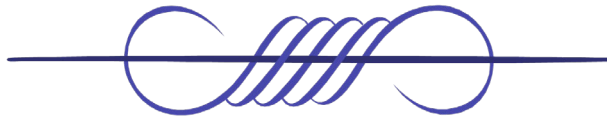


FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Arapahoe County School District Number Six, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Arapahoe County School District Number Six as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arapahoe County School District Number Six's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, combining component unit financial statements, and the Auditor's Integrity Report, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, combining component unit financial statements, and the Auditor's Integrity Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



CliftonLarsonAllen LLP

Broomfield, Colorado
October 22, 2021

Management's Discussion and Analysis



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for presentation purposes



ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Management's Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2021

As management of the Arapahoe County School District Number Six, Arapahoe County, 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, 2021. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages 1–6.

Financial Highlights

- Beginning June 30, 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established new financial reporting requirements for most governments that provide pension benefits through a multiple-employer, cost-sharing defined-benefit pension plan. District employees, including the two charter schools' employees, are in a program administered by the Public Employees' Retirement Association of Colorado (PERA). Statement No. 68 requires the district and its charter schools to record a proportionate share of PERA's unfunded pension liability. The district and its charter schools have no legal obligation to fund any shortfall, nor do they have any liability to affect funding, benefits, or annual required contribution decisions made by PERA.
- Beginning June 30, 2018, the district adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for financial statements beginning after June 15, 2017. Statement No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). Statement No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by PERA to record their proportionate share of the HCTF's net OPEB liability. For the district, the effect of implementing this standard was to change how it accounts for and reports the net OPEB liability.
- Beginning June 30, 2019, the district is reporting the resulting effects of the Senate Bill (SB) 18-200 passed and signed into Colorado law June 4, 2018. SB 18-200 makes changes in several key ways to the PERA retirement plan including increasing contribution rates from employers and employees, directing the state to make a \$225 million on-behalf contribution each year to PERA to reduce the unfunded liability, modifying the retirement benefits including reducing the annual increase for all current and future retirees as well as raising retirement age for new employees, and establishing an automatic adjustment provision designed to keep PERA on a path to full funding in 30 years. House Bill (HB) 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020, for the state's 2020–2021 fiscal year due to budget restraints.
- The liabilities and deferred inflows of resources of the district, sometimes referred to as the primary government, exceeded assets and deferred outflows of resources at June 30, 2021, by \$258.9 million, primarily due to the net OPEB and pension liabilities, noted above, of \$298.3 million.
- The financial position of the primary government increased as the total net position increased by \$100.6 million, primarily from the net pension income of \$84.4 million due to the requirement of GASB Statement No. 68.
- The total cost of basic programs decreased \$48.0 million, or 28.1 percent, to \$123.0 million which includes the increase of \$33.4 million of net pension expense.
- Revenues decreased \$15.6 million, or 6.5 percent, to \$223.6 million primarily due the suspension of the district's proportionate share of the state's PERA contribution as well as the loss of revenue for services and grants relating to operating schools during the COVID-19 pandemic.
- The net cost of governmental activities decreased \$39.2 million, or 28.6 percent, primarily due to a change of \$33.4 million in net pension expense (net pension income) due to the requirement of GASB Statement No. 68.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Management’s Discussion and Analysis

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the district’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district’s operations in more detail than the government-wide statements.
- The governmental funds’ statements tell how basic services, such as instruction and support services, were financed in the short-term as well as what remains for future spending.

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

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

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

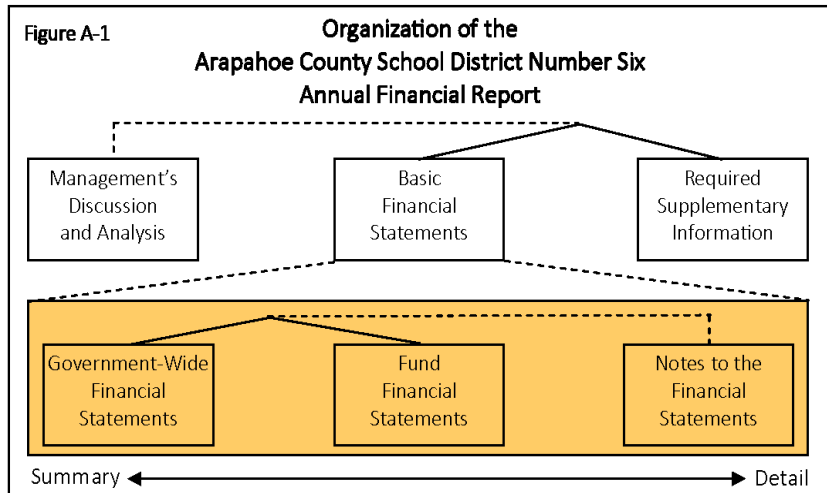


Figure A-2
Major Features of the Districtwide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire district (except the fiduciary fund)	The activities of the district which are not proprietary or fiduciary, such as instruction and support services
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Management's Discussion and Analysis

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

The district has one category of funds:

- **Governmental funds:** Most of the district's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flow in and out and the balances left at fiscal year-end that are available for spending. Consequently, the governmental fund statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs.

Financial Analysis of the District as a Whole

The district's net position of the governmental activities on June 30, 2021, increased \$100.6 million to a negative \$258.9 million from what it was the previous year (see Figure A-3), primarily as a result of the impact of GASB Statements No. 68 and No. 75.

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

- Current and other assets decreased by \$95.0 million, primarily from decreased restricted cash and investments related to Capital Projects—Building Fund.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Management's Discussion and Analysis

- Capital assets increased \$90.6 million, which is the net result of capital asset depreciation expense offset by asset additions, and construction in progress.
- Deferred outflows of resources for deferred charges on refunding decreased \$1.0 million due to amortization expense. Deferred outflows related to OPEB was consistent with the prior year. Deferred outflows related to pension increased \$41.6 million due to an increase of \$0.5 million to the district's pension contribution subsequent to the measurement date; an increase of \$19.9 million to the district's of pension contribution of proporinate share; an increase of deferred assumptions of \$20.0 million; and the difference between expected, and actual actuarial experience of \$1.2 million.
- Current and other liabilities increased \$2.4 million, mainly due to higher contracts payable in the Capital Projects–Building Fund.
- The net OPEB liability decreased \$2.7 million due to the GASB Statement No. 75 requirement to record a proportionate share of PERA's Health Care Trust Fund (HCTF) net OPEB liability. The net pension liability increased \$19.8 million due to the GASB Statement No. 68 requirement to record a proportionate share of PERA's unfunded pension liability.
- Noncurrent liabilities decreased \$22.9 million, the net result of bond principal payments, refunding proceeds and issuance costs associated with the 2010 refunding bonds, amortization of bond premium, and accreted interest on bonds.
- Deferred inflows of resources for OPEB increased \$1.6 million which includes interest earnings and the change in proportionate share of contributions. Deferred inflows of resources for pension decreased \$62.6 million for pension-related activities, of which \$31.6 million is the change in investment earnings and a decrease of deferred assumptions of \$73.2 million. Also included is the balance of \$21.0 million change in the proportionate share.
- Net position increased \$100.6 million. This change included a \$7.1 million increase to net investment in capital assets (capital assets less related debt), a \$4.3 million increase in restricted net position, and a \$89.2 million increase in unrestricted net position due to the adoption of GASB Statements No. 68 and No. 75.

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

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Management's Discussion and Analysis

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

	<u>Primary Government</u> <u>Governmental Activities</u>		<u>Total Dollars Change</u> <u>2020–2021</u>
	<u>2020</u>	<u>2021</u>	
Assets			
Current and other assets	\$ 428.7	\$ 333.7	\$ (95.0)
Capital assets	159.3	249.9	90.6
Total assets	<u>588.0</u>	<u>583.6</u>	<u>(4.4)</u>
Deferred outflows of resources			
Deferred charges on refunding	1.6	0.6	(1.0)
Deferred OPEB outflows	0.7	0.7	0.0
Deferred pension outflows	32.4	74.0	41.6
Total deferred outflows	<u>34.7</u>	<u>75.3</u>	<u>40.6</u>
Liabilities			
Current and other liabilities	28.5	30.9	2.4
Net OPEB liability	13.2	10.5	(2.7)
Net pension liability	268.0	287.8	19.8
Noncurrent liabilities	481.8	458.9	(22.9)
Total liabilities	<u>791.5</u>	<u>788.1</u>	<u>(3.4)</u>
Deferred inflows of resources			
Deferred OPEB inflows	2.7	4.3	1.6
Deferred pension inflows	188.0	125.4	(62.6)
Total deferred inflows	<u>190.7</u>	<u>129.7</u>	<u>(61.0)</u>
Net position			
Net investment in capital assets	8.7	15.8	7.1
Restricted	37.0	41.3	4.3
Unrestricted	(405.2)	(316.0)	89.2
Total net position	<u>\$ (359.5)</u>	<u>\$ (258.9)</u>	<u>\$ 100.6</u>

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

- Revenues of \$223.6 million exceeded expenses of \$123.0 million, resulting in the \$100.6 million increase in net position. Total revenues decreased \$15.6 million over revenues of the prior year and total expenses decreased \$48.0 million, primarily due to the decrease of \$33.4 million of net pension expense due to GASB Statement No. 68.
- The State of Colorado's General Assembly included a 12.70 percent negative per-pupil budget stabilization factor into the School Finance Act (SFA) for fiscal year 2020–2021. This budget stabilization factor was to help the state balance its budget due to the fiscal crisis. The district's per-pupil revenue was \$7,837, compared to \$8,987 without the budget stabilization factor. The SFA was supported by state equalization funds, local taxes, and property taxes in the fiscal year.
- The average funded student count, which is the per-pupil basis for fiscal year 2020–2021 SFA program funding, decreased slightly by 1.9 percent to 14,513.9 from 14,792.1 the previous year.
- Property tax collections were strong this fiscal year. The increase of these taxes by \$1.1 million, compared to budget and the prior year, was primarily due to timing of collections and the higher property assessment values. The collection of specific ownership taxes was also strong this year. The increase of these taxes were over \$1.0 million, compared to budget and the prior year, primarily due to continued strong new car sales and low car financing options. Additionally, property tax collections

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Management's Discussion and Analysis

started on the Debt-Free Schools Mill Levy Override in January 2021. Interest rates currently have stabilized and are not forecasted to recover in the near future, resulting in lower interest revenue.

- Total expenses of \$123.0 million represent a \$48.0 million, or 28.1 percent, decrease compared to the prior year. Instructional expenses decreased \$21.4 million, of which \$22.8 million represents the net OPEB and pension expense change compared to the fiscal year 2019–2020. Support services expenses decreased \$24.6 million, of which \$11.3 million represents the net OPEB and pension expense change compared to the 2019–2020 fiscal year. Interest expenses decreased \$2.0 million based on the debt service payment schedule.
- The one-time spending of \$3.3 million for student and staffing needs from the unassigned fund balance was allocated starting in 2021–2022. In addition the Board approved \$4.2 million of unassigned fund balance for the Career Exploration Center (CEC) and new school start-up expenditures.

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

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

	<u>Primary Government</u> <u>Governmental Activities</u>		<u>Total Percent Change</u> <u>2020–2021</u>
	<u>2020</u>	<u>2021</u>	
Revenues			
Program revenues			
Charges for services	\$ 9.1	\$ 5.4	(40.7)%
Operating grants/contributions	24.8	19.7	(20.6)
Capital grants/contributions	-	-	-
General revenues			
Property and S.O. taxes	124.8	134.5	7.8
State equalization aid	67.6	60.4	(10.7)
Interest and other revenues	12.9	3.6	(72.1)
Total revenues	<u>239.2</u>	<u>223.6</u>	<u>(6.5)</u>
Expenses			
Instruction	78.7	57.3	(27.2)
Support services	75.4	50.8	(32.6)
Interest	16.9	14.9	(11.8)
Total expenses	<u>171.0</u>	<u>123.0</u>	<u>(28.1)</u>
Change in net position	68.2	100.6	47.5
Net position—beginning of year	<u>(427.7)</u>	<u>(359.5)</u>	
Net position—end of year	<u><u>\$(359.5)</u></u>	<u><u>\$(258.9)</u></u>	

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Management's Discussion and Analysis

Figure A-5
Sources of Revenue for Fiscal Year 2021

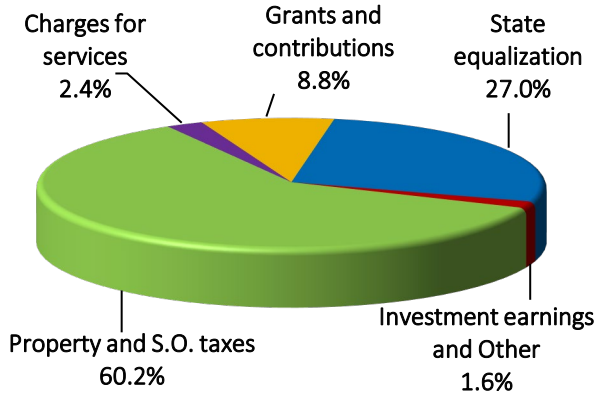
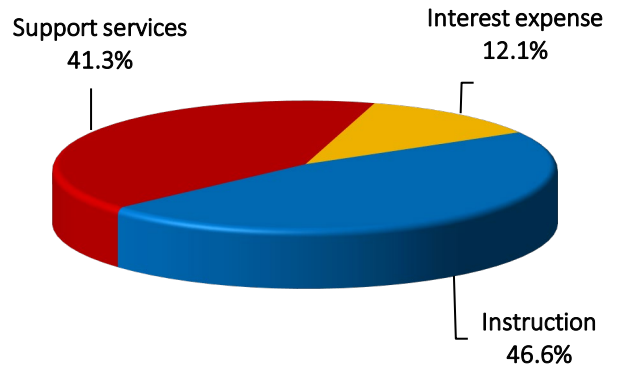


Figure A-6
Expenses for Fiscal Year 2021



Governmental Activities

Revenues decreased \$15.6 million, or 6.5 percent, to \$223.6 million. Total expenses decreased \$48.0 million to \$123.0 million as a result of the net OPEB and pension expense of \$33.4 million due to GASB Statements No. 68 and No. 75, salary and benefit increases effective in January 2021, inflationary pressures, and state budget reductions. Revenues exceeded expenses resulting in a \$100.6 million increase in net position.

Figure A-7 summarizes the net cost of governmental activities, as presented in the statement of activities in the government-wide financial statements. The table also shows each activity's *net cost* (total cost less fees generated by the activities and other aid provided for specific programs). The net cost shows the financial burden placed on local and state taxpayers for each of the functions. Program revenues of \$25.1 million are a much smaller funding source for public school district governmental activities, representing only 11.2 percent of total revenues of \$223.6 million.

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

Function/Program	Total Cost of Services		Percent Change 2020–2021	Net Cost of Services		Percent Change 2020–2021
	2020	2021		2020	2021	
Instruction	\$ 78.7	\$ 57.3	(27.2)%	\$ 56.8	\$ 41.1	(27.6)%
Support services	75.4	50.8	(32.6)	63.4	41.8	(34.1)
Interest expense	16.9	14.9	(11.8)	16.9	15.0	(11.2)
Total	<u>\$ 171.0</u>	<u>\$ 123.0</u>	(28.1)	<u>\$ 137.1</u>	<u>\$ 97.9</u>	(28.6)

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

- The cost of all governmental activities for the year was \$123.0 million.
- Some of the cost was financed by the users of the programs, \$5.4 million.
- The federal and state governments, along with private donors, subsidized certain programs with operating grants of \$19.7 million.
- Most of the net cost of \$97.9 million was financed by general revenues from state and local taxpayers.
- Net cost of governmental services decreased \$39.2 million, or 28.6 percent, from \$137.1 million in the previous year to \$97.9 million.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Management's Discussion and Analysis

- General revenues totaled \$198.5 million, consisting of \$134.5 million in property and specific ownership taxes, \$60.4 million in state equalization aid, and \$3.6 million of interest earnings and other revenue.
- The resulting increase in governmental activities' net position was \$100.6 million.

Financial Analysis of the District's Governmental Funds

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

Fund Analysis

The General Fund, including the Risk Management sub-fund, is a major fund and is the most significant fund of the district. The Capital Projects Fund and the Student Athletic, Activities, and Clubs Fund are supported by the General Fund, with transfers out totaling \$2.8 million for the year, which also includes approximately \$138,761 transfer to the Nutrition Services Fund from donations and to cover one-time Board authorized stipends; as well as a transfer of \$63,077 to the Extended Day Care Program Fund to cover one-time Board authorized stipends. The Capital Projects—Building Fund is a capital improvement fund used to account for the major capital outlays for district facilities supported by the voter-approved 2018 bond election. These one-time bond proceeds are used for major capital expenditures to replace facilities for the district were incurred for this fiscal year. The Designated Purpose Grant Fund is supported by grant revenues and the Debt Service Fund by voter-approved property tax mill levies to meet general obligation debt service requirements. The Extended Day Care Program Fund is supported by tuition, while the Nutrition Services Fund received funding from federal grants along with sales of breakfasts and lunches. The operations and technology fund was created on January 1, 2021, and is funded by the Debt-Free Schools Mill Levy Override that was passed by the voters in November 2020. Expenditures eligible for this fund include ongoing building maintenance, capital improvements, and technology expenditures.

Total General Fund school finance program funding, which includes property taxes, specific ownership taxes, and state equalization for fiscal year 2020–2021, was impacted by the state's cost-of-living increase, a negative per-pupil budget stabilization factor of 12.7 percent, and lower enrollment.

- Overall, the General Fund reported revenue of \$159.9 million for fiscal year 2020–2021, which was \$7.7 million lower when compared to the previous year. This decrease includes the on-behalf state contribution to PERA's retirement plan of \$2.6 million in the previous year that was suspended for fiscal year 2020–2021.
- Expenditures reported in the General Fund decreased \$6.7 million to \$155.0 million for fiscal year 2020–2021. Net transfers to other funds decreased \$1.8 million to \$2.8 million when compared to the prior year. Expenditures included salaries and benefits, unbudgeted COVID-19 expenditures, and overall inflationary pressures. The fund balance in the General Fund increased \$2.1 million for fiscal year 2020–2021.

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

The Capital Projects—Building Fund expenditures totaled \$104.1 million related to major capital construction projects and district facility upgrades. This resulted in a decrease in fund balance of \$103.2 million.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Management's Discussion and Analysis

The Bond Redemption Fund refunded the 2010 General Obligation bonds during the fiscal year. This contributed to the decrease in fund balance of \$1.3 million.

General Fund Budget

Current General Fund expenditures, excluding the Risk Management sub-fund, totaling \$153.0 million were 93.0 percent of the final budget of \$164.6 million compared to the 92.9 percent of the prior year. Budget carryovers are allowed by policy in various operating areas, and the carryovers primarily resulted from the changes of the final budget when compared to the original budget. The unspent expenditure budget at the end of 2020–2021 is mostly due to the under-spending of the final budget that will be rolled into the subsequent year. The district's contingency budget represents the majority of unspent appropriation and anticipated ending fund balance. The final budget reported a contingency reserve of \$14.8 million, which represents 8.3 percent of budgeted expenditures. Revenues of the General Fund amounted to 102.6 percent of budgeted revenues.

Capital Assets and Long-Term Debt

Capital Assets

As shown in Figure A-8, total primary government capital assets, net of depreciation, increased a net \$90.6 million to \$249.9 million from the previous year. This was the result of \$6.5 million of net depreciation expense, \$4.7 million of asset disposals, \$10.7 million of asset capitalization, and \$91.1 million of construction in progress. Asset additions consisted of land, land improvements, buildings, equipment, and vehicles.

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

	Total Primary Governmental Activities		Dollars Change
	2020	2021	2020–2021
	<u>2020</u>	<u>2021</u>	<u>2020–2021</u>
Land	\$ 5.9	\$ 10.6	\$ 4.7
Land improvements	9.7	9.4	(0.3)
Buildings	107.8	101.6	(6.2)
Equipment	2.2	4.0	1.8
Vehicles	2.6	2.1	(0.5)
Construction in progress	31.1	122.2	91.1
Total	<u>\$ 159.3</u>	<u>\$ 249.9</u>	<u>\$ 90.6</u>

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

Long-Term Debt

As of year-end, the district had \$458.8 million in general obligation bonds and other long-term debt outstanding, a decrease of \$23.0 million, as shown in Figure A-9. The outstanding general obligation bonds at June 30, 2021, consisted of the 2013 general obligation bonds of \$50.0 million, 2014 general obligation bonds of \$17.0 million, 2015 general obligation bonds of \$15.6 million, and the 2019 general obligation bonds of \$288.6 million and the 2020 general obligation refunding bonds of \$26.4 million.

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

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Management’s Discussion and Analysis

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

	Governmental Activities		Dollars Change	Credit Rating Moody’s Underlying Rate
	2020	2021	2020–2021	
General obligation (G.O.) bonds	\$ 416.8	\$ 397.6	\$ (19.2)	Aa2
Premium on G.O. bonds	61.5	57.5	(4.0)	
Accreted interest	1.2	1.5	0.3	
Compensated absences	2.3	2.2	(0.1)	
Total	\$ 481.8	\$ 458.8	\$ (23.0)	

Factors Bearing on the District’s Future

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

- Globally and locally, the district remains in unprecedented times, with shifting and still-elevated economic risks. There is still a great deal of uncertainty about how much of the shifts in consumer, business, and worker behavior will continue and whether short-term disruptions will have long-lasting ripple effects. The receding federal funding and on-going COVID-19 related public health order expenditures will result in strains on the General Fund.
- The state’s General Assembly incorporated a statewide base per-pupil revenue (PPR) increase of 2.0 percent for inflation; however, the state set a budget stabilization factor of 6.7 percent for 2021–2022. This kept the statewide average total PPR at \$8,991, thus reducing the state share by \$571.2 million for a total reduction of approximately \$9.8 billion over the last 13 years. The average statewide PPR funding without the budget stabilization factor funding cut would have been \$9,634, or \$643 more per student.
- Due to the state funding, it is projected that the district’s per-pupil funding will increase \$9.6 million when compared to 2020–2021 to \$123.4 million in 2021–2022. Full per-pupil funding would have equated to \$132.3 million, a loss of revenue to the district of \$8.9 million.
- Along with the CARES Act from the previous year, the district received Elementary and Secondary School Emergency Relief (ESSER) funds, which provided one-time grant funding to education to support expenses incurred due to COVID-19. The district received \$5.1 million from the ESSER grant. Allowable uses for these funds include complying with state and local public health orders, planning and implementing remote learning, recovering plans from lost learning time, meeting mental health needs, purchasing sanitation supplies, and providing other services necessary to limit the transmission of the COVID-19 virus. The district accounted for revenue and expenditures of this grant in its Designated Purpose Grants Fund.
- The 2021–2022 budget has a 4.22 percent salary increase for licensed staff and 3.0 percent salary increases for all other staff; however, employee contributions to PERA and health insurance did not increase.
- A \$298.9 million bond measure was placed on the November 2018 ballot by the Board and approved by voters. The major projects funded by the bond in 2021–2022 included the design and construction for a new elementary school on the Moody campus, construction of the new elementary school on the Franklin campus and the Career Exploration Center (CEC), and various projects throughout the district including the purchase of new student furniture. A citizen’s oversight committee will continue to review the use of these dollars to ensure that the funding is used for the purposes that were represented to the voters.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Management's Discussion and Analysis

- Over the last year, the Board reviewed several new boundary options presented by the Long-Range Planning Committee (LRPC). The purpose of the study was to address growing transportation challenges, provide boundaries for the new Ford elementary school, prepare for the consolidation of the Highland and Franklin neighborhoods on the new Franklin campus, and better balance enrollment throughout the district. In August 2020, the Board approved changes to the district's attendance boundaries after revisiting parent survey results. These new boundaries will take effect in the fall of 2021 for the 2021–2022 school year.
- In August 2020, the Board approved language for a Debt-Free Schools Mill Levy Override to be placed on the November 2020 ballot. The question asked voters to approve a tax increase of \$12 million, or no more than 6 mills, for collection starting in 2021. One additional mill can be approved by the Board each year, not to exceed 11 mills in total. The passage of this mill levy override will allow the district to cover ongoing building maintenance, capital improvements, and technology expenditures, thereby freeing up General Fund dollars for purposes such as continuing to attract and retain quality teachers; maintaining counselors and mental health support; and providing career, technical, and skilled trade programming. The 2021–2022 Adopted Budget included revenue from one additional mill along with the corresponding expenditures to be approved by the Board in December 2021.

Contacting the District's Financial Management

This financial report is designed to provide the district's citizens, taxpayers, customers, investors, and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, please contact the Finance Office, Littleton Public Schools, 5776 South Crocker Street, Littleton, CO 80120. Additional information is available on the district website at www.littletonpublicschools.net.

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Basic Financial Statements



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ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Statement of Net Position

June 30, 2021

	<u>Primary Government</u>	<u>Component</u>
	<u>Governmental</u>	<u>Units</u>
	<u>Activities</u>	<u>Charter</u>
		<u>Schools</u>
ASSETS		
Equity in pooled cash and investments	\$ 51,209,562	\$ 5,162,738
Restricted cash and investments	272,153,706	1,362,582
Taxes receivable—net	1,835,744	-
Due from other governments	5,655,757	-
Other accounts receivable	2,089,910	81,881
Inventories	557,491	-
Deposits	74,667	-
Prepaid items	135,918	-
Capital assets—net of accumulated depreciation where applicable:		
Land	10,592,063	1,889,806
Land improvements	9,370,710	85,677
Buildings and leasehold improvements	101,640,959	9,665,730
Equipment	3,979,163	88,683
Vehicles	2,107,467	-
Construction in progress	122,171,694	95,143
Total assets	<u>583,574,811</u>	<u>18,432,240</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	577,100	235,701
Deferred OPEB outflows	656,580	33,540
Deferred pension outflows	74,045,218	4,119,268
Total deferred outflows of resources	<u>75,278,898</u>	<u>4,388,509</u>
LIABILITIES		
Accounts and contracts payable	19,542,875	125,356
Accrued compensation	8,387,899	512,687
Accrued interest payable	1,610,370	98,377
Unearned revenue	1,352,672	17,361
Noncurrent liabilities:		
Due within one year	16,410,000	332,982
Due in more than one year	442,426,714	9,781,324
Net OPEB liability due in more than one year	10,510,928	536,925
Net pension liability due in more than one year	287,816,917	16,011,772
Total liabilities	<u>788,058,375</u>	<u>27,416,784</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred OPEB inflows	4,249,797	217,090
Deferred pension inflows	125,417,516	6,977,202
Total deferred inflows of resources	<u>129,667,313</u>	<u>7,194,292</u>
NET POSITION		
Net investment in capital assets	15,832,523	2,711,750
Restricted for:		
Debt service	28,811,881	190,732
Nutrition services	1,471,483	-
Emergency reserve under TABOR	4,660,000	281,600
Operations and technology	6,369,994	-
Capital projects	-	624,872
Repair and replacement	-	260,000
Unrestricted	(316,017,860)	(15,859,281)
Total net position	<u>\$ (258,871,979)</u>	<u>\$ (11,790,327)</u>

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units Charter Schools
Primary Government						
Governmental activities:						
Instruction	\$ 57,347,969	\$ 933,618	\$ 15,269,219	\$ -	\$ (41,145,132)	\$ -
Support services	50,749,141	4,459,603	4,458,056	-	(41,831,482)	-
Interest expense	14,936,796	-	-	-	(14,936,796)	-
Total primary government	\$ 123,033,906	\$ 5,393,221	\$ 19,727,275	\$ -	\$ (97,913,410)	\$ -
Component Units—Charter Schools						
	\$ 8,897,095	\$ 259,523	\$ 665,556	\$ 299,839		(7,672,177)
		Property taxes:				
		Property taxes—levied for general purposes			78,691,778	-
		Property taxes—levied for debt service			46,854,188	-
		Specific ownership taxes			8,974,120	-
		Intergovernmental revenue, unrestricted:				
		State equalization aid			60,360,383	7,766,140
		District supplemental funding			-	1,787,799
		Investment earnings			889,064	9,226
		Other			2,772,782	95,497
		Total general revenues			198,542,315	9,658,662
		Change in net position			100,628,905	1,986,485
		Net position—beginning			(359,500,884)	(13,776,812)
		Net position—ending			\$ (258,871,979)	\$ (11,790,327)

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

**Balance Sheet
Governmental Funds
June 30, 2021**

	General Fund	Debt Service Fund	Capital Projects— Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments	\$ 37,241,920	\$ -	\$ -	\$ 13,967,642	\$ 51,209,562
Restricted investments	-	30,637,107	241,516,599	-	272,153,706
Taxes receivable from the county treasurer	2,389,570	732,044	-	243,179	3,364,793
Taxes receivable—net	1,151,681	513,939	-	170,124	1,835,744
Due from other governments	-	-	-	2,290,964	2,290,964
Other accounts receivable	703,732	-	1,386,178	-	2,089,910
Inventories	557,491	-	-	-	557,491
Deposits	74,667	-	-	-	74,667
Total assets	\$ 42,119,061	\$ 31,883,090	\$ 242,902,777	\$ 16,671,909	\$ 333,576,837
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 1,082,791	\$ -	\$ 17,603,809	\$ 856,275	\$ 19,542,875
Accrued compensation	7,508,906	-	-	878,993	8,387,899
Other unearned revenue	112,790	-	-	1,239,882	1,352,672
Total liabilities	8,704,487	-	17,603,809	2,975,150	29,283,446
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue	1,151,681	513,939	-	170,124	1,835,744
Total deferred inflows	1,151,681	513,939	-	170,124	1,835,744
FUND BALANCES					
Nonspendable for:					
Inventories	557,491	-	-	-	557,491
Deposits	74,667	-	-	-	74,667
Restricted for:					
Emergency (TABOR)	4,660,000	-	-	-	4,660,000
Debt service	-	31,369,151	-	-	31,369,151
Nutrition services	-	-	-	1,471,483	1,471,483
Capital projects	-	-	225,298,968	-	225,298,968
Operations and technology	-	-	-	6,369,994	6,369,994
Committed for:					
Risk management	2,528,456	-	-	-	2,528,456
Capital projects	-	-	-	3,137,834	3,137,834
Student care services	-	-	-	1,563,081	1,563,081
Pupil activities	-	-	-	982,382	982,382
Assigned for:					
Beverage sponsorship for student needs	-	-	-	1,861	1,861
Budget carryovers	5,441,180	-	-	-	5,441,180
One-time spending related to student and staffing needs	3,300,000	-	-	-	3,300,000
Carrier Expoloration Center and new schools startup	4,200,000	-	-	-	4,200,000
Unassigned	11,501,099	-	-	-	11,501,099
Total fund balances	32,262,893	31,369,151	225,298,968	13,526,635	302,457,647
Total liabilities, deferred inflows and fund balances	\$ 42,119,061	\$ 31,883,090	\$ 242,902,777	\$ 16,671,909	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This amount of capital assets is net of accumulated depreciation.	249,862,056
Prepaid insurance premiums are not recorded in the fund financials statements because it is not an expense in the current year.	135,918
Other long-term assets are not available to pay for current year expenditures and, therefore, are unearned in the funds.	1,835,744
Other postemployment benefits (OPEB) liability activities including deferred OPEB outflows of \$656,580, net OPEB liability of (\$10,510,928), and deferred OPEB inflow of (\$4,249,797), are not due and payable in the current year and therefore not reported in the funds.	(14,104,145)
Pension liability activities including deferred pension outflows of \$74,045,218, net pension liability of (\$287,816,917), and deferred pension inflow of (\$125,417,516), are not due and payable in the current year and therefore not reported in the funds.	(339,189,215)
Long-term liabilities, including bonds payable, accreted interest and compensated absences of (\$458,836,714) and deferred charges on refunding of \$577,100, are not due and payable in the current period and therefore are not reported in the funds.	(458,259,614)
Interest payable on general obligation debt is not recorded on the fund financial statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.	(1,610,370)
Governmental activities net position	<u>\$ (258,871,979)</u>

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	Debt Service Fund	Capital Projects— Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 79,687,389	\$ 35,658,881	\$ -	\$ 11,535,042	\$ 126,881,312
Specific ownership taxes	8,974,120	-	-	-	8,974,120
Federal grants	825,650	-	-	11,034,778	11,860,428
State equalization aid	60,360,383	-	-	-	60,360,383
State education of students with disabilities	3,436,793	-	-	-	3,436,793
Other state entitlements and state grants	2,366,478	-	-	1,335,462	3,701,940
Food sales	-	-	-	361,088	361,088
Donated commodities	-	-	-	272,074	272,074
Student care	-	-	-	2,073,619	2,073,619
Pupil activities	-	-	-	1,366,502	1,366,502
Investment earnings	46,337	23,355	817,162	2,210	889,064
State contributions—pension	-	-	-	-	-
Other	4,204,622	-	92,000	524,212	4,820,834
Total revenues	<u>159,901,772</u>	<u>35,682,236</u>	<u>909,162</u>	<u>28,504,987</u>	<u>224,998,157</u>
EXPENDITURES					
Current:					
Instruction	99,971,439	-	-	5,974,693	105,946,132
Support services	55,021,941	-	-	17,117,923	72,139,864
Debt service:					
Principal retirement	-	10,310,000	-	-	10,310,000
Interest and fiscal charges	-	20,084,866	-	-	20,084,866
Bond issuance costs	-	232,172	-	-	232,172
Capital outlay	29,952	-	104,144,073	1,851,177	106,025,202
Total expenditures	<u>155,023,332</u>	<u>30,627,038</u>	<u>104,144,073</u>	<u>24,943,793</u>	<u>314,738,236</u>
EXCESS OF REVENUES OVER (UNDER)	<u>4,878,440</u>	<u>5,055,198</u>	<u>(103,234,911)</u>	<u>3,561,194</u>	<u>(89,740,079)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	-	26,370,000	-	-	26,370,000
Premium on bonds	-	3,443,234	-	-	3,443,234
Payment to escrow agent	-	(36,119,466)	-	-	(36,119,466)
Transfers in	-	-	-	2,789,086	2,789,086
Transfers out	(2,789,086)	-	-	-	(2,789,086)
Total other financing sources (uses)	<u>(2,789,086)</u>	<u>(6,306,232)</u>	<u>-</u>	<u>2,789,086</u>	<u>(6,306,232)</u>
NET CHANGE IN FUND BALANCES	2,089,354	(1,251,034)	(103,234,911)	6,350,280	(96,046,311)
FUND BALANCE—BEGINNING	30,173,539	32,620,185	328,533,879	7,176,355	398,503,958
FUND BALANCES—ENDING	<u>\$ 32,262,893</u>	<u>\$ 31,369,151</u>	<u>\$ 225,298,968</u>	<u>\$ 13,526,635</u>	<u>\$ 302,457,647</u>

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

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

Net change in fund balances—total governmental funds	\$ (96,046,311)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$9,953,211) and net book value of disposed assets (\$1,253,172) exceeds net capital asset additions of \$101,787,683.	90,581,300
Property tax revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements.	1,835,744
Unearned property tax revenue of the prior year received in the current year is recognized in the prior year statement of activities and in the current year fund statements.	(3,171,090)
Repayments of bond principal of \$10,310,000 reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	10,310,000
The premium received on the issuance of bonds and the book loss on refunding of bonds are amortized over the life of the bonds. Current year amortization of the premium on bonds is net of amortization on the loss on refunding and is reported as a reduction to interest expense on the statement of activities.	5,562,744
In the statement of activities, certain operating expenses, such as compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which usage of (\$1,438,370) exceeds benefits of \$1,350,358.	88,012
Decreases to prepaid insurance premiums are expensed in the fund financial statements.	(142,268)
Net OPEB liability activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of OPEB income of \$1,062,671, including change in contribution subsequent to measurement date (\$15,144).	1,062,671
Net pension liability activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of pension income \$84,423,373, including change in contribution subsequent to measurement date (\$511,374).	84,424,373
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and do not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: bond proceeds (\$26,370,000), bond premium (\$3,443,234), payment to escrow agent, \$36,119,466.	6,306,232
Interest payable on general obligation debt is not recorded on the fund financial statements because it is not a current use of cash. Interest of \$1,610,370 is accrued on the government-wide statements since the liability is to be paid in the near term. Accreted interest of \$1,460,839 is on the government-wide statements classified as due in more than one year. The liability in the prior year was interest of \$1,685,635 and accreted interest of \$1,203,072, resulting in additional interest expense reported for the current year.	<u>(182,502)</u>
Change in net position of governmental activities	<u>\$ 100,628,905</u>

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Notes to Basic Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 30 days of the end of the current fiscal period or within 90 days for federal grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The district reports the following major governmental funds:

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

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

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

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

2. Receivables

Property taxes levied in 2020 but not yet collected in 2021 are identified as property taxes receivable in the governmental funds balance sheet at June 30, 2021, and are presented net of an allowance for uncollectible taxes. Intergovernmental receivables include amounts due from grantors for specific program grants.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

3. Inventories, Deposits, and Prepaid Items

All inventories are valued at cost using the average cost method. Inventories are recorded as expenditures when consumed rather than when purchased. The district deposited an amount with an insurance provider, which is termed deposits.

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

6. Compensated Absences

District policy allows unlimited accumulation of vacation leave and unused sick days. Accrued vacation is paid to eligible employees upon termination of employment, limited to two years' accrual. Payment for unused sick days is made upon an employee's retirement as defined by the district, not to exceed annual contract days times a factor of one-half (1/2) the daily pay rate of a substitute teacher. Each fund liquidates the accrued vacation and sick leave for its respective liabilities.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Notes to Basic Financial Statements

an outflow of resources (expense/expenditure) until that time. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note III D for deferred pension outflows of resources and Note III E for deferred OPEB outflows of resources.

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

8. On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the state of Colorado is required to make a payment to PERA each year equal to \$225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. House Bill (HB) 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020, for the state's 2020–2021 fiscal year; therefore, no on-behalf payments were made or recorded for the district in the fund financial statements.

9. Long-Term Obligations

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

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

10. Property Taxes

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

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

11. State Equalization Aid

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

12. Net Position/Fund Balance

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

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

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

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

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

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

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

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II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2021, consist of the following:

Cash on hand	\$ 25,750
Deposits with financial institutions	681,637
Investments	<u>327,818,619</u>
Total cash and investments	<u><u>\$ 328,526,006</u></u>

Cash and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Statement of net position:

Equity in pooled cash and investments, primary government	\$ 51,209,562
Restricted investments, primary government	272,153,706
Equity in pooled cash and investments, component units	<u>5,162,738</u>
Total cash and investments	<u><u>\$ 328,526,006</u></u>

Deposits with Financial Institutions

The district’s cash and deposit policies are approved by the Board and governed by Colorado statutes. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102.0 percent of the uninsured deposits.

Investments

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

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

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

Investments of June 30, 2021, consist of the following:

<u>Investments</u>	<u>12 months or less</u>	<u>1 to 5 years</u>	<u>Total Investment</u>
Local government investment pools	\$ 145,047,849	\$ -	\$ 145,047,849
U.S. Treasury notes	45,385,542	13,005,536	58,391,078
U.S. Agencies	38,265,112	17,376,575	55,641,687
Commercial paper	23,606,111	-	23,606,111
Certificate of deposit	20,859,188	-	20,859,188
Mutual fund	15,430,323	-	15,430,323
Supra-National Agency Bond/Note	-	5,319,598	5,319,598
Commercial Notes	2,934,713	-	2,934,713
Bank Note	-	588,072	588,072
Total	<u>\$ 291,528,838</u>	<u>\$ 36,289,781</u>	<u>\$ 327,818,619</u>

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

Investments as of June 30, 2021, consist of the following by Standard & Poor's or Fitch Rating:

<u>Investments</u>	<u>A-1</u>	<u>A-1+</u>	<u>AA-</u>	<u>AA+</u>	<u>AAA</u>	<u>AAAf</u>	<u>AAAm</u>	<u>Total</u>
Local government investment pools	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$145,047,849	\$145,047,849
U.S. Treasury notes	-	-	-	58,391,078	-	-	-	58,391,078
U.S. Agencies	-	-	-	55,641,687	-	-	-	55,641,687
Commercial paper	17,296,423	6,309,688	-	-	-	-	-	23,606,111
Certificates of deposit	19,258,781	1,600,407	-	-	-	-	-	20,859,188
Mutual fund	-	-	-	-	-	9,180,000	6,250,323	15,430,323
Supra-National Agency Bond/Notes	-	-	-	-	5,319,598	-	-	5,319,598
Commercial Notes	-	-	-	2,934,713	-	-	-	2,934,713
Bank Notes	-	-	588,072	-	-	-	-	588,072
Total	<u>\$36,555,204</u>	<u>\$7,910,095</u>	<u>\$588,072</u>	<u>\$116,967,478</u>	<u>\$5,319,598</u>	<u>\$9,180,000</u>	<u>\$151,298,172</u>	<u>\$327,818,619</u>

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

Concentration of credit risk—State statutes generally do not limit the amount the district may invest in one issuer. The investments of Federal Home Loan Bank for \$25,459,070 and Federal National Mortgage Association for \$24,412,732 individually garner greater than five percent of total investments.

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Fair value measurement—The district categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The district has the following recurring fair value measurements as of June 30, 2021:

- U.S. Treasury securities of \$58.4 million are valued using quoted market prices
- U.S. agencies' securities of \$55.6 million are valued using quoted market prices
- Commercial paper of \$23.6 million are valued using quoted market prices
- Mutual funds of \$15.4 million are valued using quoted market prices
- Supra-National Agency Bond/Notes of \$5.3 million are valued using quoted market prices
- Commercial notes of \$2.9 million are valued using quoted market prices
- Bank Notes of \$0.6 million are valued using quoted market prices

The district does not hold any investments that meet the definition of Level 2 or Level 3 inputs.

As of June 30, 2021, the district invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund, and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest-rated commercial paper, and any security allowed under C.R.S. 24-75-601. A designated custodial bank serves as custodian for COLOTRUST's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the COLOTRUST's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records investments at fair value, and the district records investments in COLOTRUST at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

As of June 30, 2021, the district invested in the Colorado Surplus Asset Fund Trust (CSAFE) Colorado CORE, an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing CSAFE. CSAFE operates similarly to a money market fund, and each share is equal in value to \$2.00. CSAFE is rated AAAM by Standard & Poor's and is valued at fair value basis. CSAFE records investments at fair value, and the district records investments in CSAFE at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is a one-day redemption notice period.

As of June 30, 2021, the district invested in the Colorado Statewide Investment Program (CSIP), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing CSIP. CSIP operates similarly to a money market fund, and each share is equal in value to \$1.00. CSIP Liquid Portfolio is rated AAAM by Standard & Poor's and is valued at amortized cost. CSIP Term is rated AAAF by Fitch. It records investments at fair value, and the district records investments in CSIP Term at net asset value. There are no unfunded commitments, the redemption frequency is

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Notes to Basic Financial Statements

daily, and there is a one-day redemption notice period. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

Component Units

The district's two charter schools' restricted investments at June 30, 2021, consist of the following:

<u>Investments</u>	<u>Total Investments</u>	<u>Standard & Poor's Rating</u>
Littleton Academy Charter School:		
COLOTRUST Plus+ Fund (government investment pool)	\$ 599,162	AAAm
Littleton Preparatory Charter School:		
Government Liquidity Fund #8352	763,420	AAAm
Total	<u>\$1,362,582</u>	

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

Credit risk for the charter schools is the same as the district's. The charter schools' investments as of June 30, 2021, were rated AAAM by Standard & Poor's.

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

B. Inter-Fund Receivables, Payables, and Transfers

Inter-fund transfers in/out for the fiscal year ended June 30, 2021, are shown below.

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>				
		<u>Nutrition Services Fund</u>	<u>Student Athletic, Activities, and Clubs Fund</u>	<u>Extended Day Care Program Fund</u>	<u>Capital Projects Fund</u>	
General Fund	\$ -	\$ 138,761	\$ 1,645,374	\$ 63,077	\$ 941,874	\$ 2,789,086

Annually, the district subsidizes the Student Athletic, Activities, and Clubs Fund and the Capital Projects Fund by a transfer from the General Fund. In the current fiscal year, due to the impact of COVID-19, donations for Nutrition Services were received in the General Fund and then transferred into Nutrition Services, as well as a transfer for Board authorized stipends and COVID-19 supply expenditures. District practice has been to make an annual transfer from the Extended Day Care Program Fund to the General Fund for overhead; however, due to the current budget restraints and the ongoing budget challenges related to COVID-19, no transfer for the current fiscal year was made. In addition, the Extended Day Care Program Fund was relieved of COVID-19 supply expenditures and Board authorized stipends through a transfer from the General Fund.

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C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, is shown below.

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,857,507	\$ 4,734,556	\$ -	\$ 10,592,063
Construction in progress	31,121,291	92,456,926	(1,406,523)	122,171,694
Total capital assets not being depreciated	<u>36,978,798</u>	<u>97,191,482</u>	<u>(1,406,523)</u>	<u>132,763,757</u>
Capital assets being depreciated:				
Land improvements	20,863,780	1,101,145	(340,117)	21,624,808
Buildings	276,933,804	2,462,308	(4,163,378)	275,232,734
Equipment	6,992,411	2,392,477	(237,284)	9,147,604
Vehicles	9,174,060	46,794	-	9,220,854
Total capital assets being depreciated	<u>313,964,055</u>	<u>6,002,724</u>	<u>(4,740,779)</u>	<u>315,226,000</u>
Less accumulated depreciation for:				
Land improvements	(11,158,997)	(1,416,261)	321,160	(12,254,098)
Buildings	(169,092,810)	(7,450,221)	2,951,256	(173,591,775)
Equipment	(4,814,944)	(568,668)	215,191	(5,168,441)
Vehicles	(6,595,346)	(518,041)	-	(7,113,387)
Total accumulated depreciation	<u>(191,662,097)</u>	<u>(9,953,211)</u>	<u>3,487,607</u>	<u>(198,127,701)</u>
Total capital assets being depreciated—net	<u>122,301,958</u>	<u>(3,950,487)</u>	<u>(1,253,172)</u>	<u>117,098,299</u>
Governmental activities capital assets—net	<u>\$159,280,756</u>	<u>\$ 93,240,995</u>	<u>\$ (2,659,695)</u>	<u>\$249,862,056</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

	<u>Governmental Activities</u>
Instruction	\$ 8,677,735
Support services	1,275,476
Total depreciation expense—governmental activities	<u>\$ 9,953,211</u>

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Component units:				
Capital assets not being depreciated:				
Land	\$ 1,889,806	\$ -	\$ -	\$ 1,889,806
Construction in progress	15,964	79,179	-	95,143
Total capital assets not being depreciated	<u>1,905,770</u>	<u>79,179</u>	<u>-</u>	<u>1,984,949</u>
Capital assets being depreciated:				
Land improvements	286,101	-	-	286,101
Building and improvements	12,987,087	-	-	12,987,087
Equipment	89,315	48,196	-	137,511
Total capital assets being depreciated	<u>13,362,503</u>	<u>48,196</u>	<u>-</u>	<u>13,410,699</u>
Less accumulated depreciation for:				
Land improvements	(186,119)	(14,305)	-	(200,424)
Building and improvements	(2,979,228)	(342,129)	-	(3,321,357)
Equipment	(38,089)	(10,739)	-	(48,828)
Total accumulated depreciation	<u>(3,203,436)</u>	<u>(367,173)</u>	<u>-</u>	<u>(3,570,609)</u>
Total capital assets being depreciated—net	<u>10,159,067</u>	<u>(318,977)</u>	<u>-</u>	<u>9,840,090</u>
Component units capital assets—net	<u>\$ 12,064,837</u>	<u>\$ (239,798)</u>	<u>\$ -</u>	<u>\$ 11,825,039</u>

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D. Accrued Compensation

Accrued compensation relates to salaries and benefits of certain contractually employed personnel, which are paid over a 12-month period from August to July, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid at June 30, 2021, are estimated to be \$8,387,899.

E. Short-Term Debt

During the year ended June 30, 2021, the district borrowed \$13,846,808 from the State Treasurer’s interest-free loan program. The borrowing was necessary to finance cyclical cash flow requirements of the district during the fiscal year ended June 30, 2021. The amount borrowed was paid in full by the maturity date June 30, 2021.

F. Long-Term Debt

General Obligation Bonds. The district has issued general obligation (G.O.) bonds to provide funds for major improvement projects to existing facilities. These bond issues were primarily for governmental activities. The issued amounts of the 2013 G.O. bonds, the 2014 G.O. bonds, and the 2015 G.O. bonds are \$50,000,000; \$17,000,000; and \$12,998,580 (with additional ‘B’ interest certificates of \$2,627,615), respectively, as part of the November 2013 voter-approved \$80,000,000 capital improvement projects. The district issued the 2019 G.O. bonds for \$298,870,000 as part of the November 2018 voter-approved capital improvement projects. The issued amount of the 2020 G.O. bonds was \$26,370,000 for G.O. refunding bonds issued October 2020 to refund a majority of the outstanding G.O. bonds, Series 2010 of \$28,855,000, , on an advance refunding basis; which saved the Littleton Public Schools taxpayers \$3,242,926 on a present value basis. This advanced refunding reduced the district’s total debt service payments over the next four years by \$3.25 million to obtain an economic gain (difference between the present value of the old and the new debt service payments) of \$3.24 million.

Premiums on bonds were received with the 2013 G.O. bonds issue as additional proceeds of \$2,336,062; the 2014 general obligation bonds issue as additional proceeds of \$1,115,552; the 2015 G.O. bonds issue as additional proceeds of \$2,262,339; the 2019 G.O. bonds issue as additional proceeds of \$60,756,343; and the 2020 G.O. refunding bonds issue as additional proceeds of \$3,443,234. For full accrual accounting purposes, the premium is combined with the debt and amortized over the life of the bonds.

G.O. bonds are direct obligations and pledge the full faith and credit of the district. General property taxes provide the revenue for payments of principal and interest on the bonds; voters in the district approve the increase in property taxes for the debt service costs in general elections. The bonds are generally issued as 20-year serial bonds with semi-annual payments of either principal, interest, or both. G.O. bonds outstanding at June 30, 2021, are shown below.

<u>Bond Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
2013 G.O. bonds	General government	4.5%–5.0%	Dec. 1, 2037	\$ 50,000,000
2014 G.O. bonds	General government	3.0%–4.0%	Dec. 1, 2038	\$ 17,000,000
2015 G.O. bonds	General government	2.9%–5.0%	Dec. 1, 2038	\$ 15,626,195
2019 G.O. bonds	General government	5.0%–5.5%	Dec. 1, 2043	\$288,560,000
2020 G.O. refunding bonds	General government	2.0%–5.0%	Dec. 1, 2024	\$ 26,370,000
Total G.O. Bonds				<u>\$ 397,556,195</u>

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Notes to Basic Financial Statements

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

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 14,985,000	\$ 19,949,350	\$ 34,934,350
2023	18,405,000	19,114,600	37,519,600
2024	19,325,000	18,171,350	37,496,350
2025	20,290,000	17,190,050	37,480,050
2026	21,952,615	17,179,235	39,131,850
2027–2031	90,615,000	65,977,313	156,592,313
2032–2036	67,175,000	47,420,825	114,595,825
2037–2041	82,018,580	32,253,020	114,271,600
2042–2044	62,790,000	5,303,375	68,093,375
Totals	\$397,556,195	\$242,559,118	\$640,115,313

Changes in Long-Term Debt. The changes in long-term liabilities for the primary government for the fiscal year ended June 30, 2021, were as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental activities:					
G.O. bonds payable	\$ 416,751,195	\$ 26,370,000	\$ (45,565,000)	\$ 397,556,195	\$ 14,985,000
Premium on bonds	61,545,399	3,443,234	(7,421,159)	57,567,474	-
Accreted interest on bonds	1,203,072	257,767	-	1,460,839	-
Compensated absences	2,340,218	1,350,358	(1,438,370)	2,252,206	1,425,000
Totals	\$ 481,839,884	\$ 31,421,359	\$ (54,424,529)	\$ 458,836,714	\$ 16,410,000

Payment of G.O. bonds debt service, including bond principal, is made from the Debt Service Fund. The General Fund typically liquidates compensated absences. The General Fund is also typically used to liquidate pension and OPEB liabilities.

Component Unit Direct Borrowing. On December 19, 2006, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$5,235,000 of Charter School Revenue Refunding Bonds, Series 2006, to advance refund CECFA’s outstanding Series 2001 bonds on behalf of Littleton Academy Building Foundation (the Foundation). The Foundation used these direct borrowing proceeds of the Series 2001 bonds were used by the Foundation to acquire and remodel the school building for Littleton Academy Charter School.

Littleton Academy Charter School is obligated under a lease agreement to make monthly lease payments to the Foundation for use of the building. The Foundation is required to make semi-annual loan payments to the trustee for payment of the bonds. Bond interest payments are due semi-annually on January 15 and July 15, with interest accruing at rates ranging from 3.75 percent to 4.38 percent. Principal payments are due annually on January 15 through 2036. There are no assets pledged as collateral in relation to this loan, and contain a provision that in an event of default, the principal outstanding may be declared or may become due and payable upon the conditions of the agreement.

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

Fiscal Year Ending June 30	Mortgage Loan		
	Principal	Interest	Total
2022	\$ 175,000	\$ 155,913	\$ 330,913
2023	180,000	148,388	328,388
2024	190,000	140,648	330,648
2025	200,000	132,478	332,478
2026	205,000	123,878	328,878
2027–2031	1,175,000	402,062	1,577,062
2032–2036	1,455,000	271,250	1,726,250
Totals	\$3,580,000	\$1,374,615	\$4,954,617

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

The Corporation and CECFA entered into a mortgage loan agreement. Littleton Preparatory Charter School is obligated under a lease agreement to make monthly lease payments to the Corporation for use of the building. The Corporation is required to make semi-annual loan payments to the trustee for payment of the bonds. Bond interest payments are due semi-annually on June 1 and December 1, with interest accruing at 5.0 percent. Principal payments are due annually on December 1, beginning in 2014 through 2043. There are no assets pledged as collateral in relation to this loan, and contain a provision that in an event of default, the principal outstanding may be declared or may become due and payable upon the conditions of the agreement.

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

Fiscal Year Ending June 30	Mortgage Loan		
	Principal	Interest	Total
2022	\$ 155,000	\$ 319,125	\$ 474,125
2023	160,000	311,250	471,250
2024	170,000	303,000	473,000
2025	180,000	294,250	474,250
2026	190,000	285,000	475,000
2027–2031	1,100,000	1,268,750	2,368,750
2032–2036	1,395,000	958,125	2,353,125
2037–2041	1,780,000	563,750	2,343,750
2042–2043	1,330,000	79,250	1,409,250
Totals	\$6,460,000	\$4,382,500	\$10,842,500

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Component Unit Changes in Long-Term Debt. The changes in long-term debt for Littleton Academy Charter School for the fiscal year ended June 30, 2021, were as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Mortgage loan payable	\$ 3,750,000	\$ -	\$ 170,000	\$ 3,580,000	\$ 175,000
Discount on loan	(34,335)	-	(2,092)	(32,243)	(2,092)
Totals	<u>\$ 3,715,665</u>	<u>\$ -</u>	<u>\$ 167,908</u>	<u>\$ 3,547,757</u>	<u>\$ 172,908</u>

The changes in long-term debt for Littleton Preparatory Charter School for the fiscal year ended June 30, 2021, were as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Mortgage loan payable	\$ 6,605,000	\$ -	\$ 145,000	\$ 6,460,000	\$ 155,000
Premium on loan	111,622	-	5,073	106,549	5,074
Totals	<u>\$ 6,716,622</u>	<u>\$ -</u>	<u>\$ 150,073</u>	<u>\$ 6,566,549</u>	<u>\$ 160,074</u>

III. OTHER INFORMATION

A. Risk Management

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

Liability and property. The district has a self-insured retention on its general liability, errors and omissions, and auto claims up to \$150,000 per occurrence. For claims in excess of \$150,000 up to \$5,000,000, the district is a member of the Excess-of-Loss Self-Insurance Pool (ELSIP), a public entity risk pool. ELSIP operates risk management and insurance programs for three participating member school districts. The district pays an annual premium for its coverage. ELSIP may require additional contributions if it determines the financial condition, including cash flow availability, so necessitates additional contributions. Additionally, the district purchases cyber liability coverage through American International Group (AIG). The district self-insures the first \$50,000 for each property claim and insures through Travelers additional losses up to approximately \$394.3 million. The district purchases other insurance policies for crime and fiduciary with varying deductibles and limits. Both charter schools participate with the district for all coverages.

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

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

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B. Contingent Liabilities

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

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

C. Constitutional TABOR Amendment

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

In the November 1998 general election, the district's electorate authorized the district to collect, retain, and expend all revenues and other funds collected during fiscal year 1999 and each subsequent year from any source, notwithstanding the TABOR limitations. The district remains subject to TABOR with respect to general mill levy increase restrictions and to the issuance of any new debt without taxpayers' approval. The TABOR amendment is subject to many interpretations, but the district believes it is in compliance. TABOR requires that an emergency reserve be established. Net position and fund balances of \$4,660,000 have been restricted for this emergency reserve at June 30, 2021.

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

Summary of Significant Accounting Policies

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

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General Information about the Pension Plan

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

Benefits provided. As of December 31, 2020, 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, benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. 24-51-602, 604, 1713, and 1714.

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the great of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The first 10 years of service credit times \$15 plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases (AI) in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. 24-51-

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413. Eligible benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI for a given year by up to one-quarter of one percent based on the parameters specified in C.R.S. 24-51-413.

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

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

Contributions. Provisions as of June 30, 2021, eligible employees and the district, Littleton Academy, and Littleton Preparatory are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. and 24-51-413. Eligible employees are required to contribute 10.00 percent (10.00%) of their PERA-includable salary during the period of July 1, 2020, through June 30, 2021. The employer contribution requirements are summarized in the table below.

	July 1, 2020 Through June 30, 2021
Employer contribution rate*	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f) *	(1.02)
Amount Apportioned to the SCHDTF*	9.88
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411 *	4.50
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411 *	5.50
Total Employer Contribution Rate to the SCHDTF*	19.88%

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

As specified in C.R.S. 24-51-414, the state is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF’s December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020–21 Fiscal Year* was passed into law during the 2020 legislative session and signed by Governor Polis on June 20, 2020. This

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bill suspended the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member, and the district, Littleton Academy, and Littleton Preparatory are statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the district, Littleton Academy, and Littleton Preparatory were \$21,098,811; \$469,531; and \$582,027, respectively for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The district, Littleton Academy and Littleton Preparatory proportions of the net pension liability were based on the district, Littleton Academy and Littleton Preparatory contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the state as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployee contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the district, Littleton Academy, and Littleton Preparatory reported a liability for their proportionate shares of the net pension liability. The amount recognized by the district, Littleton Academy, and Littleton Preparatory as their proportionate shares of the net pension liability, the related state support, and the total portion of the net pension liability associated with the district, Littleton Academy, and Littleton Preparatory were as follows:

	District	Littleton Academy	Littleton Preparatory
Proportionate share of the net pension liability	\$ 287,816,917	\$ 7,018,443	\$ 8,993,329
State's proportionate share of the net pension liability	-	-	-
Total	\$ 287,816,917	\$ 7,018,443	\$ 8,993,329

At December 31, 2020, the district's and the two charter schools' proportion was 2.010 percent, which was an increase of 0.131 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the district, Littleton Academy, and Littleton Preparatory recognized net pension income of \$83,912,369; \$282,175; and \$834,576, respectively and revenue of zero for support from the state as a non-contributing entity. At June 30, 2021, the district, Littleton Academy, and Littleton Preparatory reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown on following page.

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	District		Littleton Academy		Littleton Preparatory	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$15,814,109	\$ -	\$ 385,629	\$ -	\$ 494,139	\$ -
Changes of assumptions or other inputs	27,687,093	48,379,588	675,152	1,179,741	865,130	1,511,703
Net difference between projected and actual earnings on pension plan investments	-	63,355,052	-	1,544,919	-	1,979,636
Changes in proportion and differences between contributions recognized and proportionate share of contributions	19,867,763	13,682,876	484,477	333,658	620,802	427,545
Contributions subsequent to the measurement date	10,676,253	-	260,341	-	333,598	-
Total	\$74,045,218	\$125,417,516	\$1,805,599	\$3,058,318	\$2,313,669	\$3,918,884

The \$10,676,253; \$260,341; and \$333,598 from the district, Littleton Academy, and Littleton Preparatory, respectively, are reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the 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:

Year Ended:	District	Littleton Academy	Littleton Preparatory
2022	\$ (54,439,111)	\$ (1,327,503)	\$ (1,701,043)
2023	11,482,681	280,006	358,796
2024	(9,097,505)	(221,844)	(284,267)
2025	(9,994,615)	(243,720)	(312,299)
2026	-	-	-
Thereafter	-	-	-

Actuarial assumptions. The total pension liability in the December 31, 2019, actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases—including wage inflation	3.50–9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007; and DPS Benefit Structure (compounded annually)	1.25 percent
PERA benefit structure hired after December 31, 2006 ¹	Financed by the AIR

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.

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

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

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during their meeting on November 18, 2016.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases—including wage inflation	3.40–11.00 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007, and DPS benefit structure (compounded annually)	1.25 percent
PERA benefit structure hired after December 31, 2006 ¹	Financed by the AIR

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.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

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

- Males: a 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: an 83 percent of the rates prior to age 80 and 106 percent of the rates of 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: a 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: a 105 percent of the rates for all ages, with generational projection using scale MP-2019.

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumptions decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent 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 estimated of geometric real rates of return for each major asset class are summarized in the table on the following page:

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<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 ¹	6.00	4.70
Total	<u>100.00%</u>	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state of Colorado, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, and is proportioned between the state, district, judicial, and DPS division trust funds based upon covered payroll of each division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the state's 2020–2021 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the district’s, Littleton Academy’s, and Littleton Preparatory’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District’s proportionate share of the net pension liability	\$392,605,848	\$287,816,917	\$200,493,208
Littleton Academy’s proportionate share of the net pension liability	9,573,731	7,018,443	4,889,046
Littleton Preparatory’s proportionate share of the net pension liability	12,267,638	8,993,329	6,264,751

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

E. Postemployment Benefits Other Than Pensions (OPEB)

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan Description. Eligible employees of the district, Littleton Academy, and Littleton Preparatory are provided with OPEB through the HCTF—a cost-sharing, multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by Colorado PERA. The HCTF is established under Title 24, Article 51, Part 12 of the C.R.S., as amended. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA

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Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. PERA issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

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

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the state, school, local government, and judicial divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member, and the district, Littleton Academy, and Littleton Preparatory are statutorily committed to pay the contributions. Employer contributions recognized by the HCTF were \$1,059,107; \$24,091; and \$29,859, respectively, for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, the district, Littleton Academy, and Littleton Preparatory reported a liability of \$10,510,928; \$235,319; and \$301,606, respectively, for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2020. The district's and the two charter schools' proportions of the net OPEB liability were based on total contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF. At December 31, 2020, the district's, Littleton Academy's, and Littleton Preparatory's total proportion was 1.163 percent, which was a decrease of 0.065 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the district and Littleton Preparatory recognized OPEB income of \$1,047,527 and \$5,432, respectively, and Littleton Academy recognized OPEB expense of \$9,044. At June 30, 2021, the district, Littleton Academy, and Littleton Preparatory reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources shown on the table on the following page.

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Notes to Basic Financial Statements

	District		Littleton Academy		Littleton Preparatory	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 27,897	\$2,310,806	\$ 625	\$ 51,734	\$ 800	\$ 66,308
Changes of assumptions or other inputs	78,537	644,521	1,758	14,430	2,254	18,494
Net difference between projected and actual earnings on OPEB plan investments	-	429,486	-	9,615	-	12,324
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	864,984	-	19,365	-	24,820
Contributions subsequent to the measurement date	550,146	-	12,317	-	15,786	-
Total	\$ 656,580	\$4,249,797	\$ 14,700	\$ 95,144	\$ 18,840	\$ 121,946

The \$550,146; \$12,317; and \$15,786 from the district, Littleton Academy, and Littleton Preparatory, respectively, are reported as deferred outflows of resources related to OPEB will result in the district, Littleton Academy, and Littleton Preparatory contributions subsequent to the measurement date being recognized as a reduction in the net OPEB liability in the year ended June 30, 2022. 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>District</u>	<u>Littleton Academy</u>	<u>Littleton Preparatory</u>
2022	\$ (960,786)	\$ (21,510)	\$ (27,569)
2023	(900,700)	(20,165)	(25,845)
2024	(955,719)	(21,397)	(27,424)
2025	(886,361)	(19,844)	(25,434)
2026	(412,688)	(9,239)	(11,842)
Thereafter	(27,110)	(607)	(778)

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Actuarial assumptions. The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the actuarial assumptions and other inputs as shown on the following page:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50% for 2020, gradually rising 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

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, 2019, valuation, the following monthly costs/premiums are assumed for 2020 for the PERA benefit structure:

Medicare Plan	Monthly Cost for Members Without Medicare Part A	Monthly Premiums for Members Without Medicare Part A	Monthly Cost for Members Adjusted to Age 65 without Medicare Part A
Medicare Advantage/Self-Insured Prescription Kaiser Permanente Medicare Advantage HMO	\$ 588	\$ 227	\$ 550
Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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 and Medicaid Services are referenced in the

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development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2020	8.10%	3.50%
2021	6.40	3.75
2022	6.00	3.75
2023	5.70	3.75
2024	5.50	4.00
2025	5.30	4.00
2026	5.10	4.00
2027	4.90	4.25
2028	4.70	4.25
2029+	4.50	4.50

Mortality assumptions used in the December 31, 2019, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the state, district, local government, and judicial divisions participate in the HCTF.

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

Healthy, post-retirement non-disabled mortality assumptions for the state and local government divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

Healthy, post-retirement non-disabled mortality assumptions for the school and judicial divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	<u>State</u> <u>Division</u>	<u>School</u> <u>Division</u>	<u>Local</u> <u>Government</u> <u>Division</u>	<u>Judicial</u> <u>Division</u>
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70	0.70	0.70	0.70
Wage inflation	3.00	3.00	3.00	3.00
Salary increases, including Wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.2%-12.4%	N/A	3.2%-12.4% ¹	N/A

¹ C.R.S. 24-51-101(46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statement in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions was 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon PubG2010 Employee Table with generational projection using scale MP-2019.

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

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010. Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table 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 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projections using scale MP-2019.

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

Disabled mortality assumptions for State Troopers were based on the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 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 the Board's actuary, as discussed above.

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

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Notes to Basic Financial Statements

28, 2020. As a result of the November 20 2020, PERA Board meeting, the economic assumptions listed on the following page were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors were 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 percentage and then adding expected inflation.

The PERA Board first adopted the 7.25 percent 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 expected 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 below:

<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 ¹	6.00	4.70
Total	<u>100.00%</u>	

¹ The Opportunity Fund’s name changed to Alternatives, effective January 1, 2020.

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

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

The following presents the district’s, Littleton Academy’s, and Littleton Preparatory’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The table on the following page 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:

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	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50	4.50	5.50
Initial Medicare Part A trend rate	2.50	3.50	4.50
Ultimate Medicare Part A trend rate	3.50	4.50	5.50
District's proportionate share of the net OBEB liability	\$10,239,257	\$10,510,928	\$10,827,188
Littleton Academy's proportionate share of the net OPEB liability	229,237	235,319	242,400
Littleton Preparatory's proportionate share of the net OPEB liability	293,811	301,606	310,681

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's, Littleton Academy's, and Littleton Preparatory's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The table on the following page presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discounted rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current discount rate:

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Notes to Basic Financial Statements

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
District's proportionate share of the next OPEB liability	\$12,040,458	\$10,510,928	\$9,204,066
Littleton Academy's proportionate share of the next OPEB liability	269,563	235,319	206,061
Littleton Preparatory's proportionate share of the next OPEB liability	345,496	301,606	264,107

OPEB Plan Fiduciary Net Position

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

Required Supplementary Information



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ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 79,517,382	\$ 78,527,334	\$ 79,687,389	\$ 1,160,055
Specific ownership taxes	6,859,375	7,425,514	8,974,120	1,548,606
Intergovernmental revenue:				
Federal grants	820,255	820,255	825,650	5,395
State equalization aid	59,120,185	59,032,823	60,360,383	1,327,560
State education of students with disabilities	3,361,449	3,361,449	3,436,793	75,344
Other state entitlements	2,346,725	2,346,725	2,366,478	19,753
Investment earnings	272,800	110,000	46,337	(63,663)
Other	4,090,486	3,471,486	3,361,945	(109,541)
Total revenues	<u>156,388,657</u>	<u>155,095,586</u>	<u>159,059,095</u>	<u>3,963,509</u>
EXPENDITURES				
Current:				
Instruction	97,800,040	107,071,015	99,971,439	7,099,576
Support services:				
Pupil services	8,907,509	9,733,459	9,370,324	363,135
Instructional staff services	7,949,460	9,327,464	9,133,097	194,367
General administration	2,045,306	6,216,519	2,163,309	4,053,210
School administration	9,747,062	10,112,839	10,108,197	4,642
Financial administration	2,679,557	3,362,067	1,801,486	1,560,581
Operations administration	12,694,520	7,182,904	8,958,357	(1,775,453)
Transportation	6,035,775	6,030,441	5,967,579	62,862
Central administration	5,233,868	5,357,984	5,539,253	(181,269)
Community services	191,623	192,593	46,269	146,324
Contingency reserve	20,167,109	14,842,409	-	14,842,409
Total expenditures	<u>173,451,829</u>	<u>179,429,694</u>	<u>153,059,310</u>	<u>26,370,384</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,063,172)</u>	<u>(24,334,108)</u>	<u>5,999,785</u>	<u>30,333,893</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	342,068	100,819	-	(100,819)
Transfers out	(4,435,302)	(4,488,282)	(5,061,586)	(573,304)
Total other financing sources (uses)	<u>(4,093,234)</u>	<u>(4,387,463)</u>	<u>(5,061,586)</u>	<u>(674,123)</u>
NET CHANGE IN FUND BALANCE	(21,156,406)	(28,721,571)	938,199	29,659,770
FUND BALANCE—BEGINNING	<u>20,167,109</u>	<u>19,212,273</u>	<u>28,721,571</u>	<u>9,509,298</u>
FUND BALANCE—ENDING	<u>\$ (989,297)</u>	<u>\$ (9,509,298)</u>	<u>\$ 29,659,770</u>	<u>\$ 39,169,068</u>
RECONCILIATION to GAAP Basis:				
Total Revenue and Transfers In Above			\$ 159,059,095	
On-Behalf Contribution to PERA Retirement Plan			-	
Total Revenue, GAAP Basis			<u>159,059,095</u>	
Total Expenditures and Transfers Out Above			158,120,896	
On-Behalf Contribution to PERA Retirement Plan			-	
Total Expenditures, GAAP Basis			<u>158,120,896</u>	
Change in Fund Balance, GAAP Basis			938,199	
FUND BALANCE—BEGINNING, GAAP Basis			<u>28,721,571</u>	
FUND BALANCE—ENDING, GAAP Basis			<u>\$ 29,659,770</u>	

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Risk Management Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Insurance reimbursements and other	\$ 130,100	\$ 573,100	\$ 842,677	\$ 269,577
Total revenues	<u>130,100</u>	<u>573,100</u>	<u>842,677</u>	<u>269,577</u>
EXPENDITURES				
Current:				
Risk management	2,402,600	2,402,600	1,964,022	438,578
Contingency reserve	<u>1,200,000</u>	<u>1,894,968</u>	<u>-</u>	<u>1,894,968</u>
Total expenditures	<u>3,602,600</u>	<u>4,297,568</u>	<u>1,964,022</u>	<u>2,333,546</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,472,500)</u>	<u>(3,724,468)</u>	<u>(1,121,345)</u>	<u>2,603,123</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,272,500</u>	<u>2,272,500</u>	<u>2,272,500</u>	<u>-</u>
Total other financing sources	<u>2,272,500</u>	<u>2,272,500</u>	<u>2,272,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,200,000)	(1,451,968)	1,151,155	2,603,123
FUND BALANCE—BEGINNING	<u>1,200,000</u>	<u>1,451,968</u>	<u>1,451,968</u>	<u>-</u>
FUND BALANCE—ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,603,123</u></u>	<u><u>\$ 2,603,123</u></u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Required Supplementary Information
June 30, 2021

NOTE 1: Budgetary Information

- a. The District prepares budgets for all funds. During May, the superintendent of schools submits to the Board of Education a proposed budget for all funds for the fiscal year commencing July 1. The budget includes proposed expenditures and the means for financing them.
- b. Notice is provided to taxpayers of the availability for inspection of the proposed budget. Prior to June 30, the budget is adopted by formal resolution of the Board of Education. C.R.S. 22-44-110 (5) allows the Board of Education to review and change the Adopted Budget, with respect to both revenues and expenditures, at any time prior to January 31.
- c. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department within any fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year including beginning fund balances and reserves as established by the Board of Education.
- d. Budgets are adopted on a basis consistent with GAAP, with the exception of the on-behalf payments for retirement benefits to Colorado PERA paid by the state of Colorado.
- e. The budgets reported in the accompanying financial statements and schedules as adopted by the Board of Education were done so as authorized.
- f. Appropriations for all funds lapse at the fiscal year end.
- g. The Risk Management Fund is a sub-fund of the General Fund, and its budget is approved by the Board of Education annually. The Statement of Revenues, Expenditures, and Changes in Fund Balances combines the actual revenues and expenditures of the General Fund and the Risk Management Fund. A budgetary comparison schedule is provided separately for both the General Fund and the Risk Management Fund. The following is a reconciliation of the General Fund actual revenues and expenditures as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

	<u>General Fund</u>	<u>Risk Management Fund</u>	<u>Total</u>
Revenue and Transfers, GAAP Basis	\$ 159,059,095	\$ 3,115,177	\$ 162,174,272
Expenditures and Transfers, GAAP Basis	(158,120,896)	(1,964,022)	(160,084,918)
Change in Fund Balances, GAAP Basis	938,199	1,151,155	2,089,354
Fund Balance—Beginning, GAAP Basis	28,721,571	1,451,968	30,173,539
Fund Balance—Ending, GAAP Basis	<u>\$ 29,659,770</u>	<u>\$ 2,603,123</u>	<u>\$ 32,262,893</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Schedules of Required Supplementary Information
June 30, 2021

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

	2013	2014	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	2.27%	2.25%	2.22%	2.21%	2.19%	1.82%	1.79%	1.90%
District's proportionate share of the net pension liability	\$277,142	\$291,875	\$325,723	\$ 629,668	\$676,856	\$322,173	\$267,995	\$ 287,817
State's proportionate share of the net pension liability associated with the district **	-	-	-	-	-	44,053	33,992	-
Total	\$277,142	\$291,875	\$325,723	\$ 629,668	\$676,856	\$366,226	\$301,987	\$ 287,817
District's covered payroll	\$ 90,007	\$ 90,761	\$ 93,180	\$ 94,917	\$ 96,531	\$100,073	\$104,900	\$ 103,372
District's proportionate share of the net pension liability as a percentage of its employee covered payroll	307.91%	321.59%	349.56%	663.39%	701.18%	321.94%	255.48%	278.43%
Plan fiduciary net position as a percentage of the total pension liability	64.06%	62.80%	59.20%	43.10%	43.96%	57.01%	64.52%	67.00%

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

* Information for 2011 to 2012 is not available.

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200. This distribution was suspended for fiscal year 2021 per House Bill 20-1379.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 12,046	\$ 13,039	\$ 14,260	\$ 15,327	\$ 16,843	\$ 17,498	\$ 18,436	\$ 19,631	\$ 20,519	\$ 21,099
Contributions in relation to the contractually required contribution	(12,046)	(13,039)	(14,260)	(15,327)	(16,843)	(17,498)	(18,436)	(19,631)	(20,519)	(21,099)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 88,496	\$ 90,415	\$ 89,784	\$ 91,217	\$ 94,995	\$ 95,196	\$ 97,621	\$ 102,612	\$ 105,877	\$ 107,516
Contributions as a percentage of covered payroll	13.61%	14.42%	15.88%	16.80%	17.73%	18.38%	18.89%	19.13%	19.38%	19.62%

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

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Schedules of Required Supplementary Information
June 30, 2021

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

	2016	2017	2018	2019	2020
District's proportion of the net OPEB liability	1.25%	1.24%	1.18%	1.17%	1.16%
District's proportionate share of the net OPEB liability	\$ 15,585	\$ 15,456	\$ 16,099	\$ 13,177	\$ 10,511
District's covered payroll	\$ 94,917	\$ 96,531	\$ 100,073	\$ 109,871	\$ 109,123
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.42%	16.01%	16.09%	11.99%	9.63%
Plan fiduciary net position as a percentage of the total OPEB liability	16.72%	17.53%	17.03%	24.49%	32.78%

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

* Information for 2011 to 2015 is not available.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 903	\$ 921	\$ 916	\$ 930	\$ 968	\$ 971	\$ 996	\$ 1,047	\$ 1,080	\$ 1,059
Contributions in relation to the contractually required contribution	(903)	(921)	(916)	(930)	(968)	(971)	(996)	(1,047)	(1,080)	(1,059)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 88,496	\$ 90,415	\$ 89,784	\$ 91,217	\$ 94,995	\$ 95,196	\$ 97,621	\$ 102,612	\$ 105,877	\$ 102,298
Contributions as a percentage of employee payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.04%

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

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Combining and Individual Fund Statements and Schedules



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ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Nonmajor Governmental Funds

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

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

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

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

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

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

Operations and Technology Fund. This fund is used to account for the ongoing building maintenance, capital improvements, technology expenditures, and a per-pupil allocation to the Charter Schools. Funding is provided from the Debt-Free Schools Mill Levy Override passed by the Voters in November 2020.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Designated Purpose Grants Fund	Nutrition Services Fund	Extended Day Care Program Fund
ASSETS			
Equity in pooled cash and investments	\$ (227,933)	\$ 1,322,971	\$ 1,910,768
Taxes receivable from the county treasurer	-	-	-
Taxes receivable—net	-	-	-
Due from other governments	1,776,954	514,010	-
	<u>\$ 1,549,021</u>	<u>\$ 1,836,981</u>	<u>\$ 1,910,768</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and contracts payable	\$ 181,981	\$ 14,268	\$ 10,171
Accrued compensation	551,133	106,523	158,248
Unearned revenue	815,907	244,707	179,268
	<u>1,549,021</u>	<u>365,498</u>	<u>347,687</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances:			
Restricted for:			
Nutrition services	-	1,471,483	-
Operations and technology	-	-	-
Committed for:			
Capital projects	-	-	-
Student care services	-	-	1,563,081
Pupil activities	-	-	-
Assigned for:			
Social Committee Funds Collected	-	-	-
	<u>-</u>	<u>1,471,483</u>	<u>1,563,081</u>
Total fund balances	<u>-</u>	<u>1,471,483</u>	<u>1,563,081</u>
Total liabilities and fund balances	<u>\$ 1,549,021</u>	<u>\$ 1,836,981</u>	<u>\$ 1,910,768</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Student Athletic, Activities, and Clubs Fund	Capital Projects Fund	Operations and Technology Fund	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$ 1,049,495	\$ 3,454,399	\$ 6,457,942	\$ 13,967,642
Taxes receivable from the county treasurer	-	-	243,179	243,179
Taxes receivable—net	-	-	170,124	170,124
Due from other governments	-	-	-	2,290,964
	<u>\$ 1,049,495</u>	<u>\$ 3,454,399</u>	<u>\$ 6,871,245</u>	<u>\$ 16,671,909</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 9,422	\$ 316,565	\$ 323,868	\$ 856,275
Accrued compensation	55,830	-	7,259	878,993
Unearned revenue	-	-	-	1,239,882
	<u>65,252</u>	<u>316,565</u>	<u>331,127</u>	<u>2,975,150</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	-	-	170,124	170,124
	<u>-</u>	<u>-</u>	<u>170,124</u>	<u>170,124</u>
Fund balances:				
Restricted for:				
Nutrition services	-	-	-	1,471,483
Operations and technology	-	-	6,369,994	6,369,994
Committed for:				
Capital projects	-	3,137,834	-	3,137,834
Student care services	-	-	-	1,563,081
Pupil activities	982,382	-	-	982,382
Assigned for:				
Social Committee Funds Collected	1,861	-	-	1,861
	<u>984,243</u>	<u>3,137,834</u>	<u>6,369,994</u>	<u>13,526,635</u>
Total fund balances	<u>984,243</u>	<u>3,137,834</u>	<u>6,369,994</u>	<u>13,526,635</u>
Total liabilities and fund balances	<u>\$ 1,049,495</u>	<u>\$ 3,454,399</u>	<u>\$ 6,871,245</u>	<u>\$ 16,671,909</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2021

	Designated Purpose Grants Fund	Nutrition Services Fund	Extended Day Care Program Fund
REVENUES			
Intergovernmental revenue:			
Property taxes	\$ -	\$ -	\$ -
Federal grants	8,184,205	2,776,323	74,250
Donated commodities	-	272,074	-
State grants	1,007,629	31,253	296,580
Food sales	-	361,088	-
Pupil activities	-	-	-
Student care	-	-	2,073,619
Investment earnings	-	-	-
Other	-	15,029	23,283
	<u>9,191,834</u>	<u>3,455,767</u>	<u>2,467,732</u>
EXPENDITURES			
Current:			
Instruction	5,974,693	-	-
Support services	3,217,141	3,256,947	2,702,330
Capital outlay	-	18,995	36,077
	<u>9,191,834</u>	<u>3,275,942</u>	<u>2,738,407</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	179,825	(270,675)
OTHER FINANCING SOURCES			
Transfers in	-	138,761	63,077
	<u>-</u>	<u>138,761</u>	<u>63,077</u>
NET CHANGE IN FUND BALANCE	-	318,586	(207,598)
FUND BALANCE—BEGINNING	<u>-</u>	<u>1,152,897</u>	<u>1,770,679</u>
FUND BALANCES—ENDING	<u>\$ -</u>	<u>\$ 1,471,483</u>	<u>\$ 1,563,081</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2021

	Student Athletic, Activities, and Clubs Fund	Capital Projects Fund	Operations and Technology Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue:				
Property taxes	\$ -	\$ -	\$ 11,535,042	\$ 11,535,042
Federal grants	-	-	-	11,034,778
Donated commodities	-	-	-	272,074
State grants	-	-	-	1,335,462
Food sales	-	-	-	361,088
Pupil activities	1,366,502	-	-	1,366,502
Student care	-	-	-	2,073,619
Investment earnings	1,864	-	346	2,210
Other	-	485,900	-	524,212
Total revenues	<u>1,368,366</u>	<u>485,900</u>	<u>11,535,388</u>	<u>28,504,987</u>
EXPENDITURES				
Current:				
Instruction	-	-	-	5,974,693
Support services	2,776,111	-	5,165,394	17,117,923
Capital outlay	11,224	1,784,881	-	1,851,177
Total expenditures	<u>2,787,335</u>	<u>1,784,881</u>	<u>5,165,394</u>	<u>24,943,793</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(1,418,969)	(1,298,981)	6,369,994	3,561,194
OTHER FINANCING SOURCES				
Transfers in	1,645,374	941,874	-	2,789,086
Total other financing sources	<u>1,645,374</u>	<u>941,874</u>	<u>-</u>	<u>2,789,086</u>
NET CHANGE IN FUND BALANCE	226,405	(357,107)	6,369,994	6,350,280
FUND BALANCE—BEGINNING	<u>757,838</u>	<u>3,494,941</u>	<u>-</u>	<u>7,176,355</u>
FUND BALANCES—ENDING	<u>\$ 984,243</u>	<u>\$ 3,137,834</u>	<u>\$ 6,369,994</u>	<u>\$ 13,526,635</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
 Designated Purpose Grants Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ 12,481,312	\$ 10,245,174	\$ 8,184,205	\$ (2,060,969)
State grants	2,294,278	1,780,286	1,007,629	(772,657)
Total revenues	<u>14,775,590</u>	<u>12,025,460</u>	<u>9,191,834</u>	<u>(2,833,626)</u>
EXPENDITURES				
Current:				
Instruction	9,825,767	7,816,549	5,974,693	1,841,856
Support services	4,949,823	4,208,911	3,217,141	991,770
Total expenditures	<u>14,775,590</u>	<u>12,025,460</u>	<u>\$ 9,191,834</u>	<u>2,833,626</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE—BEGINNING	-	-	-	-
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Nutrition Services Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Food sales	\$ 2,669,000	\$ 280,000	\$ 361,088	\$ 81,088
Federal aid:				
Federal government programs reimbursements	1,301,000	1,930,875	2,776,323	845,448
Donated commodities	249,213	249,213	272,074	22,861
State programs reimbursement	60,300	31,253	31,253	-
Other	7,000	2,000	15,029	13,029
Total revenues	4,286,513	2,493,341	3,455,767	962,426
EXPENDITURES				
Salaries and employee benefits	2,185,114	1,936,766	1,969,530	(32,764)
Purchased services	284,800	227,827	111,892	115,935
Supplies	37,796	27,327	29,922	(2,595)
Food costs:				
Purchased food	1,440,000	875,200	869,841	5,359
Donated commodities	249,213	249,213	272,074	(22,861)
Equipment	82,190	5,000	18,995	(13,995)
Other	7,400	7,500	3,688	3,812
Contingency reserve	433,531	317,405	-	317,405
Total expenditures	4,720,044	3,646,238	3,275,942	370,296
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(433,531)	(1,152,897)	179,825	1,332,722
OTHER FINANCING SOURCES				
Transfers in	-	-	138,761	(138,761)
Total other financing sources	-	-	138,761	(138,761)
NET CHANGE IN FUND BALANCE	(433,531)	(1,152,897)	318,586	1,471,483
FUND BALANCE—BEGINNING	433,531	1,152,897	1,152,897	-
FUND BALANCE—ENDING	\$ -	\$ -	\$ 1,471,483	\$ 1,471,483

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Extended Day Care Program Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance With
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Student care fees	\$ 4,968,516	\$ 1,362,921	\$ 2,073,619	\$ 710,698
State Revenue	-	-	296,580	296,580
Federal Revenue	-	-	74,250	74,250
Contributions	-	82,537	23,283	(59,254)
Total revenues	<u>4,968,516</u>	<u>1,445,458</u>	<u>2,467,732</u>	<u>1,022,274</u>
EXPENDITURES				
Salaries and employee benefits	3,928,603	2,384,141	2,507,480	(123,339)
Purchased services	296,998	69,735	101,539	(31,804)
Supplies	202,760	47,102	76,787	(29,685)
Equipment	1,000	70,311	36,007	34,304
Other	197,087	83,639	16,594	67,045
Transfers out	342,068	100,819	-	100,819
Contingency reserve	1,428,002	460,390	-	460,390
Total expenditures	<u>6,396,518</u>	<u>3,216,137</u>	<u>2,738,407</u>	<u>477,730</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	63,077	(63,077)
Total other financing sources	<u>-</u>	<u>-</u>	<u>63,077</u>	<u>(63,077)</u>
NET CHANGE IN FUND BALANCE	(1,428,002)	(1,428,002)	(207,598)	1,563,081
FUND BALANCE—BEGINNING	<u>1,428,002</u>	<u>1,428,002</u>	<u>1,770,679</u>	<u>342,677</u>
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563,081</u>	<u>\$ 1,905,758</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Student Athletic, Activities and Clubs Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Pupil activities	\$ 2,614,359	\$ 2,614,359	\$ 1,366,502	\$ (1,247,857)
Investment earnings	9,700	9,700	1,864	(7,836)
Total revenues	<u>2,624,059</u>	<u>2,624,059</u>	<u>1,368,366</u>	<u>(1,255,693)</u>
EXPENDITURES				
Current:				
Support services	4,246,682	5,112,644	2,787,335	2,325,309
Contingency reserve	865,962	-	-	-
Total expenditures	<u>5,112,644</u>	<u>5,112,644</u>	<u>2,787,335</u>	<u>2,325,309</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,488,585)	(2,488,585)	(1,418,969)	1,069,616
OTHER FINANCING SOURCES				
Transfers in	1,622,623	1,622,623	1,645,374	22,751
Total other financing sources	<u>1,622,623</u>	<u>1,622,623</u>	<u>1,645,374</u>	<u>22,751</u>
NET CHANGE IN FUND BALANCE	(865,962)	(865,962)	226,405	1,092,367
FUND BALANCE—BEGINNING	<u>865,962</u>	<u>865,962</u>	<u>757,838</u>	<u>(108,124)</u>
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984,243</u>	<u>\$ 984,243</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Capital Projects Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Gifts to school and other revenue	\$ 296,000	\$ 296,000	\$ 485,900	\$ 189,900
Total revenues	296,000	296,000	485,900	189,900
EXPENDITURES				
Capital outlay	2,510,885	2,106,916	1,784,881	322,035
Contingency reserve	1,951,409	2,224,204	-	2,224,204
Total expenditures	4,462,294	4,331,120	1,784,881	2,546,239
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,166,294)	(4,035,120)	(1,298,981)	2,736,139
OTHER FINANCING SOURCES				
Transfers in	540,179	540,179	941,874	401,695
NET CHANGE IN FUND BALANCE	(3,626,115)	(3,494,941)	(357,107)	3,137,834
FUND BALANCE—BEGINNING	3,626,115	3,494,941	3,494,941	-
FUND BALANCE—ENDING	\$ -	\$ -	\$ 3,137,834	\$ 3,137,834

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Operations and Technology Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance With
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Property taxes	\$ -	\$ 11,784,055	\$ 11,535,042	\$ (249,013)
Interest income	-	8,838	346	(8,492)
Total revenues	-	11,792,893	11,535,388	(257,505)
EXPENDITURES				
Salaries and employee benefits	-	4,022,956	3,747,038	275,918
Purchased services	-	599,785	287,862	311,923
Supplies	-	1,461,860	297,917	1,163,943
Capital outlay	-	9,450	10,418	(968)
Other	-	2,164	494	1,670
Transfers out	-	798,919	821,665	(22,746)
Contingency reserve	-	4,897,759	-	4,897,759
Total expenditures	-	11,792,893	5,165,394	6,627,499
NET CHANGE IN FUND BALANCE	-	-	6,369,994	6,369,994
FUND BALANCE—BEGINNING	-	-	-	-
FUND BALANCE—ENDING	\$ -	\$ -	\$ 6,369,994	\$ 6,369,994

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Capital Projects—Building Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 3,500,000	\$ 3,500,000	\$ 817,162	\$ (2,682,838)
Other revenue	-	-	92,000	92,000
Total revenues	<u>3,500,000</u>	<u>3,500,000</u>	<u>909,162</u>	<u>(2,590,838)</u>
EXPENDITURES				
Capital projects:				
Building and improvements	129,051,316	129,051,316	104,144,073	24,907,243
Contingency reserve	199,729,275	202,982,563	-	202,982,563
Total expenditures	<u>328,780,591</u>	<u>332,033,879</u>	<u>104,144,073</u>	<u>227,889,806</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(325,280,591)</u>	<u>(328,533,879)</u>	<u>(103,234,911)</u>	<u>225,298,968</u>
NET CHANGE IN FUND BALANCE	(325,280,591)	(328,533,879)	(103,234,911)	225,298,968
FUND BALANCE—BEGINNING	<u>325,280,591</u>	<u>328,533,879</u>	<u>328,533,879</u>	<u>-</u>
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,298,968</u>	<u>\$ 225,298,968</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance With
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Property taxes	\$ 37,766,123	\$ 37,766,123	\$ 35,658,881	\$ (2,107,242)
Investment earnings	302,129	40,000	23,355	(16,645)
Total revenues	<u>38,068,252</u>	<u>37,806,123</u>	<u>35,682,236</u>	<u>(2,123,887)</u>
EXPENDITURES				
Debt service:				
Principal	16,710,000	10,310,000	10,310,000	-
Interest and fiscal charges	20,896,175	20,105,696	20,084,866	20,830
Bond issuance costs	-	232,172	232,172	-
Contingency reserve	33,667,564	33,472,208	-	33,472,208
Total expenditures	<u>71,273,739</u>	<u>64,120,076</u>	<u>30,627,038</u>	<u>33,493,038</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,205,487)</u>	<u>(26,313,953)</u>	<u>5,055,198</u>	<u>31,369,151</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	26,370,000	26,370,000	-
Premium	-	3,443,234	3,443,234	-
Payment to escrow agent	-	(36,119,466)	(36,119,466)	-
Total other financing sources (uses)	<u>-</u>	<u>(6,306,232)</u>	<u>(6,306,232)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(33,205,487)	(32,620,185)	(1,251,034)	31,369,151
FUND BALANCE—BEGINNING	<u>33,205,487</u>	<u>32,620,185</u>	<u>32,620,185</u>	<u>-</u>
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,369,151</u>	<u>\$ 31,369,151</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Statement of Net Position
Component Units
June 30, 2021

	Littleton Academy Charter School	Littleton Preparatory Charter School	Total Component Units
ASSETS			
Equity in pooled cash and investments	\$ 2,757,868	\$ 2,404,870	\$ 5,162,738
Restricted cash and investments	599,162	763,420	1,362,582
Account Receivable	58,163	23,718	81,881
Capital assets—net of accumulated depreciation			
Land	1,019,806	870,000	1,889,806
Land improvements	85,677	-	85,677
Building and leasehold improvements	3,884,235	5,781,495	9,665,730
Equipment	40,871	47,812	88,683
Construction in progress	95,143	-	95,143
Total assets	<u>8,540,925</u>	<u>9,891,315</u>	<u>18,432,240</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	235,701	-	235,701
Deferred OPEB outflows of resources	14,700	18,840	33,540
Deferred pension outflows of resources	1,805,599	2,313,669	4,119,268
Total deferred outflows	<u>2,056,000</u>	<u>2,332,509</u>	<u>4,388,509</u>
LIABILITIES			
Accounts and contracts payable	73,446	51,910	125,356
Accrued compensation	227,732	284,955	512,687
Accrued interest	71,460	26,917	98,377
Unearned revenue	5,748	11,613	17,361
Noncurrent liabilities:			
Due within one year	172,908	160,074	332,982
Due in more than one year	3,374,849	6,406,475	9,781,324
Net OPEB liability	235,319	301,606	536,925
Net pension liability	7,018,443	8,993,329	16,011,772
Total liabilities	<u>11,179,905</u>	<u>16,236,879</u>	<u>27,416,784</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB inflows of resources	95,144	121,946	217,090
Deferred pension inflows of resources	3,058,318	3,918,884	6,977,202
Total deferred inflows	<u>3,153,462</u>	<u>4,040,830</u>	<u>7,194,292</u>
NET POSITION			
Net investment in capital assets	2,098,742	613,008	2,711,750
Restricted for:			
Debt service	94,479	96,253	190,732
Emergency reserve under TABOR	127,800	153,800	281,600
Repair and replacement	100,000	160,000	260,000
Capital projects	380,811	244,061	624,872
Unrestricted	(6,538,274)	(9,321,007)	(15,859,281)
Total net position	<u>\$ (3,736,442)</u>	<u>\$ (8,053,885)</u>	<u>\$ (11,790,327)</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2021

	Littleton Academy Charter School	Littleton Preparatory Charter School	Total Component Units
REVENUES			
Intergovernmental revenue:			
State equalization aid	\$ 3,573,522	\$ 4,192,618	\$ 7,766,140
Supplemental funding from District	817,909	969,890	1,787,799
Fees for services	80,652	178,871	259,523
Investment earnings	5,345	3,881	9,226
Capital grants and contributions	137,968	161,871	299,839
Operating grants and contributions	381,080	284,476	665,556
Other	-	95,497	95,497
	<u>4,996,476</u>	<u>5,887,104</u>	<u>10,883,580</u>
EXPENSES			
Current:			
Instruction	3,219,589	3,001,187	6,220,776
Support services	888,402	1,281,238	2,169,640
Debt service:			
Interest charges	185,732	320,947	506,679
	<u>4,293,723</u>	<u>4,603,372</u>	<u>8,897,095</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	<u>702,753</u>	<u>1,283,732</u>	<u>1,986,485</u>
CHANGE IN NET POSITION	702,753	1,283,732	1,986,485
NET POSITION—BEGINNING	<u>(4,439,195)</u>	<u>(9,337,617)</u>	<u>(13,776,812)</u>
NET POSITION—END OF THE YEAR	<u><u>\$ (3,736,442)</u></u>	<u><u>\$ (8,053,885)</u></u>	<u><u>\$ (11,790,327)</u></u>

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