$359 thousand increase are the result of implementing GASB 87. Deferred inflows of resources related to pensions and OPEBs net decrease of \$43.5 million primarily due to the changes in assumptions or other inputs under GASB Statements No. 68 and No. 75.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA, after the budget stabilization 'negative' factor was applied and CDE's administrative fee was withheld, the District received \$8,820 per funded pupil. For the fiscal year ended June 30, 2022, the funded pupil count was 31,069.2, an increase of 1.08% from 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 2022, SFA per pupil funding increased by \$872 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, 2022 and 2021
(in Thousands)

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction	\$ 138,733	\$ 102,275	\$ 79,378	\$ 38,077
Supporting services	161,236	173,089	130,731	155,129
Interest expense	18,093	19,114	18,093	19,114
	<u>\$ 318,062</u>	<u>\$ 294,478</u>	<u>\$ 228,202</u>	<u>\$ 212,320</u>

Key elements of the governmental activities are as follows:

- The cost of all governmental activities this year was \$318.1 million compared to \$294.5 million last year. Interest expense decreased by \$1.0 million due to the amortization of the bond interest premiums on an effective interest method.
- About \$17.2 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 \$8.1 million from 2021. The increase is primarily due to approaching near pre-pandemic levels of activity for tuition and fee-based programs as well as student activities.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$72.7 million, a decrease of \$446 thousand from fiscal year 2021. The slight decline in pandemic relief funding up to the allowable expenditures incurred before year-end primarily contributed to the decrease.
- The majority of the District's net cost of services, \$228.2 million, was financed by State and District taxpayers.
- General revenues accounted for \$421.3 million in revenue, which was 82.4% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$89.9 million or 17.6% of total revenues of \$511.2 million. These percentages reflect a shift of 0.1% of total revenue from general to program specific revenues.
- The one-year policy change related to federal pandemic relief revenue recognition, the net effects of all the variable components of the pension and OPEB liabilities, and the outperformance in the areas of salaries, benefits, purchased services, and supplies contributed to the increase of net position for governmental activities.

Financial Analysis of the District's Governmental Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$306.8 million, an increase from the prior year's ending balance of \$287.1 million. As noted earlier, the fund balance increase was primarily due to increased general revenues (from adjusted assessed property values), the increase in program revenues (both charges for services and pandemic-related relief funds), which together outpaced the increased expenditures.

Among major funds, the *General Fund* is the chief operating fund of the District. The *General Fund* had \$382.2 million in revenues, \$376.1 million in expenditures, and \$318 thousand net other financing uses. The *General Fund's* fund balance increased \$5.8 million to \$168.3 million. The increase is partly due to the District's conservative budgeting and outperformance. Property tax collections returned to normal, investment income improved in the second half of the fiscal year, and the District realized increased tax abatement revenues from urban renewal authorities located in the District boundaries. Student programs and activities began to approach pre-pandemic levels. Indirect cost revenue allowed under the ESSER programs contributed to the increased other local revenues. One-time mitigation at-risk funding, an early child care and development grant, the reinstatement of the State's on-behalf PERA payment, and ESSER III federal funding also contributed to the overall increased revenues. Several factors resulted in expenditures being lower than budgeted. Not all job vacancies were filled, purchases of curriculum were delayed, and technology products were backordered – contributing to some of the cost savings in salaries, benefits, and supplies. Staffing challenges in the areas of transportation and custodial caused some services to be out-sourced, however. The summer Project Launch program – suspended in 2020 and reintroduced in 2021 – was an ideal strategy to continued to address the lost learning, an initiative of the ESSER III federally funded program.

Significant differences between the *General Fund's* adopted and amended budgets are due to the following:

- \$1.1 million increase in specific ownership taxes due to anticipated increased vehicle registrations;
- \$649 thousand decrease and \$1.2 million increase in property taxes and mill levy override, respectively, to align more closely with projected results;
- \$921 thousand increase in charges for services as student participation increased;
- \$1.3 million increase in other local sources primarily due to expected indirect cost revenues;
- \$919 thousand increase in federal pandemic relief funding and a \$1.4 million decrease in other federally funded programs was primarily due to the regrouping of the Governor's Emergency Education Relief (GEER) grant;
- \$930 thousand decrease in benefits primarily due to conservative budgeting
- \$1.9 million increase in purchased services due to outsourcing hard-to-fill job vacancies; and,
- \$1.0 million increase in charter school due to disbursements for reimbursement of allowable ESSER expenditures.

The fund balance of the *Bond Redemption Fund* had an increase of \$17.1 million, resulting in a balance of \$91.1 million as of June 30, 2022. Increased assessed values of property taxes, improved investment earnings, and larger than anticipated tax abatement revenues from local urban renewal authorities contributed to the increase. The *Bond Redemption Fund* has adequate resources accumulated to make the December 2022 principal and interest payments. The mill levy to accumulate resources for the June 2023 interest payment will be certified in December 2022.

The *Building Fund* record the proceeds, interest revenue, and corresponding construction expenditures for bonds. The fund balance decreased \$17.5 million due to the completion of capital construction projects. Projects included major renovations, additional classrooms, safety upgrades, and a new school auditorium.

Capital / Lease Assets and Debt Administration

Capital and Lease Assets. The District's investment in capital assets for its governmental activities as of June 30, 2022 is \$569.7 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 \$16.1 million as bond proceeds were spent down and projects were completed. Major capital events during the year included major renovations, additional classrooms and learning spaces, and a new school auditorium. Table 6 shows fiscal year 2022 capital assets compared to 2021.

Table 6
Comparative Schedule of Capital and Lease Assets
As of June 30, 2022 and 2021
(Net of Depreciation, in Thousands)

	Governmental Activities		Total Dollar Change	Total Percentage Change
	2022	2021	2021 - 2022	2021 - 2022
Land	\$ 19,420	\$ 20,846	\$ (1,426)	-6.84%
Water rights	1,091	1,091	-	0.00%
Projects in progress	3,882	33,551	(29,669)	-88.43%
Land improvements	11,496	12,239	(743)	-6.07%
Buildings	317,336	324,667	(7,331)	-2.26%
Building improvements	186,808	157,924	28,884	18.29%
Leasehold improvements	1,454	-	1,454	n/a
Equipment	28,173	35,402	(7,229)	-20.42%
Totals	<u>\$ 569,660</u>	<u>\$ 585,720</u>	<u>\$ (16,060)</u>	-2.99%
Building lease	\$ 1,535	\$ -	\$ 1,535	n/a
Equipment lease	1,078	-	1,078	n/a
Totals	<u>\$ 2,613</u>	<u>\$ -</u>	<u>\$ 2,613</u>	n/a

Additional information on the District's total capital assets can be found in Note 5 beginning on page 48.

Due to the July 1, 2021 implementation of GASB Statement No. 87, *Leases*, the District recognized a leased building, leased equipment, and the related amortization. These right-to-use assets are shown in Table 6 above.

Debt Administration. The District was assigned an underlying rating of AA+ from Standard & Poor's Financial Services, Aa2 as a bond issuer from Moody's Investors Service, and Aa1 from Moody's for its general obligation refunding bond issues as of January 2021. The custodian and paying agent for all of the District's bond debt is UMB Bank in Denver, Colorado. Total non-current debt outstanding and other financing obligations as of June 30, 2022 as compared to June 30, 2021 are 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 \$822 million and the legal debt margin was \$389 million.

Table 7
Comparative Schedule of Non-Current Debt & Financing Obligations
As of June 30, 2022 and 2021
(in Thousands)

	2022	2021	Increase (Decrease)
General obligation bonds	\$ 433,555	\$ 469,740	\$ (36,185)
Deferred bond premium	25,605	30,246	(4,641)
Lease purchases	4,666	10,163	(5,497)
Building lease	1,581	-	1,581
Equipment lease	1,087	-	1,087
Benefits payable	6,828	6,545	283
Total debt	<u>\$ 473,322</u>	<u>\$ 516,694</u>	<u>\$ (43,372)</u>

Additional information on the District's total bonded debt can be found in Note 7 beginning on page 50 of this report.

Factors Bearing on the District's Future

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

In November 2012, the Board referred a \$14.8 million mill levy override ballot question to District voters. This override helped the District continue the gains realized from the 2008 MLO and avoid large class size increases and program cuts despite cuts in state per pupil funding since 2010. The voters approved the 2012 MLO measure by a strong margin notwithstanding the fact that the economy was just coming out of a multiyear recession. Additionally, the revenue has supported the enhancement of the District Learning Technology Plan and the expansion of preschool options.

The two mill levy overrides are projected to generate about \$67.5 million in fiscal year 2022-2023. This amounts to more than \$2,150 per student. These mill levy overrides are fixed mills so the revenues grow as assessed valuation increases. In addition, the mill levy overrides do not sunset.

With significant growth occurring within the District, facility capacity once again became a priority. The Board of Education, based on recommendations by the Superintendent and a community task force, approved putting a \$260.34 million capital construction bond question on the November 2016 election ballot. Voters once again showed their support by passing the measure. Approximately 68% of these funds will go toward providing additional classroom space with the remaining 32% of the funds addressing school safety and security upgrades as well as repairs and renovations to existing school facilities. In December of 2016, the District issued an initial \$200 million of general obligation debt pursuant to the 2016 authorization, and realized another \$23.6 million in premium. Based on the District's current spend down plan on the 2016 constructions projects, and the need for additional funding, the District sold the remaining \$60.34 million on September 19, 2018. The sale on September 19 was for a 5-year bond maturity, shortened from what was initially planned to be a 14-year schedule. The Series 2018 bonds carried yields of 1.72% to 2.21% which, combined with the rates locked in at the time of the sale of the initial \$200 million in December 2016, provided a net interest cost of 3.57% for the full issue. The final piece of the 2016 bond authorization has been sold and, compared to the ballot numbers that voters approved, the total amount of principal and interest to be repaid on these bonds is over \$21 million less than voters approved in 2016.

The District was one of four in the state to apply for and receive approval to provide a P-TECH (Pathways in Technology) program. The initial program allows Skyline High School students the opportunity to take college coursework and achieve an associate's degree in a Computer Information Systems discipline. There is no cost to the student and they can earn up to 62 college credits through the program. The District has subsequently added a P-TECH program at Frederick High School for students to achieve an associate's degree in Biomedical Sciences. The District also added a Cybersecurity P-TECH program at Silver Creek High School in the 2020-2021 school year.

In addition, the District also added a P-TEACH program. This program is designed to provide post-secondary opportunities to students who are interested in a career in the education field. The coursework is designed to introduce students to the teaching profession both in the classroom and through internships.

During the 2018-2019 school year, the District also implemented "Project Launch", a kindergarten through 2nd grade program designed to extend the school year for students who are not reading at grade level proficiency. The goals were to provide targeted instructional during the month of June to increase proficiency, reduce the "summer slide" due to students not being in school, and begin the next school year at a better starting point. Early indications show the program has been successful, and the District planned to continue the program in the 2019-2020 school year. However, due to the pandemic, the summer program was temporarily suspended. In the 2020-2021 school year, Project Launch was reinstated for all students (K-12) to address learning loss caused by the COVID Pandemic. The results were significant, so the District continued Project Launch in the 2021-22 school year, leveraging federal relief funding to support the program.

The District continues to grow in enrollment. Since fiscal year 2010, enrollment growth has averaged 512 students per year with an annual average growth rate of 1.81%. This totals an increase of 6,655 students in the district between fiscal years 2010 and 2022. During this period, the district increased in enrollment every year except for fiscal year 2021, which saw an enrollment decrease as a result of the COVID-19 pandemic. The Planning Department projects that enrollment will continue to increase by an average of approximately 487 students per year over the next five years, to 33,952 by the fall of 2026.

The District has provided increases in employee compensation for each of the 2005 through 2022 budget years. The mill levy overrides passed by the community, along with the operating efficiencies implemented by the District have improved the District's starting and average teacher salaries. The District and its Education Association agreed to a new salary schedule concept for certified personnel for the 2015-2016 fiscal year. The salary schedule increased the base salary, but also stabilized the cost of providing an experience step for teachers. The concept of the new salary schedule is to increase the base salary of a new teacher more quickly than the previous salary schedule. Beginning in the 2015-2016 school year, the starting base salary of \$35,000 has increased annually to \$49,250 for the 2022-2023 school year. In combination with test score improvements, national recognition, and a stable, supportive School Board, the District continues to receive a strong response of qualified applicants for open positions.

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

To enhance learning opportunities for our students, the District started an in-District K-12 online school, an in-District 9-12 online school, and opened a homeschool program. For 2022-23, enrollment in these three programs is estimated to be 1,151 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 1,700 applicants, the District received the highest score nationwide on its application and was one of 49 chosen to receive grant funds. The District's grant plan focused on expanding programs for at risk students in seven schools. The i3 grant ended in the 2015-2016 school year, but key personnel and operations remain as the District developed a sustainability plan. In November 2012, the District also received one of the first round of Race to the Top grants from the federal government. This grant provided \$16.5 million dollars over four years. It was developed to create and implement more STEM curricula into the lower socio-economic schools within the District. That grant ended in July of 2017, and the District has developed a sustainability plan for key personnel and operations.

Although Colorado's economic growth is one of the top in the nation, portions of the state statutes are in conflict. These conflicts have the potential to cause issues with the state's budget, including funding to school districts. Because of the "Great Recession", the State of Colorado's ability to increase revenues and provide additional funding to school districts is limited due to Colorado Constitution, Article X, Section 20 (TABOR). 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.

The 1982 Gallagher Amendment limited increases in Colorado's residential assessed values used to levy taxes for the District. This amendment required that the statewide share of residential assessed valuation be stabilized at approximately 45%. Because residential property values increased faster than other categories, this was accomplished by reducing the residential assessment rate to achieve the required mix. Due to TABOR restrictions, however, this rate could not be increased when needed, causing a "ratcheting down" effect of the residential assessment rate. In addition, by fixing the residential percentage share of

assessed valuation, an increasing proportion of taxes levied shifted to commercial and non-residential property owners relative to their property values. This amendment was repealed by Colorado voters in 2020, eliminating this artificial suppression of the residential assessment rate and arrested the increasing imbalance of the property tax burden. At that time, the residential assessment rate was 7.15%.

In 2021, SB21-293 was passed, temporarily reducing certain property tax assessment rates for the 2022 and 2023 property tax years. In addition, in 2022, SB22-238 made further temporary rate adjustments for the 2023 and 2024 tax years. The following table summarizes the anticipated property tax assessment rates through 2025:

	2021	2022	2023	2024	2025
Single Family Residential	7.150	6.950	6.765	6.922	7.150
Multi-Family Residential	7.150	6.800	6.765	6.800	7.150
Oil & Gas	87.500	87.500	87.500	87.500	87.500
Agriculture/Energy Prod.	29.000	26.400	26.400	26.400	29.000
Other Nonresidential	29.000	29.000	27.900	29.000	29.000

2024 Single Family Residential rate is an estimate acquired from the 22-238 fiscal note.

2025 rates represent a return to “normal” with the expiration of temporary rate adjustments.

In 2009, Dr. Don Haddad became 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.

Since 2008, the District has operated Leadership St. Vrain, a formal training program providing community members an opportunity to obtain a foundation in district operations, finances, and governance and to become more effective participants in school district affairs. Each cohort of Leadership St. Vrain has approximately 100 parents, guardians, and community members participating.

The Effects of the Pandemic

On March 13, 2020, the Superintendent signed a Declaration of Local Disaster Emergency due to the COVID-19 pandemic. The Board of Education later approved extending that declaration indefinitely. The District employed remote learning from after Spring Break 2020 to the end of the school year. The State of Colorado also declared a state of emergency through the same timeframe. Because of the pandemic, the legislation did not meet during the normal session, and did not establish the School Finance Act, or the long bill, until the middle of June.

Although the District already had a 1:1 device initiative in place prior to the pandemic, an order of 1,000 iPads was immediately approved to ensure that every student had access to a device for remote instruction. With school closed from March 16 – March 20 due to the pandemic, district staff worked diligently to create (or adapt current in-person) lesson plans for remote learning. On March 23, district staff also began handing out paper homework packets and/or iPads from two distribution centers for those students and their families that did not have either a device or internet service.

As the pandemic continued to surge in the spring, district administration realized that remote instruction would likely continue into the next school year. Understanding that not all students had access to their own device, and that remote synchronous learning was important to every student, the District placed additional iPad orders of 500 devices in March and 4,100 devices in June to ensure the District moved to a true 1:1 device initiative for all students. In addition to the iPads, the District went through a process to determine the best synchronous learning technology for its teaching staff. This included looking at specialized lenses for the teachers' iPads, a stand for the teachers' iPads, and microphones that allowed the teacher to speak and be heard effectively. The district solidified its synchronous remote learning technology, and placed orders for that equipment – far ahead of most districts. In addition, the District realized that some families and their students would want to return to their schools when it was reasonably safe to do so, other families

would want to stay in remote learning for a longer period. To ensure students and families had options, the District performed an evaluation of on-line learning platforms and determined that the current on-line program in use was effective and could be adapted to a new platform that would include using current district teaching staff to provide instruction.

In May 2020, the District learned that it would receive approximately \$15.75 million in CARES Act Coronavirus Relief Fund (CRF) funding and an additional \$2.5 million in CARES Act Elementary and Secondary School Emergency Relief (ESSER I) funding. The CRF funding was required to be spent by December 30, 2020, with the ESSER I funding having a longer timeframe for expenses.

In June 2020, the state legislation enacted the fiscal year 2022 School Finance Act, and the District's per pupil revenue (PPR) was reduced by 4.11%, or nearly \$10.7 million, a decrease of \$340.79 per FPC. Another area that the legislation enacted was a waiver of the late interest fees on unpaid property taxes until October 1, 2020 (normally property taxes are due June 30 of each year). Due to this waiver, the District saw a very large unpaid portion of property taxes until October. In October, the District did receive the majority of the unpaid property taxes and only recorded a \$4.6 million deferred inflows of unavailable property taxes. Although the District usually only recognizes payments through August 31, it was able to recognize all property taxes collected by the counties in September and received by the District prior to October 13, 2020 due to GASB guidance allowing school districts to adopt a one-year policy change for such recognition during extenuating circumstances.

The District began the 2020-21 school year in a remote learning environment and moved into a hybrid learning model on October 5, 2020. The hybrid model has students in their school two days a week, working remotely (synchronous and asynchronous) the remainder of the week. This was designed to encourage students to return to the physical classroom while maintaining social distancing guidelines. The District also offered LaunchED Virtual Academy, a full-time online instruction program for students and families who were reluctant to return to a physical classroom environment during this time. For the first half of the school year, enrollment in LaunchED approximated 3,500 students.

Due to an upsurge in COVID cases and the quarantine protocols required by the state and local public health officials, the District returned to remote learning between Thanksgiving Break and the Winter Break. Upon returning from Winter Break, the District was able to return to in-person learning four days per week with Friday being a synchronous/asynchronous learning day with teacher office hours to provide support to students who needed additional help. With masks mandated, the elementary schools went to in-person learning first with middle and high schools following shortly thereafter. The district was able to return to four day per week in person due to the fact that although it had 1,100 fewer students (due to the pandemic), the administration and school board had made a conscious decision to keep all employees and not reduce staff or programs even with the loss of student funding. This, combined with the large enrollment in LaunchED, allowed students to return to in-person learning while still maintaining small class sizes and social distancing requirements. The District continued this learning model throughout the remainder of the 2020-21 school year. The District was back to in-person learning five days a week during the 2021-22 school year.

COVID-19 had a definite financial impact on the 2020-21 school year, and it will continue to impact the District financially for years to come. The reduction of per pupil revenue impacted the total program revenue in the adopted budget (if enrollment would have been level with FY20) by \$14.3 million. The decline in student funded pupil count would have impacted the total program revenue in the amended budget by an additional \$8.6 million, except that the District was able to use the state's declining enrollment averaging methodology. This averaging methodology allowed the District to only see a reduction of \$4.4 million in total programming in the amended budget. Also, because the state's economy recovered quicker than projections in June 2020, the state legislature was able to appropriate additional funding to school districts in the spring of 2021. This allowed the District to recognize an increase of \$133 per funded pupil count (approximately \$4.1 million) for fiscal year 2021. For fiscal year 2022, per pupil revenue increased significantly and was higher than pre-pandemic levels primarily due to Colorado's economic growth..

COVID-19 impacted the District's budget to actual financial performance in several ways. From a budget perspective, the district recognized savings compared to the budget primarily due to salaries, benefits, and supplies and materials. Although the District continued to pay all of its employees up to their normal assigned hours for the entire FY21 school year, significant savings were realized in salaries and benefits

as non-essential positions that were open, or became open, were not filled. Many employees who were not needed in their normal position because of remote or hybrid learning modes were used in other areas to support district goals and programs. For example, transportation and nutrition services workers were used for additional sanitizing or full day child care for staff and parents. In addition, the District realized savings in other areas. Busses were not used every day, utility costs were reduced, and textbook adoptions were delayed. The District continued to outperform its budget in fiscal year 2022 with significant savings in salaries and benefits, federal relief offset costs, and URA TIF revenue.

In addition to the CRF and ESSER I funds the District was awarded in fiscal year 2020, subsequent awards in fiscal year 2021 for ESSER II and ESSER III has helped and continues to help the district address COVID- 19 expenses. ESSER II funding was awarded in the amount of \$9.3 million, and ESSER III resulted in \$20.8 million funding.

During the 2019-20 school year, the District spent approximately \$1.7 million of the \$15.75 million in CRF funds on facilitating distance learning, personal protection equipment (PPE), sanitization and cleaning, and salary and benefits for employees providing COVID-19 response duties. For the 2020-21 school year, the District spent the remaining \$14 million in CRF funds on similar activities with the majority of the expenses being spent on facilitating distance learning (including technology, professional development, on-line costs) or returning to a physical classroom setting (including increased cleaning, instructional time and social distancing) with \$800 thousand used to offset costs to provide full day child care to staff and parents and \$1.5 million allocated to charter schools for responding to the pandemic. The District has worked well with charter schools to ensure that purchases are necessary, allocable and allowable under all of the federal relief funding requirements.

The majority of the \$2.5 million in ESSER I funds were spent in the 2020-21 school year. ESSER I funds were spent primarily for on-line costs and an afterschool tutoring program, with \$220 thousand allocated to charter schools. The remaining ESSER I funds were spent in the 2021-22 school year.

The majority of the \$9.3 million in ESSER II funding were also spent in the 2020-21 school year. ESSER II funds were spent primarily for technology; increased instructional time; sanitization; COVID testing, nurses and epidemiologist services; with \$800 thousand allocated to charter schools. The remaining ESSER II funds were spent in the 2021-22 school year.

Of the \$20.8 million in ESSER III funding, the District spent approximately \$5.4 million in the 2020-21 school year and \$13.2 million in the 2021-22 school year. Expenditures were related to summer programming to address learning loss, social distancing, and on-line programs and support. The District proposed expenditures related to the remaining funds, posted those expenditures to the website, held numerous stakeholder meetings, and solicited input and feedback from students, parents, staff, community members and other key stakeholders. The District reviewed the input and feedback and developed an on-going plan related to the use of ESSER III funding. This plan has been posted to the District's website. At least 20% of the ESSER III funding must be used to address learning loss due to the pandemic. The current plan uses approximately 40% of the ESSER III funds to address learning loss through summer programming and after school tutoring. Of the \$20.8 million in ESSER III funding, \$2.1 million has been allocated to the charter schools. The remaining \$2.2 million in ESSER III funds is planned to be expended in the 2022-23 school year.

For the 2022-23 fiscal year, the District has seen increased revenue in per pupil revenue as the state's economy continues to improve quicker than projected. Initial indications are that the District will also recognize a slight increase in total program revenues in Funded Pupil Count (FPC) as enrollment is approaching pre-pandemic levels. The preliminary assessed valuations provided by the counties indicate a large increase in assessed valuation, primarily due to oil and gas pricing and production in Weld County. The final assessed valuations are not certified until December 2022.

Contacting the District's Financial Management

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

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

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BASIC FINANCIAL STATEMENTS

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St. Vrain Valley School District RE-1J
Statement of Net Position
June 30, 2022

	Primary Government	Component Units
	Governmental Activities	Charter Schools
Assets		
Cash and investments	\$ 239,206,720	
Cash with fiscal agent	3,956,644	
Accounts receivable	3,393,981	
Due from component units	295,031	
Due from primary government	-	
Grants receivable	20,378,669	
Lease receivable	340,028	
Taxes receivable, net	8,793,063	
Prepaid items	796,083	
Deposits	42,857	
Inventories	2,188,739	
Restricted cash and investments for		
Bond Redemption Fund	89,017,083	
Building Corporations	-	
Self Insurance Fund	3,863,085	
Right-to-use leased assets, net	2,613,624	
Capital assets,		
Non-depreciable	24,392,591	
Depreciable, net	545,267,657	
Total assets	944,545,855	
Deferred outflows of resources		
Related to debt	7,216,045	
Related to pension	108,268,939	
Related to OPEB	2,675,992	
Total deferred outflow of resources	118,160,976	
Liabilities		
Accounts payable	10,427,627	
Due to component units	1,392,078	
Due to primary government	-	
Intergovernmental payable	292,082	
Retainage payable	673,412	
Accrued salaries and benefits	15,905,721	
Payroll withholdings	11,354,220	
Accrued interest payable	848,260	
Claims payable	3,459,860	
Unearned revenues	2,318,975	
Noncurrent liabilities due within one year	43,316,938	
Noncurrent liabilities due in more than a year		
Lease liability	1,551,137	
General obligation bonds	396,760,000	
Deferred bond premium	25,605,222	
Compensated absences	6,089,197	
Net pension liability	387,072,180	
OPEB liability	18,726,677	
Total liabilities	925,793,586	
Deferred inflows of resources		
Related to leases	359,373	
Related to pension	187,027,263	
Related to OPEB	6,643,238	
Total deferred inflow of resources	194,029,874	
Net Position		
Net investment in capital assets	123,227,803	
Restricted for		
TABOR	12,307,424	
Debt service	91,312,649	
Component units' capital projects	-	
Contractual obligations	3,863,085	
Specific federal contract	2,637,213	
Colorado Preschool Fund	657,683	
Extracurricular, community programs	14,782,334	
Unrestricted	(305,904,820)	
Total net position	\$ (57,116,629)	

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

St. Vrain Valley School District RE-1J

Statement of Activities
For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
Instruction	\$ 138,732,514	\$ 16,940,535	\$ 42,414,255	\$ -
Supporting services	161,236,419	217,514	26,466,980	3,820,731
Interest expense	18,093,401	-	-	-
Total governmental activities	<u>\$ 318,062,334</u>	<u>\$ 17,158,049</u>	<u>\$ 68,881,235</u>	<u>\$ 3,820,731</u>
COMPONENT UNITS				
Instruction				
Supporting services				
Interest expense				
Total component units				

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

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Units
Governmental Activities	Charter Schools
\$ (79,377,724)	\$ -
(130,731,194)	-
(18,093,401)	-
(228,202,319)	-
-	-
-	-
-	-
-	-
178,583,023	
12,504,664	
162,873,663	
-	
55,650,534	
609,871	
11,106,010	
421,327,765	
193,125,446	
(250,242,075)	
<u>\$ (57,116,629)</u>	

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

St. Vrain Valley School District RE-1J

**Balance Sheet
Governmental Funds
June 30, 2022**

	General	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash & investments - unrestricted	\$ 173,395,032	\$ -	\$ 14,326,157	\$ 37,796,411	\$ 225,517,600
Cash with fiscal agent	2,897,551	1,059,093	-	-	3,956,644
Cash & investments - restricted	-	89,017,083	-	-	89,017,083
Accounts receivable	2,698,689	12,739	-	84,271	2,795,699
Due from other funds	1,077,128	-	-	-	1,077,128
Due from component units	295,031	-	-	-	295,031
Grants receivable	14,121,587	-	-	6,257,082	20,378,669
Lease receivable	340,028	-	-	-	340,028
Taxes receivable, net	5,802,761	2,071,994	-	-	7,874,755
Prepaid items	768,099	-	-	22,817	790,916
Deposits	-	-	-	42,857	42,857
Inventories	1,446,363	-	-	742,376	2,188,739
Total assets	<u>\$ 202,842,269</u>	<u>\$ 92,160,909</u>	<u>\$ 14,326,157</u>	<u>\$ 44,945,814</u>	<u>\$ 354,275,149</u>
Liabilities					
Accounts payable	\$ 2,986,271	\$ -	\$ 3,664,567	\$ 3,280,993	\$ 9,931,831
Due to other funds	-	-	-	1,077,128	1,077,128
Due to component units	1,392,078	-	-	-	1,392,078
Intergovernmental payable	292,082	-	-	-	292,082
Retainage payable	-	-	484,043	189,369	673,412
Accrued salaries and benefits	14,730,033	-	-	1,175,688	15,905,721
Payroll withholdings	11,354,220	-	-	-	11,354,220
Claims payable	777,302	-	-	-	777,302
Unearned revenues	265,525	-	-	2,053,450	2,318,975
Total liabilities	<u>31,797,511</u>	<u>-</u>	<u>4,148,610</u>	<u>7,776,628</u>	<u>43,722,749</u>
Deferred inflows of resources					
Unavailable property tax revenue	2,423,512	1,016,777	-	-	3,440,289
Unavailable lease revenue	359,373	-	-	-	359,373
Total deferred inflows of resources	<u>2,782,885</u>	<u>1,016,777</u>	<u>-</u>	<u>-</u>	<u>3,799,662</u>
Fund Balances					
Nonspendable:					
deposits, inventories, prepaids	2,214,462	-	-	808,050	3,022,512
Restricted: TABOR	12,307,424	-	-	-	12,307,424
Restricted: Colorado Preschool	657,683	-	-	-	657,683
Restricted: debt service	-	91,144,132	-	-	91,144,132
Restricted: special revenue funds	-	-	-	14,782,334	14,782,334
Restricted: specific federal contract	2,637,213	-	-	-	2,637,213
Restricted: voter approved projects	-	-	10,177,547	-	10,177,547
Committed: capital projects	-	-	-	10,535,222	10,535,222
Committed: contingencies	8,204,949	-	-	-	8,204,949
Committed: Board allocations	12,649,077	-	-	-	12,649,077
Committed: risk management	7,711,546	-	-	-	7,711,546
Committed: special revenue fund	-	-	-	11,043,580	11,043,580
Assigned: Mill Levy Override	53,169,720	-	-	-	53,169,720
Assigned: subsequent year expenditures	34,458,152	-	-	-	34,458,152
Unassigned	34,251,647	-	-	-	34,251,647
Total fund balances	<u>168,261,873</u>	<u>91,144,132</u>	<u>10,177,547</u>	<u>37,169,186</u>	<u>306,752,738</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 202,842,269</u>	<u>\$ 92,160,909</u>	<u>\$ 14,326,157</u>	<u>\$ 44,945,814</u>	<u>\$ 354,275,149</u>

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

St. Vrain Valley School District RE-1J

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022**

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

Governmental funds total fund balances	\$ 306,752,738
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	569,660,248
Right-to-use leased assets used in governmental activities, net of amortization, are not financial resources and, therefore, are not reported in the funds.	2,613,624
Deferred outflows from refunding debt are not considered current financial resources and, therefore, not reported in the governmental funds	7,216,045
Premium on issuance of bonds is recognized as other financing source in the governmental funds but are deferred in the statement of net position.	(25,605,222)
Long-term liabilities, including lease purchases (\$4,665,815), leased assets (\$2,668,260), compensated absences (\$6,828,197), bonds payable (\$433,555,000), related accrued interest (\$848,260), and claims payable (\$330,558) are not due and payable in the current period and, therefore, are not reported in the funds.	(448,896,090)
Pension liability (\$387,072,180), OPEB liability (\$18,726,677), and related deferred inflows (\$193,670,501) and deferred outflows \$110,944,931 are not considered current and, therefore, not reported in the funds.	(488,524,427)
Deferred property tax inflows \$3,440,289 plus the current year's abatements \$918,308 will be collected but are not available to pay for the for the current period's expenditures and, therefore, are not recorded as revenue in the funds.	4,358,597
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.	15,307,858
Net position of governmental activities	<u>\$ (57,116,629)</u>

The accompanying notes are an integral part of this basic 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, 2022**

	General	Bond Redemption	Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 107,196,566	\$ 71,867,100	\$ -	\$ -	\$ 179,063,666
Specific ownership taxes	12,504,664	-	-	-	12,504,664
Mill levy override	55,650,534	-	-	-	55,650,534
Investment income	335,584	153,417	32,311	53,778	575,090
Charges for services	4,134,187	-	-	5,590,345	9,724,532
Pupil activities	-	-	-	7,433,517	7,433,517
Other local sources	10,532,833	2,790,523	104,082	3,875,957	17,303,395
Local intergovernmental	-	-	-	63,000	63,000
State intergovernmental	172,186,153	-	-	15,940,274	188,126,427
Federal intergovernmental	19,638,725	-	-	28,746,927	48,385,652
Total revenues	382,179,246	74,811,040	136,393	61,703,798	518,830,477
Expenditures					
Current					
Instruction	215,891,249	-	-	15,345,221	231,236,470
Supporting services	151,477,707	-	6,982,168	16,256,543	174,716,418
Food service operations	-	-	-	13,324,636	13,324,636
Capital outlay	3,255,219	-	10,664,651	2,791,595	16,711,465
Debt service					
Principal	5,302,165	36,185,000	-	-	41,487,165
Interest	168,304	21,481,845	-	-	21,650,149
Fiscal charges	-	11,650	-	-	11,650
Total expenditures	376,094,644	57,678,495	17,646,819	47,717,995	499,137,953
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	6,084,602	17,132,545	(17,510,426)	13,985,803	19,692,524
Other Financing Sources (Uses)					
Transfers in	1,363	-	-	343,301	344,664
Transfers out	(319,450)	-	-	(25,214)	(344,664)
Total other financing sources (uses)	(318,087)	-	-	318,087	-
Net change in fund balances	5,766,515	17,132,545	(17,510,426)	14,303,890	19,692,524
Fund balances, beginning	162,495,358	74,011,587	27,687,973	22,865,296	287,060,214
Fund balances, ending	\$ 168,261,873	\$ 91,144,132	\$ 10,177,547	\$ 37,169,186	\$ 306,752,738

The accompanying notes are an integral part of this basic 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, 2022

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

Net change in fund balances of governmental funds **\$ 19,692,524**

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	(29,581,190)	
Capital outlay - capitalized	16,192,562	
Net effect of disposed capital assets	<u>(2,670,662)</u>	(16,059,290)

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	4,640,546	
Current year effect of lease assets, as lessee, under GASB 87	(365,601)	
Current year amortization of deferred outflows	(1,148,085)	
Long term portion of claims payable	(56,626)	
Change in deferred property tax accrual less abatements	<u>(480,643)</u>	2,589,591

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	(594,996)	
Accrued vacation earned during the year	(396,320)	
Amount paid during the year	<u>707,921</u>	(283,395)

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

Bond principal payments	36,185,000	
Accrued interest expense on bonds	64,287	
Long-term lease financing payments	1,186,030	
Current year effect of financing obligations, as lessee, under GASB 87	(679,993)	
Long-term lease purchase payments	<u>5,302,165</u>	42,057,489

Pension and OPEB expenses related to the cost-sharing multiple-employer defined benefit pension fund, net of contributions, are recognized on a government-wide basis and not included in the fund statements.

Pension expense	139,717,737	
Pension contributions	1,734,976	
OPEB expense	1,815,193	
OPEB contributions	<u>89,019</u>	143,356,925

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.

1,771,602

Change in net position of governmental activities

\$ 193,125,446

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

St. Vrain Valley School District RE-1J

**Statement of Fund Net Position
Proprietary Fund
June 30, 2022**

	Governmental Activities
	Internal Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 13,689,120
Accounts receivable	598,282
Prepaid items	5,167
Total current assets	<u>14,292,569</u>
Noncurrent assets	
Restricted cash and cash equivalents	3,863,085
Total assets	<u>18,155,654</u>
Liabilities	
Current liabilities	
Accounts payable	495,796
Claims payable	<u>2,352,000</u>
Total liabilities	<u>2,847,796</u>
Net Position	
Restricted for contractual obligations	3,863,085
Unrestricted	<u>11,444,773</u>
Total net position	<u>\$ 15,307,858</u>

The accompanying notes are an integral part of this basic 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. 2022**

	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for services	\$ 25,545,517
Total operating revenues	<u>25,545,517</u>
Operating Expenses	
Salaries and benefits	298,399
Purchased services	4,505,068
Administrative fees	1,113,548
Claims	17,996,898
Total operating expenses	<u>23,913,913</u>
Operating income	1,631,604
Nonoperating Revenues	
Investment income	34,781
Other local sources	105,217
Total nonoperating revenues	<u>139,998</u>
Change in net position	1,771,602
Net position, beginning	<u>13,536,256</u>
Net position, ending	<u><u>\$ 15,307,858</u></u>

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

St. Vrain Valley School District RE-1J

**Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022**

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 25,262,851
Cash paid to providers	(17,690,065)
Cash paid to other vendors	(5,352,707)
Cash paid to employees	(298,399)
Net cash provided by operating activities	<u>1,921,680</u>
Cash Flows from Noncapital Financing Activities	
Credits/rebates received from insurance companies	<u>105,217</u>
Net cash provided by noncapital financing activities	<u>105,217</u>
Cash Flows from Investing Activities	
Investment income	<u>34,781</u>
Increase in cash, cash equivalents, and restricted cash	2,061,678
Cash, cash equivalents, and restricted cash, beginning of the year	<u>15,490,527</u>
Cash, cash equivalents, and restricted cash, end of the year	<u><u>\$ 17,552,205</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 1,631,604
Adjustments to reconcile operating income to Net cash provided by operating activities	
Changes in assets and liabilities	
Increase in accounts receivable	(282,666)
Increase in deposits/prepays	(5,167)
Increase in accounts payable	265,909
Increase in claims payable	<u>312,000</u>
Net cash provided by operating activities	<u><u>\$ 1,921,680</u></u>

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements

June 30, 2022

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 the City and County of Broomfield, have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The more significant of the District's accounting policies are described below.

Reporting Entity

St. Vrain Valley School District RE-1J, formed in 1961, is a political subdivision and corporate body of the State of Colorado. The District operates under a seven-member publicly elected board of education. Geographically diverse, the 411 square miles served by the District extends from the Continental Divide out into the agriculture plains. Parts of four counties (Boulder, Broomfield, Larimer and Weld) fall within the District's boundaries. The District also serves thirteen different communities: eastern Boulder, Broomfield, Dacono, Erie, Firestone, Frederick, Hygiene, Longmont, Lyons, Mead, Niwot, Peaceful Valley, and Raymond. The District – the seventh largest in the state of Colorado – has 1 standalone early childhood learning center, 25 elementary schools, 3 PK-8, 1 K-8, 8 middle schools, 1 middle/senior, 7 high schools, 1 alternative high, 1 online high, 1 online PK-12, 3 P-TECH programs, 6 charter schools, and programs including the Innovation Center, Main Street Special Education, Career Technology and Elevation Center, and high-quality homeschool enrichment. The District serves more than 33,000 students.

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

Discretely Presented Component Units – Charter Schools

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

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

The District's Board of Education has approved six charter school applications, Aspen Ridge Preparatory School, K-8; Carbon Valley Academy, grades K-8; Firestone Charter Academy, grades K-8; Flagstaff Academy, 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, 2022

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, Firestone Charter Academy, Flagstaff Academy, St. Vrain Community Montessori School, and Twin Peaks Charter Academy are available from the individual charter schools.

Fund Accounting

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

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

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

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

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

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

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

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

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

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities for pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. Custodial funds are custodial in nature (assets equal liabilities) and use the economic resources measure focus. The District has no trust or custodial funds.

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* are normally supported by taxes and intergovernmental revenues and are reported as the *primary government*. The legally separate charter schools are reported as *component units* for which the District is financially accountable.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. However, for the current fiscal year, the District adopted another one-year policy change for federal pandemic relief revenues only by extending the availability period to 120 days.

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, 2022

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.

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.

Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position/Fund Balance

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Receivables – All receivables are reported at their gross value since all amounts are considered collectible, except for property taxes receivable which are presented net of an allowance for uncollectable taxes. Transactions between funds that are outstanding at the end of the fiscal year are identified as interfund receivables/payables in the fund financial statements.

Prepaid Items – 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.

Leases – Effective July 1, 2021, due to the adoption of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, certain lease assets and liabilities for leases – previously classified as operating leases and as inflows of resources or outflows of resources – are recognized, based on the payment provisions of the contracts. This single model for lease accounting is based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities of 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 acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Land improvements	20 years
Buildings (including modular buildings)	15-50 years
Building improvements	7-50 years
Equipment	3-20 years

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Deferred Outflows of Resources (related to debt) – In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. For refunding of debt resulting in defeasance, deferred outflow of resources is the difference where the net carrying value of the old debt is less than the reacquisition price. The District's refundings have resulted in deferred outflows of resources of \$7,216,045 at June 30, 2022.

Compensated Absences – Classified employees, who are assigned a 248-day calendar, earn and may accumulate vacation leave up to 240 hours. All outstanding vacation leave for classified employees is payable upon resignation, termination, retirement, or death. Employees will receive pay for unused vacation that was earned, or they are required to pay back used vacation that was unearned. The unpaid liability for earned vacation days is recorded in the government-wide financial statements.

Certified employees may accumulate annual leave. At the end of an academic year, unused annual leave will be added to the individual teacher's accrued sick leave hours, unless a payout option is exercised. Accumulated annual leave is payable, up to 7 days, if certain criteria are met and it is requested at the end of the academic year. Any certified employee who retires with at least 10 years of continuous service or who terminates with 20 years or more of service will be paid \$60-\$100 per day for accrued sick leave, depending on years of service and number of unused sick leave days, up to a maximum of 125 paid days. Classified employees with 10 or more years of continuous service with the District, who voluntarily separate or are laid off, will have any unused paid time off (PTO) rolled into their accrued sick leave. Upon separation, they will receive 50% of the employee's current daily rate for unused accrued sick leave above 20 days, up to a maximum of 150 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 related to debt are reported as liabilities in the applicable governmental activities or proprietary funds. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method that recognizes amortization in proportion to bond interest payments. Issuance costs are reported as expenses.

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

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

Pensions – The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan 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 (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

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.

Postemployment Benefits Other Than Pensions (OPEB) - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

- *Nonspendable* balances include deposits, inventories, and prepaid items.
- *Restricted* balances are those imposed by creditors, grantors, contributors, or laws and regulations and include TABOR, the Colorado Preschool Program, debt service, and statute-defined special revenue funds (including student extracurricular/interscholastic fee-based programs and community education programs).
- *Committed* balances are those constrained to specific purposes through formal action by the District Board of Education, the highest level of decision-making authority. They include, but are not limited to, capital projects, contingencies, risk management activities, and special revenue funds with intergovernmental agreements. Commitments cannot be

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

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 2022 is as follows:

Tax Year

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

Collection Year

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

Property taxes are recorded initially at the budgeted collection rate as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected in governmental funds and in the period for which the taxes are levied in the government-wide statements. The District has deferred inflows from property tax collection at June 30, 2022 in the amount of \$3,440,289. Property taxes are remitted to the District by the County Treasurers by the tenth of the month following

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (continued)

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. Uncollectible taxes, estimated to be 0.25% of the amount levied or \$590,497, are netted against taxes receivable.

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Accountability

For fiscal year 2022, Board policy required a minimum budget of \$7,039,141 in the General Fund for instructional supplies, materials, equipment, and activities. The District expended \$12,512,191 for instructional purposes during fiscal year ended June 30, 2022.

Board policy also required funding the *Capital Reserve* and *Risk Management Funds* at a combined total of \$398 per student, or \$11,117,374 for the fiscal year, to meet its various capital and risk-related needs, respectively. The District allocated \$13,511,811 to *Capital Reserve Fund* and \$4,745,743 to *Risk Management Fund* for a total of \$18,257,554 during fiscal year ended June 30, 2022.

NOTE 3: DEPOSITS AND INVESTMENTS

At June 30, 2022, the District's and component units' deposits and investments were reported in the financial statements as follows:

	District	Component Units
Cash and investments	\$ 239,206,720	\$ -
Cash with fiscal agent	3,956,644	-
Restricted cash and investments	92,880,168	-
Governmental activities	<u>\$ 336,043,532</u>	<u>\$ -</u>

At June 30, 2022, the District and component units had cash and investments with the following carrying balances:

	District	Component Units
Cash and deposits	\$ 40,055,766	\$ -
Cash with fiscal agent	3,956,644	-
Investments measured at net asset value	292,031,122	-
Investments measured at amortized cost	-	-
Investments measured at fair value	-	-
	<u>\$ 336,043,532</u>	<u>\$ -</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2022, the District and its component units' deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and PDPA.

Custodial Credit Risk – This is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. State statute requires the District to use eligible public depositories as defined by PDPA. Although the District does not have a formal custodial credit risk policy, its deposits as of June 30, 2022 were held at eligible public depositories.

Cash with Fiscal Agent

Property taxes collected by the counties through June 30, 2022 were not received by the District until 10 days after fiscal year end. These cash collections are reported as cash with fiscal agent.

Restricted Cash and Investments

Bond Redemption Fund's deposits and investments totaling \$89,017,083 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 \$3,863,085 are restricted for the purposes of the medical and dental self-insurance trust funds. The component units' deposits and investments totaling \$x,xxx,xxx are restricted for construction and debt payments.

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, certain U.S. Agency securities, and World Bank
- 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.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

Local Government Investment Pools – At June 30, 2022, the District and its component units invested in the Colorado Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE), which are money market investment pools established for local government entities in Colorado to pool surplus funds. The pools are regulated by the Colorado Securities Commissioner. These pools operate similar to a money market fund and each share is equal in value to \$1.00. Investments of the pools consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. Substantially all securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. To obtain more information, go to www.colotrust.com and www.csafe.org.

COLOTRUST is valued using the NAV per share (or its equivalent) of the investments. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods. At June 30, 2022, the District's investments measured at NAV include \$292,031,122 with COLOTRUST, with a rating of AAAM. The component units' investments are \$x,xxx,xxx with COLOTRUST.

CSAFE and Colorado Statewide Investment Program (CSIP) are valued at amortized cost. The component units' investments measured at amortized cost include \$x,xxx,xxx with CSAFE, with a rating of AAAM, which conforms to C.R.S Section 24-75-601, as well as \$xxx,xxx with CSIP as of June 30, 2022.

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

At June 30, 2022, the component units had money market funds, rated AAAm and Aaa-mf, of \$x,xxx,xxx – all of which is measured at Level 1 inputs.

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 4: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Amounts owed to one fund by another, which are due within one year, are reported as due to other funds. These balances arise during the normal course of business to meet short-term cash flow needs with the District's use of pooled cash. Due to/from other funds as of June 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Governmental Designated-Purpose Grants Fund	<u>\$ 1,077,128</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers during fiscal year 2022 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Risk Management Fund	\$ 1,363
Capital Reserve Fund	General Fund	318,087
Capital Reserve Fund	Student Activity Fund	25,214
Total governmental funds		<u>\$ 344,664</u>

During fiscal year June 30, 2022, the above one-time transfers were for the following reasons:

1. \$1,363 to reimburse a school for its replacement costs of damaged equipment incurred in the prior fiscal year that were reimbursed through a risk management claim, but not until the current fiscal year; and,
2. \$318,087 and \$25,214 to fund special projects that fall outside the normal scope of the Capital Reserve capital needs.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 5: CAPITAL AND LEASE ASSETS

The following is a summary of changes in the District's capital and lease assets for the year ended June 30, 2022:

	Balance 7/1/2021	Additions	Deletions, Adjustments & Reclassifications	Transfers	Balance 6/30/2022
Governmental activities					
Non-depreciable assets					
Land	\$ 20,846,495	\$ -	\$ (1,426,524)	\$ -	\$ 19,419,971
Projects in progress	33,550,600	14,382,100	-	(44,051,158)	3,881,542
Water rights	1,091,078	-	-	-	1,091,078
Total non-depreciable assets	55,488,173	14,382,100	(1,426,524)	(44,051,158)	24,392,591
Depreciable assets					
Land improvements	33,531,089	-	-	499,981	34,031,070
Buildings	439,764,056	-	-	562,299	440,326,355
Building improvements	268,737,537	-	-	40,716,576	309,454,113
Leasehold improvements	-	-	-	1,585,908	1,585,908
Equipment	69,552,292	1,810,462	(3,608,954)	686,394	68,440,194
Total depreciable assets	811,584,974	1,810,462	(3,608,954)	44,051,158	853,837,640
Less accumulated depreciation for					
Land improvements	21,292,178	1,242,846	-	-	22,535,024
Buildings	115,096,694	7,893,268	-	-	122,989,962
Building improvements	110,814,474	11,831,592	-	-	122,646,066
Leasehold improvements	-	132,159	-	-	132,159
Equipment	34,150,263	8,481,325	(2,364,816)	-	40,266,772
Total accumulated depreciation	281,353,609	29,581,190	(2,364,816)	-	308,569,983
Total depreciable assets, net	530,231,365	(27,770,728)	(1,244,138)	44,051,158	545,267,657
Governmental activities					
Total capital assets, net	<u>\$ 585,719,538</u>	<u>\$ (13,388,628)</u>	<u>\$ (2,670,662)</u>	<u>\$ -</u>	<u>\$ 569,660,248</u>
	Balance 7/1/2021	Additions	Deletions	Transfers	Balance 6/30/2022
Governmental activities					
Lease assets					
Lease Building	\$ 1,919,093	\$ -	\$ -	\$ -	\$ 1,919,093
Lease Equipment	1,935,197	-	-	-	1,935,197
Total lease assets	3,854,290	-	-	-	3,854,290
Less accumulated amortization for					
Lease Building	255,879	127,939	-	-	383,818
Lease Equipment	619,186	237,662	-	-	856,848
Total accumulated amortization	875,065	365,601	-	-	1,240,666
Governmental activities					
Total lease assets, net	<u>\$ 2,979,225</u>	<u>\$ (365,601)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,613,624</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 5: CAPITAL AND LEASE ASSETS (Continued)

Depreciation and amortization expenses were charged to functions/programs of the District, as follows:

Governmental Activities	Depreciation	Amortization
Instruction	\$ 25,920,810	\$ 138,601
Supporting Services	3,660,380	227,000
Total	<u>\$ 29,581,190</u>	<u>\$ 365,601</u>

Leases. Due to the adoption of GASB 87, *Leases*, effective July 1, 2021, the District elected to apply the provisions of this standard to the beginning of the period of adoption. The District leases a building as well as equipment based on various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026. The District reclassified equipment of \$700,908 with related accumulated depreciation of \$504,604 to the lease equipment classification with a new book value of \$84,826 at June 30, 2022, due to the GASB 87 implementation.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 5: CAPITAL AND LEASE ASSETS (Continued)

Component Units' Capital Assets

The following is a summary of changes in the component units' capital assets for the year ended June 30, 2022:

	Balance 7/1/2021	Additions	Reclassifications & Deletions	Balance 6/30/2022
Component units				
Non-depreciable assets				
Land	\$ 4,355,006	\$ -	\$ -	\$ 4,355,006
Construction in progress	225,329	-	-	225,329
Total non-depreciable assets	<u>4,580,335</u>	<u>-</u>	<u>-</u>	<u>4,580,335</u>
Depreciable assets				
Land improvements	280,487	-	-	280,487
Building	64,209,136	-	-	64,209,136
Leasehold improvements	6,439,546	-	-	6,439,546
Furniture & equipment	1,747,090	-	-	1,747,090
Software costs	29,432	-	-	29,432
Total depreciable assets	<u>72,705,691</u>	<u>-</u>	<u>-</u>	<u>72,705,691</u>
Less accumulated depreciation	15,511,679	-	-	15,511,679
Total depreciable assets, net	<u>57,194,012</u>	<u>-</u>	<u>-</u>	<u>57,194,012</u>
Total capital assets, net	<u>\$ 61,774,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,774,347</u>

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

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid at June 30, 2022 are determined to be as follows:

General Fund	\$ 14,730,033
Other funds	1,175,688
Total governmental funds	<u>\$ 15,905,721</u>
Component units	<u>\$ -</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 7: NON-CURRENT DEBT, FINANCING OBLIGATIONS, AND OTHER LIABILITIES

The District's non-current debt, financing obligations, and other liabilities changed as follows during the year ended June 30, 2022.

Governmental activities	Balance 7/1/2021	Additions	Payments/ Amortization	Balance 6/30/2022	Due within one year
General obligation bonds	\$ 469,740,000	\$ -	\$ (36,185,000)	\$ 433,555,000	\$ 36,795,000
Deferred bond premium	30,245,768	-	(4,640,546)	25,605,222	-
Lease purchases	9,967,980	-	(5,302,165)	4,665,815	4,665,815
Building lease	1,919,093	-	(337,720)	1,581,373	350,604
Equipment lease	1,935,197	-	(848,310)	1,086,887	766,519
Vacation payable	2,835,384	396,320	(277,992)	2,953,712	290,000
Annual leave payable	3,709,418	594,996	(429,929)	3,874,485	449,000
Subtotal of debt and financing obligations	520,352,840	991,316	(48,021,662)	473,322,494	43,316,938
Net pension liability	550,847,978	-	(163,775,798)	387,072,180	-
OPEB liability	20,023,290	-	(1,296,613)	18,726,677	-
Subtotal of net pension and OPEB liabilities	570,871,268	-	(165,072,411)	405,798,857	-
Total	\$ 1,091,224,108	\$ 991,316	\$ (213,094,073)	\$ 879,121,351	\$ 43,316,938

General Obligation Bonds

Description, Interest Rates, and Maturity Dates

Balance
due at
June 30, 2022

Building Bonds (Series 2009), original amount of \$104,000,000, due in a remaining installment on December 15, 2021, interest at 3.625%. Premium of \$504,199 received upon issuance is being amortized on an effective interest method. Amounts defeased were \$102,700,000 during fiscal year 2016 but later called in December 2018. Premium amortization was adjusted accordingly.

\$ -

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

76,410,000

Refunding Bonds (Series 2011B), original amount of \$31,150,000, due in varying installments through December 15, 2022, interest at 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 on an effective interest method.

8,750,000

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 7: NON-CURRENT DEBT, FINANCING OBLIGATIONS, AND OTHER LIABILITIES (Continued)

General Obligation Bonds (Continued)

Refunding Bonds (Series 2012), original amount of \$34,695,000, due in varying installments through December 15, 2024, interest at 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 on an effective interest method.	\$ 16,385,000
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 on an effective interest method.	45,250,000
Refunding Bonds (Series 2016), original amount of \$115,155,000, due in varying installments through December 15, 2033, interest from 2.5% to 5.0%. Proceeds used to retire \$13,035,000 and \$102,700,000 of outstanding building bonds (Series 2005B and 2009, respectively). Premium of \$12,871,395 received upon issuance is being amortized on an effective interest method.	93,695,000
Refunding Bonds (Series 2016B), original amount of \$14,390,000, due in varying installments on December 15 from 2021 through 2022, interest from 3.0% to 5.0%. Proceeds used to retire \$16,675,000 of outstanding refunding bonds (Series 2006). Premium of \$2,430,004 received upon issuance is being amortized on an effective interest method.	7,335,000
Building Bonds (Series 2016C), original amount of \$200,000,000, due in varying installments through December 15, 2036, interest from 3.0% to 5.0%. Premium of \$23,640,238 received upon issuance is being amortized on an effective interest method.	174,150,000
Building Bonds (Series 2018), original amount of \$60,340,000, due in varying installments through December 15, 2022, interest at 5.0%. Premium of \$3,415,401 received upon issuance is being amortized on an effective interest method.	11,580,000
Total general obligation bonds payable	<u>\$ 433,555,000</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 7: NON-CURRENT DEBT, FINANCING OBLIGATIONS, AND OTHER LIABILITIES (Continued)

General Obligation Bonds (Continued)

Bond and coupon payments to maturity are as follows:

Year ending	GO Bonds		
June 30	Principal	Interest	Total
2023	\$ 36,795,000	\$ 19,833,214	\$ 56,628,214
2024	20,335,000	18,520,989	38,855,989
2025	21,685,000	17,590,989	39,275,989
2026	22,910,000	16,537,389	39,447,389
2027	27,510,000	15,272,741	42,782,741
2028-2032	158,855,000	54,134,127	212,989,127
2033-2037	145,465,000	13,918,785	159,383,785
Total	<u>\$ 433,555,000</u>	<u>\$ 155,808,234</u>	<u>\$ 589,363,234</u>

For fiscal year ended June 30, 2022, the District's legal debt limit was \$822,423,226 and the legal debt margin was \$388,868,226.

Leases

Technology Lease Purchase. The District entered into lease purchase agreements for technology equipment beginning in 2018. The future minimum lease obligations for the technology equipment and the net present value of the future payments, with an imputed or stated interest rate from 1.49% to 11.72%, at June 30, 2022 are as follows:

Year Ended June 30,	
Total minimum lease payments for 2023	\$ 4,735,614
Less: amount representing interest	69,799
Present value of minimum lease payments	<u>\$ 4,665,815</u>

Due to the implementation of GASB 87, the District reclassified technology equipment of \$195,072 to the equipment lease classification.

Building Lease. On July 1, 2019, the District entered into a lease agreement with GCC Longmont Holdings, LP, for the APEX homeschool program. Monthly payments are due through June 30, 2026.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 7: NON-CURRENT DEBT, FINANCING OBLIGATIONS, AND OTHER LIABILITIES (Continued)

Leases (Continued)

Equipment Leases. The District has various equipment leases as follows:

- A cell tower lease with American Tower with monthly payments through 2024 with an additional 3-year extension through 2027.
- A cell tower lease with Pinnacle Towers with monthly payments through April 2023.
- A wide area network lease with Unite Private Network with monthly payments through April 2023.
- A wide area network lease with the City of Longmont with monthly payments through 2024.
- A copier equipment lease with Konica Minolta with monthly payments through April 2023.

The District's incremental borrowing rates are 3.75% and 1.50% for real estate and equipment, respectively. The future minimum lease obligations and net present value of these minimum lease payments are as follows:

Year ending June 30	Leases		Total
	Principal	Interest	
2023	\$ 1,117,123	\$ 61,545	\$ 1,178,668
2024	666,029	41,036	707,065
2025	430,648	24,072	454,720
2026	447,114	7,765	454,879
2027	5,857	63	5,920
2028-2032	1,488	2	1,490
Total	<u>\$ 2,668,259</u>	<u>\$ 134,483</u>	<u>\$ 2,802,742</u>

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

Unused annual leave is accumulated and rolled over from year to year into accrued sick leave. The amount payable as of June 30, 2022 includes qualified annual leave for all eligible employees as of June 30, 2022.

Unused annual leave greater than 42 hours for certified employees may be paid out upon request at the end of the year in the amount of \$60 per each group of 7 hours up to 35 hours. All remaining annual leave hours will be rolled over into accrued sick leave.

The General Fund pays for the accrued sick 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, 2022

NOTE 7: NON-CURRENT DEBT, FINANCING OBLIGATIONS, AND OTHER LIABILITIES (Continued)

Component Units' Long-Term Debt

In June 2015, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$11,235,000 Charter School Revenue Bonds, Series 2015A and 2015B. Bond proceeds were loaned to the Aspen Ridge Preparatory School's Building Corporation to purchase and construct the School's education facilities. The School is obligated under a lease agreement to make monthly lease payments to the Building Corporation for using the facilities. The Building Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. Interest accrues on the bonds at rates ranging from 4.125% to 5.25% and is payable semi-annually on January 1 and July 1. Principal payments are due annually on July 1, through 2046.

In December 2017, CECFA issued \$4,375,000 in Charter School Refunding Revenue Notes, Series 2017. Proceeds from the notes were loaned to Carbon Valley Academy under a lease agreement to refund the 2006 Revenue Bonds. The Academy is required to make equal lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate of 3.50% per year. The bonds mature in December 2024.

In June 2016, CECFA issued \$13,335,000 in Charter School Refunding Revenue Bonds, Series 2016. Proceeds from the bonds were used to advance refund the Flagstaff Academy's 2008 Revenue Bonds. The Academy is required to make equal lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at rates ranging from 3.00% to 5.00% per year. The bonds mature in August 2046.

In May 2020, CECFA issued \$17,695,000 in Charter School Revenue Bonds, Series 2020. Proceeds from the bonds were used to purchase Firestone Charter Academy's (f.k.a. Imagine Charter School at Firestone) existing building. The Academy is obligated to make monthly lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate of 4.50% to 6.0% per year. Principal payments are due annually beginning June 2024 with a balloon payment of \$17,695,000 due June 2027.

In April 2011, CECFA issued \$4,775,000 of Charter School Revenue Bonds, Series 2011A and 2011B. Proceeds of the bonds were used to construct improvements to the Twin Peaks Charter Academy's building. Interest accrues at a rate of 2.0% to 5.0% per year. The bonds matures in March 2043. In August 2014, CECFA issued \$21,990,000 of Charter School Refunding Bonds, Series 2014. Proceeds of the bonds were used to refund outstanding Series 2008 Bonds, pay and cancel two promissory notes and a line of credit, purchase land, and construct improvements to the Academy's building and site. Interest accrues at a rate of 2.0% to 5.0% per year. The bonds mature in November 2025. 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 May 2020, Flagstaff Academy received \$77,000 of funding through the Paycheck Protection Program (PPP) under the CARES Act. The loan carried an interest rate of 1%. When the Small Business Administration (SBA) began accepting applications, the Academy applied for the loan forgiveness. The full amount of the loan was forgiven during the year ended June 30, 2021.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 7: NON-CURRENT DEBT, FINANCING OBLIGATIONS, AND OTHER LIABILITIES (Continued)

Component Units' Long-Term Debt (Continued)

Following is a summary of the component units' long-term debt transactions for the year ended June 30, 2022.

	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2022</u>	<u>Due within one year</u>
Component units					
Revenue bonds, refunding notes	\$ 68,255,146	\$ -	\$ -	\$ 68,255,146	\$ -
Premium	908,900	-	-	908,900	-
PPP loan payable	-	-	-	-	-
	<u>\$ 69,164,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,164,046</u>	<u>\$ -</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023			\$ -
2024			-
2025			-
2026			-
2027			-
2028-2032			-
2033-2037			-
2038-2042			-
2043-2047			-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 8: RISK FINANCING

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

Risk Management Fund

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

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

Since July 1, 2002, the District has been a member of the Colorado School Districts Self Insurance Pool for property and liability insurance. During the fiscal year ended June 30, 2022, the District had insurance deductibles of \$50,000 (property), \$50,000 (general liability), and \$1,000 (vehicle liability) per claim. At June 30, 2022, the District's property and liability claims payable was \$6,000.

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

Since July 1, 1985, the District has been a member of the Northern Colorado School Districts Workers' Compensation Self Insurance Pool. The other current pool members are Park School District (Estes Park) and Windsor School District. The workers' compensation pool discontinued insurance operations effective July 1, 1998, and resumed insurance operations on July 1, 2003. During the intervening years, insurance coverage was obtained outside the pool. The District's deductible was \$50,000 per claim for the year ended June 30, 2022. At June 30, 2022, the District's workers' compensation claims payable was \$1,101,860.

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 8: RISK FINANCING (Continued)

Risk Management Fund (Continued)

Claims Liability – The claims liability on a government-wide basis includes losses from currently available funds as well as estimates for claims that have been incurred but not reported. Of the current total claims payable, \$777,302 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, 2022 and 2021 were as follows:

	2022	2021
Beginning fiscal year liability	\$ 938,110	\$ 796,585
Current year claims and adjustments	1,057,427	700,626
Claims paid	(887,677)	(559,101)
Ending fiscal year liability	<u>\$ 1,107,860</u>	<u>\$ 938,110</u>

Self Insurance Fund

In January 2013, the District established a *Self Insurance Fund* to account for dental and certain medical liability claims. Liabilities and related claims expense as reported in the Fund were estimated based on a financial services consultant's analyses of the dental and medical providers' claims data at June 30, 2022. The following is a summary of the changes in claims liability for the Self Insurance Fund for fiscal years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Beginning fiscal year liability	\$ 2,040,000	\$ 1,698,000
Current year claims and adjustments	18,002,065	17,445,996
Claims paid	(17,690,065)	(17,103,996)
Ending fiscal year liability	<u>\$ 2,352,000</u>	<u>\$ 2,040,000</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN

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

Benefits Provided as of December 31, 2021 – 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:

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

In all cases the service retirement benefit is limited to 100% 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (continued)

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 lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions Provisions as of June 30, 2022 – Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer Contribution Rate ¹	10.90 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.88 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 ¹	4.50 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 ¹	5.50 %
Total Employer Contribution Rate to the SCHDTF ¹	19.88 %

¹Contribution rates for the SCHDTF 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 the District were \$43,059,848 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022 the District reported a liability of \$387,072,180 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Net Pension Liability	\$ 387,072,180
State's Proportionate Share of the Net Pension Liability Associated with the District	44,372,882
Total	<u>\$ 431,445,062</u>

At December 31, 2021, the District's proportion was 3.3261150339%, which was a decrease of 0.3175454856 % from its proportion measured as of December 31, 2020.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2022, the District recognized pension expense of (\$119,536,820) and revenue of \$4,737,371 for support from the State as a nonemployer contributing entity. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 14,818,674	\$ -
Changes of Assumptions or other Inputs	29,550,071	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	145,527,578
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	41,984,301	41,499,685
Contributions Subsequent to the Measurement Date	21,915,893	-
Total	<u>\$ 108,268,939</u>	<u>\$ 187,027,263</u>

\$21,915,893 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ 816,310
2024	(43,331,160)
2025	(40,495,435)
2026	(17,663,932)
	<u>\$ (100,674,217)</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions – The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.40 - 11.00%
Long-Term Investment Rate of Return, Net of Pension Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.00% Compounded Annually
PERA Benefit Structure hired after December 31, 2006 ¹ (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (continued)

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00 %	5.60 %
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives	6.00	4.70
Total	<u>100.00</u>	

Note: 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 nominal rate of return assumption of 7.25%.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate (continued)

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. 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 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 569,738,593	\$ 387,072,180	\$ 234,643,878

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Component Units' Defined Benefit Pension Plan

Contributions – Employer contributions recognized by the SCHDTF from the component units were \$x,xxx,xxx for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the amount recognized by the component units as their proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the component units were as follows:

[insert table]

At December 31, 2021, the component units' proportion was a combined 0.xxxx% which was a net increase of 0.xxxx% from their proportion measured as of December 31, 2020. For the year ended June 30, 2022, the component units recognized a combined pension expense of \$xx,xxx,xxx.

At June 30, 2022, the component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

[insert table]

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Component Units' Defined Benefit Pension Plan (Continued)

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

\$x,xxx,xxx 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

[insert table]

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

[insert table]

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

Plan description – Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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 the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided – The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

PERA Benefit Structure (continued)

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF the District were \$2,209,308 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$18,726,677 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District's proportion of the net OPEB liability was based on its contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was 2.1716999289%, which was an increase of 0.0644842524% from its proportion measured as of December 31, 2020.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

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

For the year ended June 30, 2022, the District recognized an OPEB expense of (\$779,754). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 28,536	\$ 4,440,323
Changes of Assumptions or other Inputs	387,714	1,015,813
Net Difference between Projected and Actual		
Earnings on OPEB Plan Investments	-	1,159,188
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
Share of Contributions	1,135,285	27,914
Contributions Subsequent to the Measurement Date	1,124,457	-
Total	\$ 2,675,992	\$ 6,643,238

\$1,124,457 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ (1,330,666)
2024	(1,537,612)
2025	(1,494,462)
2026	(692,360)
2027	(36,453)
Thereafter	(150)
	\$ (5,091,703)

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

Actuarial assumptions - The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	
Members other than State Troopers	3.40%-11.00%
State Troopers	N/A
Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.75% for 2021, gradually increasing to 4.50% in 2029
DPS benefit structure	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	N/A
Medicare Part A Premiums	N/A

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	<u>Initial Costs for Members without Medicare Part A</u>		
	Monthly Cost	Monthly premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Prescription	\$ 633	\$ 230	\$ 591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

Actuarial assumptions (continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

Actuarial assumptions (continued)

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above

The actuarial assumptions used in the December 31, 2020, valuation was based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

Actuarial assumptions (continued)

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00 %	5.60 %
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives	6.00	4.70
Total	100.00 %	

Note: 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 nominal rate of return assumption of 7.25%.

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 18,188,899	\$ 18,726,677	\$ 19,349,651

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 21,749,075	\$ 18,726,677	\$ 16,145,025

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

Component Units' Other Post Employment Benefit (OPEB)

Contributions – Employer contributions recognized by the HCTF from the component units were \$xxx,xxx for the year ended June 30, 2022.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – At June 30, 2022, the component units reported a combined liability of \$x,xxx,xxx for their proportionate share of the net OPEB liability. At December 31, 2021, the component units' proportion was a combined 0.xxxxx%, which was a net **increase** of 0.xxxxx% from their proportion measured as of December 31, 2020. For the year ended June 30, 2022, the component units recognized a combined OPEB expense of (\$x,xxx).

At June 30, 2022, the component units reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

[insert table]

\$xx,xxx reported as deferred outflows of resources related to OPEBs, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

[insert table]

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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

Component Units' (OPEB) (Continued)

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

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

[insert table]

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

[insert table]

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 11: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. There is no employer match. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2022, program members contributed \$3,464,114 to the Voluntary Investment Program.

NOTE 12: TAX INCREMENT REVENUES

The District has entered into Intergovernmental Agreements with several, local urban renewal authorities (URA) and one downtown development authority (DDA). These governmental entities may enter into tax abatement agreements with individuals or other entities located within their boundaries. The District requested disclosure of any tax abatement agreements made by the URAs and DDA that may reduce the District's tax revenue. As of June 30, 2022, the District was not notified of any such third-party agreements.

NOTE 13: JOINTLY GOVERNED ORGANIZATION

Centennial Board of Cooperative Educational Services

The District, in conjunction with other surrounding districts, created the Centennial Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational and computer services at a shared lower cost per district. The BOCES Board is comprised of one member from each participating district. The District paid the BOCES \$274,219 which includes \$77,219 for contractual services and \$197,000 for tuition during the year ended June 30, 2022. The BOCES financial statements can be obtained at their administrative office located at 2020 Clubhouse Drive, Greeley, Colorado 80634.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

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, 2022, significant amounts of grant expenditures have not been audited by granting agencies, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

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

Construction Contracts

The District has entered into a number of separate construction projects as of June 30, 2022. Contract commitments at June 30, 2022, as a result of these projects, totaled \$6,615,707.

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, 2022, the District has complied with the requirements to include emergency reserves in its net position and fund balance.

Contingency Reserve

As allowed by state statute, the District Board of Education may provide for an operating reserve in the General Fund. District policy requires that the budget adopted by the Board include an additional appropriated reserve equal to 2% of operating fund expenditures. The District has met the 2% contingency requirement, which is reported in the committed fund balance, as of June 30, 2022.

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

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

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2022

NOTE 15: CAPITAL CONTRIBUTIONS TO COMPONENT UNITS

During fiscal year ended June 30, 2017, the District and each of its component units entered into individual agreements for the funding of capital construction projects. With the successful passage of voter-authorized 2016 building bonds, the District agreed to allocate a portion of the proceeds to pay for various capital improvements and upgrades. As of July 1, 2019, projects for five of the six charter schools were complete. The remaining component unit's reported capital contributions from the District during the fiscal year ended June 30, 2022, was \$26,739.

The District records the construction activity as a service provided to the charter school. Depending on the scope of work and organization of the charter school, the component unit may report the construction expenditures as Construction in Progress in its Building Corporation or as Repair and Maintenance in its Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 16: DEFICIT NET POSITION

The net position of the District's governmental activities is a deficit of \$57,116,629 as a result of implementing GASB Statements No. 68 and 75. Also the component units' net position is a deficit of \$xx,xxx,xxx primarily as a result of implementing the reporting standards.

NOTE 17: SUBSEQUENT EVENT

[The District's early call of 2012 bonds to occur at the end of October 2022. Update once more information becomes available.]

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Pension and OPEB. During fiscal year 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. During fiscal year 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

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

St. Vrain Valley School District RE-1J
Schedule of Required Supplementary Information
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General, Colorado Preschool Program, and Risk Management Funds
For the Year Ended June 30, 2022

	General Fund				Colorado Preschool Program (A sub-fund of the General Fund)			
	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)
Revenues								
Local								
Property taxes	\$ 108,461,629	\$ 107,812,767	\$ 107,196,566	\$ (616,201)	\$ -	\$ -	\$ -	\$ -
Specific ownership taxes	9,730,979	10,832,920	12,504,664	1,671,744	-	-	-	-
Mill levy override	54,720,751	55,963,243	55,650,534	(312,709)	-	-	-	-
Investment income	175,000	55,000	320,182	265,182	300	100	863	763
Charges for services	3,013,640	3,934,160	4,134,187	200,027	-	-	-	-
Other local sources	7,057,718	8,393,778	10,493,987	2,100,209	-	-	-	-
Total local revenues	183,159,717	186,991,868	190,300,120	3,308,252	300	100	863	763
State								
Equalization, net	140,690,400	139,851,901	142,801,228	2,949,327	1,586,169	1,798,162	1,814,881	16,719
Special Education	7,961,293	8,256,207	8,602,888	346,681	-	-	-	-
Career and Technical Education	885,000	875,477	875,534	57	-	-	-	-
Transportation	2,062,956	2,081,965	2,094,139	12,174	-	-	-	-
Gifted and Talented	314,317	318,020	318,020	-	-	-	-	-
English Language Proficiency Act	1,662,775	813,348	813,348	-	-	-	-	-
BEST grant	750,000	750,000	913,049	163,049	-	-	-	-
PERA: State on Behalf Payment	4,700,000	4,700,000	4,737,371	37,371	-	-	-	-
Other state sources	1,380,117	1,515,125	4,469,952	2,954,827	-	-	-	-
Total state revenues	160,406,858	159,162,043	165,625,529	6,463,486	1,586,169	1,798,162	1,814,881	16,719
Federal								
Build America Bond rebates	1,437,528	1,435,631	1,435,631	-	-	-	-	-
Migrant passed through BOCES	15,000	1,500	1,329	(171)	-	-	-	-
Pandemic relief funding	15,000,000	15,919,238	15,397,324	(521,914)	-	-	-	-
Other federal sources	3,547,901	2,129,000	2,804,441	675,441	-	-	-	-
Total federal revenues	20,000,429	19,485,369	19,638,725	153,356	-	-	-	-
Total revenues	363,567,004	365,639,280	375,564,374	9,925,094	1,586,469	1,798,262	1,815,744	17,482
Expenditures								
Current								
Salaries	216,943,111	217,514,268	207,004,975	10,509,293	227,345	223,351	225,289	(1,938)
Benefits	78,019,683	77,089,362	73,713,012	3,376,350	69,601	69,608	72,750	(3,142)
Purchased services	15,650,484	17,505,431	19,614,762	(2,109,331)	1,098,260	1,101,660	1,228,241	(126,581)
Supplies and materials	27,807,042	27,583,775	22,650,772	4,933,003	112,500	112,500	132,072	(19,572)
Claims paid	-	-	-	-	-	-	-	-
Other	5,292,227	4,719,360	3,305,996	1,413,364	18,000	17,500	25,735	(8,235)
Charter schools	35,454,325	35,036,581	34,937,255	99,326	-	-	-	-
Capital outlay	1,036,264	2,036,264	3,255,219	(1,218,955)	-	-	-	-
Debt service								
Principal	5,220,220	5,397,075	5,302,165	94,910	-	-	-	-
Interest	358,886	176,620	168,304	8,316	-	-	-	-
Contingency reserve	-	-	-	-	646,006	799,669	-	799,669
Total expenditures, US GAAP basis	385,782,242	387,058,736	369,952,460	17,106,276	2,171,712	2,324,288	1,684,087	640,201
Excess (deficiency) of revenues over (under) expenditures before transfers	(22,215,238)	(21,419,456)	5,611,914	27,031,370	(585,243)	(526,026)	131,657	657,683
Other Financing Sources (Uses)								
Transfers in	-	-	1,363	1,363	-	-	-	-
Transfers out	-	-	(318,087)	(318,087)	-	-	-	-
Total other financing sources (uses)	-	-	(316,724)	(316,724)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing sources uses	(22,215,238)	(21,419,456)	5,295,190	26,714,646	(585,243)	(526,026)	131,657	657,683
Fund balance, beginning	22,215,238	21,419,456	154,597,454	133,177,998	585,243	526,026	526,026	-
Fund balance, ending	\$ -	\$ -	\$ 159,892,644	\$ 159,892,644	\$ -	\$ -	\$ 657,683	\$ 657,683

See the accompanying Notes to Required Supplementary Information.

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)
\$ -	\$ -	\$ -	\$ -	\$ 108,461,629	\$ 107,812,767	\$ 107,196,566	\$ (616,201)
-	-	-	-	9,730,979	10,832,920	12,504,664	1,671,744
-	-	-	-	54,720,751	55,963,243	55,650,534	(312,709)
3,800	1,380	14,539	13,159	179,100	56,480	335,584	279,104
-	-	-	-	3,013,640	3,934,160	4,134,187	200,027
25,000	25,000	38,846	13,846	7,082,718	8,418,778	10,532,833	2,114,055
28,800	26,380	53,385	27,005	183,188,817	187,018,348	190,354,368	3,336,020
4,745,743	4,745,743	4,745,743	-	147,022,312	146,395,806	149,361,852	2,966,046
-	-	-	-	7,961,293	8,256,207	8,602,888	346,681
-	-	-	-	885,000	875,477	875,534	57
-	-	-	-	2,062,956	2,081,965	2,094,139	12,174
-	-	-	-	314,317	318,020	318,020	-
-	-	-	-	1,662,775	813,348	813,348	-
-	-	-	-	750,000	750,000	913,049	163,049
-	-	-	-	4,700,000	4,700,000	4,737,371	37,371
-	-	-	-	1,380,117	1,515,125	4,469,952	2,954,827
4,745,743	4,745,743	4,745,743	-	166,738,770	165,705,948	172,186,153	6,480,205
-	-	-	-	1,437,528	1,435,631	1,435,631	-
-	-	-	-	15,000	1,500	1,329	(171)
-	-	-	-	15,000,000	15,919,238	15,397,324	(521,914)
-	-	-	-	3,547,901	2,129,000	2,804,441	675,441
-	-	-	-	20,000,429	19,485,369	19,638,725	153,356
4,774,543	4,772,123	4,799,128	27,005	369,928,016	372,209,665	382,179,246	9,969,581
314,991	314,991	326,736	(11,745)	217,485,447	218,052,610	207,557,000	10,495,610
92,252	92,252	93,937	(1,685)	78,181,536	77,251,222	73,879,699	3,371,523
4,530,300	4,530,300	3,018,200	1,512,100	21,279,044	23,137,391	23,861,203	(723,812)
249,500	249,500	125,032	124,468	28,169,042	27,945,775	22,907,876	5,037,899
1,500,000	1,500,000	887,677	612,323	1,500,000	1,500,000	887,677	612,323
87,500	87,500	6,515	80,985	5,397,727	4,824,360	3,338,246	1,486,114
-	-	-	-	35,454,325	35,036,581	34,937,255	99,326
-	-	-	-	1,036,264	2,036,264	3,255,219	(1,218,955)
-	-	-	-	5,220,220	5,397,075	5,302,165	94,910
-	-	-	-	358,886	176,620	168,304	8,316
-	-	-	-	646,006	799,669	-	799,669
6,774,543	6,774,543	4,458,097	2,316,446	394,728,497	396,157,567	376,094,644	20,062,923
(2,000,000)	(2,002,420)	341,031	2,343,451	(24,800,481)	(23,947,902)	6,084,602	30,032,504
-	-	-	-	-	-	1,363	1,363
-	-	(1,363)	(1,363)	-	-	(319,450)	(319,450)
-	-	(1,363)	(1,363)	-	-	(318,087)	(318,087)
(2,000,000)	(2,002,420)	339,668	2,342,088	(24,800,481)	(23,947,902)	5,766,515	29,714,417
2,000,000	2,002,420	7,371,878	5,369,458	24,800,481	23,947,902	162,495,358	138,547,456
\$ -	\$ -	\$ 7,711,546	\$ 7,711,546	\$ -	\$ -	\$ 168,261,873	\$ 168,261,873

See the accompanying Notes to Required Supplementary Information.

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, (Plan Measurement Date)
Employee Pension Plan
Year Eight **

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

Note: A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200. However, this was suspended via House Bill 20-1379 for July 2020 as the State's response to the pandemic.

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

See the accompanying Notes to Required Supplementary Information.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
3.5931%	3.1847%	3.2296%	3.6437%	3.3261%
\$ 1,161,892,447	\$ 563,918,679	\$ 482,494,456	\$ 550,847,978	\$ 387,072,180
-	77,108,048	61,198,284	-	44,372,882
<u>\$ 1,161,892,447</u>	<u>\$ 641,026,727</u>	<u>\$ 543,692,740</u>	<u>\$ 550,847,978</u>	<u>\$ 431,445,062</u>
\$ 165,688,597	\$ 175,080,505	\$ 189,755,923	\$ 194,863,939	\$ 207,871,578
701.25%	322.09%	254.27%	282.68%	186.21%
43.96%	57.01%	64.52%	66.99%	74.86%

See the accompanying Notes to Required Supplementary Information.

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

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

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

See the accompanying Notes to Required Supplementary Information.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 32,072,868	\$ 34,721,871	\$ 37,766,235	\$ 39,581,534	\$ 43,059,848
(32,072,868)	(34,721,871)	(37,766,235)	(39,581,534)	(43,059,848)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 169,798,038	\$ 181,504,815	\$ 194,872,214	\$ 199,102,283	\$ 216,598,835
18.89%	19.13%	19.38%	19.88%	19.88%

See the accompanying Notes to Required Supplementary Information.

St. Vrain Valley School District RE-1J
Schedule of Required Supplementary Information
Schedule of District's Proportionate Share of the Net OPEB Liability
Year Ended December 31, (Plan Measurement Date)
Health Care Trust Fund
Year Five **

	2017	2018	2019	2020	2021
District's proportion of the net OPEB liability (asset)	2.0416%	2.0701%	2.1104%	2.1072%	2.1717%
District's proportionate share of the net OPEB liability (asset)	\$ 26,532,775	\$ 28,164,275	\$ 23,720,549	\$ 20,023,290	\$ 18,726,677
District's covered payroll	\$ 165,688,597	\$ 175,080,505	\$ 189,755,923	\$ 194,863,939	\$ 207,871,578
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.01%	16.09%	12.50%	10.28%	9.01%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	17.03%	24.49%	32.78%	39.40%

** GASB Statement No. 75 was implemented during fiscal year 2018.
As information becomes available, each subsequent year will be added until a full 10-year trend is compiled.

See the accompanying Notes to Required Supplementary Information.

St. Vrain Valley School District RE-1J
Schedule of Required Supplementary Information
Schedule of District's OPEB Contributions
Year Ended June 30, (Fiscal Year End Date)
Health Care Trust Fund
Year Five **

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 1,732,540	\$ 1,851,349	\$ 1,987,697	\$ 2,030,843	\$ 2,209,308
Contributions in relation to the contractually required contribution	(1,732,540)	(1,851,349)	(1,987,697)	(2,030,843)	(2,209,308)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 169,798,038	\$ 181,504,815	\$ 194,872,214	\$ 199,102,283	\$ 216,598,835
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

** GASB Statement No. 75 was implemented during fiscal year 2018.
As information becomes available, each subsequent year will be added until a full 10-year trend is compiled.

See the accompanying Notes to Required Supplementary Information.

St. Vrain Valley School District RE-1J

Notes to Required Supplementary Information

June 30, 2022

NOTE 1: GENERAL FUND BUDGETARY INFORMATION

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

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

- \$1.1 million increase in specific ownership taxes due to anticipated increased vehicle registrations;
- \$649 thousand decrease and \$1.2 million increase in property taxes and mill levy override, respectively, to align more closely with projected results;
- \$921 thousand increase in charges for services as student participation increased;
- \$849 thousand decrease in English Language Proficiency Act due to the shift of this state funding into per pupil revenue;
- \$1.3 million increase in other local sources primarily due to expected indirect cost revenues from the federally-funded ESSER grant;
- \$919 thousand increase in federal pandemic relief funding and a \$1.4 million decrease in other federally funded programs was primarily due to the regrouping of the Governor's Emergency Education Relief (GEER) grant;
- \$930 thousand decrease in benefits primarily due to conservative budgeting
- \$1.9 million increase in purchased services due to outsourcing hard-to-fill job vacancies; and,
- \$1.0 million increase in charter school due to disbursements for reimbursement of allowable ESSER expenditures.

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

NOTE 2: NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

The schedules presented will illustrate a 10-year trend. However, since the District did not implement GASB Statement No. 68 until fiscal year 2015, only eight years are presented in these prior schedules. As information is available, each subsequent year will be added until the full 10-year trend is compiled. *The Schedule of the District's Proportionate Share of the Net Pension Liability* presents amounts as determined at December 31st of each fiscal year. *The Schedule of District Contributions* presents amounts based on the District's fiscal year of June 30th.

NOTE 3: NET OPEB LIABILITY AND DISTRICT CONTRIBUTIONS

The schedules presented will illustrate a 10-year trend. However, since the District did not implement GASB Statement No. 75 until fiscal year 2018, only five years are presented in these prior schedules. As information is available, each subsequent year will be added until the full 10-year trend is compiled. *The Schedule of the District's Proportionate Share of the Net OPEB Liability* presents amounts as determined at December 31st of each fiscal year. *The Schedule of District Contributions* presents amounts based on the District's fiscal year of June 30th.

SUPPLEMENTARY SCHEDULES – GOVERNMENTAL FUNDS

Major Governmental Funds

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

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

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, 2022**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 68,309,512	\$ 72,270,413	\$ 71,867,100	\$ (403,313)
Investment income	100,000	11,000	153,417	142,417
Other local sources	500,000	800,000	2,790,523	1,990,523
Total revenues	68,909,512	73,081,413	74,811,040	1,729,627
Expenditures				
Debt principal	36,185,000	36,185,000	36,185,000	-
Debt interest	21,481,846	21,481,846	21,481,845	1
Fiscal charges	20,000	16,000	11,650	4,350
Total expenditures	57,686,846	57,682,846	57,678,495	4,351
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>\$ 11,222,666</u>	<u>15,398,567</u>	<u>17,132,545</u>	<u>\$ 1,733,978</u>
Fund balance, beginning		74,011,587	74,011,587	
Fund balance, ending		<u>\$ 89,410,154</u>	<u>\$ 91,144,132</u>	

The notes to financial statements are an integral part of this statement.

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, 2022**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 60,000	\$ 108,000	\$ 32,311	\$ (75,689)
Other local sources	5,000	5,000	104,082	99,082
Total revenues	65,000	113,000	136,393	23,393
Expenditures				
Salaries	547,000	569,000	568,025	975
Benefits	167,000	176,000	174,318	1,682
Purchased services	2,000,000	4,500,000	6,233,397	(1,733,397)
Supplies and materials	-	-	2,467	(2,467)
Other	5,000	5,000	3,961	1,039
Capital outlay	27,411,874	21,000,000	10,664,651	10,335,349
Total expenditures	30,130,874	26,250,000	17,646,819	8,603,181
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (30,065,874)</u>	<u>(26,137,000)</u>	<u>(17,510,426)</u>	<u>\$ 8,626,574</u>
Fund balance, beginning		27,687,973	27,687,973	
Fund balance, ending		<u>\$ 1,550,973</u>	<u>\$ 10,177,547</u>	

The notes to financial statements are an integral part of this statement.

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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 summer school, K-5 child care, PreK child care, and enrichment as well as summer programs, facility use activities, and community-based grants and awards.
- *Fair Contributions Fund* – In accordance with intergovernmental agreements, this fund is used to collect money for the acquisition, development, or expansion of public school sites based on impacts created by residential subdivisions.
- *Governmental Designated-Purpose Grants Fund* – This fund is used to account for restricted state or federal grants that are obtained primarily to provide for specific instructional programs.
- *Nutrition Services Fund* – The *Nutrition Services Fund* accounts for the financial transaction related to the food service operations of the District.
- *Student Activity Fund* – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. Revenues of this fund are primarily from student fees, fundraising, gate receipts, and gifts.

St. Vrain Valley School District RE-1J

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30. 2022**

	Capital Reserve Capital Projects Fund
Assets	
Cash and investments	\$ 13,191,701
Accounts receivable	5,821
Grants receivable	-
Prepays	-
Deposits	-
Inventories	-
Total assets	<u>\$ 13,197,522</u>
Liabilities	
Accounts payable	\$ 2,472,931
Due to other funds	-
Accrued salaries and benefits	-
Construction retainage payable	189,369
Unearned revenues	-
Total liabilities	<u>2,662,300</u>
Fund Balances	
Nonspendable: deposits, inventories, prepays	-
Restricted: special revenue funds	-
Committed: capital projects	10,535,222
Committed: special revenue fund	-
Total fund balances	<u>10,535,222</u>
Total liabilities and fund balances	<u>\$ 13,197,522</u>

The notes to financial statements are an integral part of this statement.

Special Revenue Funds					
Community Education	Fair Contributions	Governmental Designated- Purpose Grants	Nutrition Services	Student Activity	Total Nonmajor Governmental Funds
\$ 4,285,257	\$ 11,059,280	\$ -	\$ 3,181,893	\$ 6,078,280	\$ 37,796,411
28,524	-	-	3,465	46,461	84,271
-	-	4,103,160	2,153,922	-	6,257,082
-	-	-	-	22,817	22,817
-	25,000	-	-	17,857	42,857
-	-	-	742,376	-	742,376
<u>\$ 4,313,781</u>	<u>\$ 11,084,280</u>	<u>\$ 4,103,160</u>	<u>\$ 6,081,656</u>	<u>\$ 6,165,415</u>	<u>\$ 44,945,814</u>
\$ 40,385	\$ 15,700	\$ 536,319	\$ 67,492	\$ 148,166	\$ 3,280,993
-	-	1,077,128	-	-	1,077,128
336,139	-	560,267	266,074	13,208	1,175,688
-	-	-	-	-	189,369
86,415	-	1,929,446	-	37,589	2,053,450
<u>462,939</u>	<u>15,700</u>	<u>4,103,160</u>	<u>333,566</u>	<u>198,963</u>	<u>7,776,628</u>
-	25,000	-	742,376	40,674	808,050
3,850,842	-	-	5,005,714	5,925,778	14,782,334
-	-	-	-	-	10,535,222
-	11,043,580	-	-	-	11,043,580
<u>3,850,842</u>	<u>11,068,580</u>	<u>-</u>	<u>5,748,090</u>	<u>5,966,452</u>	<u>37,169,186</u>
<u>\$ 4,313,781</u>	<u>\$ 11,084,280</u>	<u>\$ 4,103,160</u>	<u>\$ 6,081,656</u>	<u>\$ 6,165,415</u>	<u>\$ 44,945,814</u>

The notes to financial statements are an integral part of this statement.

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, 2022

	Capital Reserve Capital Projects Fund
Revenues	
Intergovernmental	\$ 13,511,811
Investment income	13,749
Charges for services	-
Pupil activities	-
Other local sources	60,508
State intergovernmental	-
Federal intergovernmental	-
Total revenues	<u>13,586,068</u>
Expenditures	
Instruction	-
Supporting services	7,012,821
Food service operations	-
Capital outlay	<u>1,649,429</u>
Total expenditures	<u>8,662,250</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>4,923,818</u>
Other Financing Sources (Uses)	
Transfers in	343,301
Transfers out	<u>-</u>
Total other financing sources (uses)	<u>343,301</u>
Net changes in fund balances	5,267,119
Fund balances, beginning	<u>5,268,103</u>
Fund balances, ending	<u><u>\$ 10,535,222</u></u>

The notes to financial statements are an integral part of this statement.

Special Revenue Funds					
Community Education	Fair Contributions	Governmental Designated- Purpose Grants	Nutrition Services	Student Activity	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,511,811
3,867	21,560	-	869	13,733	53,778
5,372,831	-	-	217,514	-	5,590,345
-	-	-	-	7,433,517	7,433,517
830,239	2,907,682	63,000	77,528	-	3,938,957
-	-	2,334,790	93,673	-	2,428,463
737,563	-	10,567,024	17,442,340	-	28,746,927
6,944,500	2,929,242	12,964,814	17,831,924	7,447,250	61,703,798
3,854,459	-	5,463,525	-	6,027,237	15,345,221
1,759,027	16,826	6,836,828	-	631,041	16,256,543
-	-	-	13,324,636	-	13,324,636
42,946	291,454	664,461	82,701	60,604	2,791,595
5,656,432	308,280	12,964,814	13,407,337	6,718,882	47,717,995
1,288,068	2,620,962	-	4,424,587	728,368	13,985,803
-	-	-	-	-	343,301
-	-	-	-	(25,214)	(25,214)
-	-	-	-	(25,214)	318,087
1,288,068	2,620,962	-	4,424,587	703,154	14,303,890
2,562,774	8,447,618	-	1,323,503	5,263,298	22,865,296
\$ 3,850,842	\$ 11,068,580	\$ -	\$ 5,748,090	\$ 5,966,452	\$ 37,169,186

The notes to financial statements are an integral part of this statement.

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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, 2022**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Allocation from General Fund	\$ 9,811,237	\$ 13,761,811	\$ 13,511,811	\$ (250,000)
Investment income	3,600	1,700	13,749	12,049
Other local sources	75,000	75,000	60,508	(14,492)
Total revenues	9,889,837	13,838,511	13,586,068	(252,443)
Expenditures				
Capital expenditures	12,500,156	16,982,256	8,662,250	8,320,006
Total expenditures	12,500,156	16,982,256	8,662,250	8,320,006
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(2,610,319)	(3,143,745)	4,923,818	8,067,563
Other Financing Sources				
Transfers in	-	-	343,301	343,301
Total other financing sources	-	-	343,301	343,301
Net change in fund balances	<u>\$ (2,610,319)</u>	<u>(3,143,745)</u>	5,267,119	<u>\$ 8,410,864</u>
Fund balance, beginning		5,268,103	5,268,103	
Fund balance, ending		<u>\$ 2,124,358</u>	<u>\$ 10,535,222</u>	

The notes to financial statements are an integral part of this statement.

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, 2022**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 2,160	\$ 258	\$ 3,867	\$ 3,609
Charges for services	4,260,117	4,590,480	5,372,831	782,351
Community grants/awards	275,000	542,000	830,239	288,239
Pandemic relief funding	-	-	737,563	737,563
Total revenues	<u>4,537,277</u>	<u>5,132,738</u>	<u>6,944,500</u>	<u>1,523,523</u>
Expenditures				
Instruction	3,460,241	3,890,002	3,854,459	35,543
Support services	1,307,887	1,660,922	1,759,027	(98,105)
Capital outlay	-	-	42,946	(42,946)
Contingency reserve	2,154,724	2,144,588	-	2,144,588
Total expenditures	<u>6,922,852</u>	<u>7,695,512</u>	<u>5,656,432</u>	<u>2,039,080</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(2,385,575)	(2,562,774)	1,288,068	3,562,603
Fund balance, beginning	<u>2,385,575</u>	<u>2,562,774</u>	<u>2,562,774</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,850,842</u>	<u>\$ 3,850,842</u>

The notes to financial statements are an integral part of this statement.

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, 2022**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 18,000	\$ 1,200	\$ 21,560	\$ 20,360
Cash in lieu	2,100,000	2,000,000	2,142,378	142,378
Other local sources	-	-	765,304	765,304
Total revenues	2,118,000	2,001,200	2,929,242	928,042
Expenditures				
Purchased services	25,000	25,000	16,826	8,174
Capital outlay	2,000,000	1,800,000	291,454	1,508,546
Total expenditures	2,025,000	1,825,000	308,280	1,516,720
Net change in fund balances	<u>\$ 93,000</u>	176,200	2,620,962	<u>\$ 2,444,762</u>
Fund balance, beginning		<u>8,447,618</u>	<u>8,447,618</u>	
Fund balance, ending		<u>\$ 8,623,818</u>	<u>\$ 11,068,580</u>	

The notes to financial statements are an integral part of this statement.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Governmental Designated-Purpose Grants
For the Year Ended June 30, 2022**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Local grants	\$ -	\$ 73,038	\$ 63,000	\$ (10,038)
State grants	1,797,466	4,042,001	2,334,790	(1,707,211)
Federal grants	13,208,017	14,081,549	10,567,024	(3,514,525)
Total revenues	15,005,483	18,196,588	12,964,814	(5,231,774)
Expenditures				
Salaries	7,039,777	7,309,801	7,427,644	(117,843)
Benefits	2,802,062	2,661,412	2,530,629	130,783
Purchased services	765,780	3,018,011	772,192	2,245,819
Supplies and materials	3,206,907	4,002,050	800,125	3,201,925
Other	1,118,367	1,173,449	769,763	403,686
Capital outlay	72,590	31,865	664,461	(632,596)
Total expenditures	15,005,483	18,196,588	12,964,814	5,231,774
Net change in fund balances	\$ -	-	-	\$ -
Fund balance, beginning		-	-	
Fund balance, ending		\$ -	\$ -	

The notes to financial statements are an integral part of this statement.

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, 2022**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 300	\$ 100	\$ 869	\$ 769
Charges for services	55,000	55,000	217,514	162,514
Other food service charges	75,000	75,000	77,528	2,528
State match	85,000	83,673	93,673	10,000
Commodities entitlement	757,000	781,000	1,037,830	256,830
National School Lunch/Breakfast Program	10,403,000	14,200,000	16,404,510	2,204,510
Total revenues	11,375,300	15,194,773	17,831,924	2,637,151
Expenditures				
Salaries	4,302,000	4,900,000	4,715,734	184,266
Benefits	1,817,000	2,200,000	1,816,280	383,720
Purchased services	133,000	133,000	123,713	9,287
Supplies and materials	5,109,000	7,131,000	6,568,909	562,091
Capital outlay	45,000	125,000	82,701	42,299
Other	100,000	100,000	100,000	-
Total expenditures	11,506,000	14,589,000	13,407,337	1,181,663
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (130,700)</u>	605,773	4,424,587	<u>\$ 3,818,814</u>
Fund balance, beginning		1,323,503	1,323,503	
Fund balance, ending		<u>\$ 1,929,276</u>	<u>\$ 5,748,090</u>	

The notes to financial statements are an integral part of this statement.

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, 2022**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 10,000	\$ 1,000	\$ 13,733	\$ 12,733
Athletic activities	2,600,000	2,400,000	3,299,451	899,451
Pupil activities	3,450,000	2,650,000	3,469,647	819,647
PTO/Gift activities	860,000	550,000	664,419	114,419
Total revenues	6,920,000	5,601,000	7,447,250	1,846,250
Expenditures				
Athletic activities	2,680,000	2,200,000	3,103,700	(903,700)
Pupil activities	3,320,000	1,650,000	2,904,149	(1,254,149)
PTO/Gift activities	760,000	400,000	711,033	(311,033)
Contingency reserve	6,835,298	6,614,298	-	6,614,298
Total expenditures	13,595,298	10,864,298	6,718,882	4,145,416
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(6,675,298)	(5,263,298)	728,368	5,991,666
Other Financing (Uses)				
Transfers out	-	-	(25,214)	(25,214)
Total other financing (uses)	-	-	(25,214)	(25,214)
Net change in fund balances	(6,675,298)	(5,263,298)	703,154	5,966,452
Fund balance, beginning	6,675,298	5,263,298	5,263,298	-
Fund balance, ending	\$ -	\$ -	\$ 5,966,452	\$ 5,966,452

The notes to financial statements are an integral part of this statement.

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, 2022**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 20,000	\$ 2,300	\$ 34,781	\$ 32,481
Charges for services	25,863,210	25,863,210	25,545,517	(317,693)
Other local sources	12,310	12,310	105,217	92,907
Total revenues	25,895,520	25,877,820	25,685,515	(192,305)
Expenses				
Salaries	225,618	225,795	224,620	1,175
Benefits	74,448	76,424	73,779	2,645
Purchased services	4,644,200	4,792,600	4,505,068	287,532
Supplies and materials	5,400	5,400	-	5,400
Administrative fees	1,025,000	1,090,800	1,113,548	(22,748)
Claims	23,190,000	23,190,000	17,996,898	5,193,102
Total expenses	29,164,666	29,381,019	23,913,913	5,467,106
Excess (deficiency) of revenues over (under) expenses	<u>\$ (3,269,146)</u>	(3,503,199)	1,771,602	<u>\$ 5,274,801</u>
Net position, beginning		13,536,256	13,536,256	
Net position, ending		<u>\$ 10,033,057</u>	<u>\$ 15,307,858</u>	

The notes to financial statements are an integral part of this statement.

DRAFT

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MEMORANDUM

DATE: October 22, 2022

TO: Board of Education

FROM: Dr. Don Haddad, Superintendent of Schools

SUBJECT: Approval of Boulder County Sheriff's Proposal for Secured Storage of Long Rifle at Lyons Middle/Senior High School and Niwot High School
Strategic Priority: Districtwide Safety and Security

RECOMMENDATION

For the Board of Education to approve the Boulder County Sheriff's proposal for the secured storage of a long rifle at Lyons Middle/Senior High School and Niwot High School, as discussed with the Board during the August 17, 2022 and October 19th, 2022 Board of Education Study Sessions.

BACKGROUND

The Boulder County Sheriff's Office ("BCSO") has requested that the St. Vrain Valley School District RE-1J permit the Sheriff's Office to store a long rifle in a secured manner at two District schools, Lyons Middle/Senior High School and Niwot High School, consistent with the BCSO's presentation at the August 17, 2022 study session. The basis for the proposal is to enable BCSO, which provides School Resource Officers for the schools in question, to provide the best and most effective security for District students and staff at these particular school locations. The present proposal is focused on the secured storage of a long rifle at the two schools, including use of biometric safes and other security measures, and the two particular schools were chosen due to the response times from external law enforcement at these locations.