

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 28, 2020**

**NEW ISSUE  
BOOK-ENTRY ONLY**

**UNDERLYING RATING: Moody's: "[to come]"  
INTERCEPT RATING: Moody's: "[to come]"**

**See "RATINGS"**

*In the opinion of Butler Snow LLP, Bond Counsel, interest on the Bonds is includable in gross income under federal income tax laws. Under laws of the State of Colorado in effect on the date of delivery of the Bonds, interest on the Bonds is exempt from Colorado taxation, except inheritance, estate and transfer taxes. See "TAX MATTERS."*

**\$41,750,000\***  
**POUDRE SCHOOL DISTRICT R-1  
(LARIMER COUNTY, COLORADO)  
TAXABLE GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2020**

**Dated: Date of Issuance**

**Due: December 15,  
as shown below**

The Poudre School District R-1, Larimer County, Colorado (the "District") Taxable General Obligation Refunding Bonds, Series 2020 (the "Bonds") are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which is acting as the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS--Book-Entry Only System." The Bonds bear interest at the rates set forth on the inside cover hereof, payable to the registered owner of the Bonds (initially Cede & Co.) semiannually on June 15 and December 15 of each year, commencing December 15, 2020, to and including the maturity dates shown below, unless the Bonds are redeemed earlier. The principal of the Bonds will be payable upon presentation and surrender at the Paying Agent, UMB Bank, n.a., or its successor, as the paying agent for the Bonds. See "THE BONDS."

**The maturity schedule for the Bonds appears on the inside cover page of this Official Statement.**

The Bonds are subject to redemption prior to maturity at the option of the District as described herein. See "THE BONDS--Redemption Provisions."

Proceeds of the Bonds will be used to refund certain outstanding District bonds, as more particularly described herein and pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of and interest on the Bonds without limitation as to rate and in an amount sufficient to pay the Bonds when due. See "SECURITY AND REMEDIES" and "LEGAL MATTERS--Certain Constitutional Limitations." The Bonds are not obligations of the State of Colorado or any political subdivision thereof other than the District.

**This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter, subject to the delivery of an approving opinion by Butler Snow LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP, Denver, Colorado, also has acted as special counsel to the District in connection with the Official Statement. Certain legal matters will be passed upon for the District by its general counsel, Autumn Aspen, Esq., Fort Collins, Colorado. Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado has acted as counsel to the Underwriter. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about [\_\_\_\_], 2020.

[Insert RBC Logo]

This Official Statement is dated [\_\_\_\_], 2020.

**MATURITY SCHEDULE**  
**CUSIP BASE NUMBER: \_\_\_\_\_ ©**

**\$41,75-0,000\***  
**POUDRE SCHOOL DISTRICT R-1**  
**(LARIMER COUNTY, COLORADO)**  
**TAXABLE GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2020**

<b><u>Maturity</u></b> <b><u>(December 15)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP©</u></b> <b><u>Issue</u></b> <b><u>Number</u></b>	<b><u>Maturity</u></b> <b><u>(December 15)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP©</u></b> <b><u>Issue</u></b> <b><u>Number</u></b>
2021	\$845,000				2026	\$2,840,000			
2022	850,000				2027	5,430,000			
2023	4,765,000				2028	5,605,000			
2024	4,790,000				2029	5,795,000			
2025	4,835,000				2030	5,995,000			

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\* Subject to change.

## **USE OF INFORMATION IN THIS OFFICIAL STATEMENT**

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the District. The District maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

The information set forth in this Official Statement has been obtained from the District and from the sources referenced throughout this Official Statement, which the District believes to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information provided by sources other than the District. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction but the Underwriters do not guarantee the accuracy or completeness of such information.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**POUDRE SCHOOL DISTRICT NO. R-1, LARIMER COUNTY, COLORADO**

**BOARD OF EDUCATION**

Christophe Febvre, President  
Rob Petterson, Vice President  
Nate Donovan  
Kristen Draper  
Carolyn Reed  
DJ Anderson  
Naomi Johnson

**APPOINTED OFFICERS**

Tessa Oppenheimer, Secretary to the Board of Education  
R. David Montoya, Treasurer to the Board of Education

**ADMINISTRATIVE OFFICIALS**

Dr. Sandra Smyser, Superintendent  
Scott Nielsen, Assistant Superintendent of Secondary Schools  
Dr. Todd Lambert, Assistant Superintendent of Elementary Schools  
Victoria Thompson, Executive Director of Human Resources  
R. David Montoya, Executive Director of Finance  
Matt Bryant, Executive Director of Operations  
Dustin Reintsma, Executive Director of Information Technology  
Autumn Aspen, Esq., Legal and Policy Counsel

**REGISTRAR, PAYING AGENT AND ESCROW BANK**

UMB Bank, n.a.

**BOND AND SPECIAL COUNSEL**

Butler Snow LLP  
Denver, Colorado

**UNDERWRITER**

RBC Capital Markets, LLC  
Denver, Colorado

**UNDERWRITER'S COUNSEL**

Stradling Yocca Carlson & Rauth, P.C.  
Denver, Colorado

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NOTE: Tables marked with an (\*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See Appendix C--Form of Continuing Disclosure Certificate.

The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in this Official Statement be used in future years. Further, the General Fund Financial Summary table referred to below is to be updated using current year budget information found in the audited financial statements; no separate budget documents are required to be filed.

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## OFFICIAL STATEMENT

**\$41,750,000\***  
**POUDRE SCHOOL DISTRICT R-1**  
**(LARIMER COUNTY, COLORADO)**  
**TAXABLE GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2020**

### INTRODUCTION

#### General

This Official Statement, including the cover page, inside cover page and appendices, is furnished by Poudre School District R-1, Larimer County, Colorado (the “District”), a political subdivision of the State of Colorado (the “State”), to provide information about the District and its \$41,750,000\* Taxable General Obligation Refunding Bonds, Series 2020 (the “Bonds”). The Bonds will be issued pursuant to a resolution adopted by the Board of Education of the District (the “Board”) prior to the issuance of the Bonds (the “Bond Resolution”).

*The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page, and appendices, is unauthorized.*

#### The District

The District is a political subdivision of the State of Colorado (the “State”) and a body corporate which was organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses an area of approximately 1,856 square miles and is comprised of all or portions of 22 former school districts. The District is located approximately 60 miles north of the City of Denver, Colorado, in the northern half of Larimer County (the “County”) and includes the City of Fort Collins (the “City”), the Towns of Timnath, Wellington, and a portion of the Town of Windsor, and the communities of Bellvue, LaPorte, Livermore, Poudre Canyon and Red Feather Lakes. The District’s 2019 certified assessed valuation (for collection of taxes in 2020), is \$3,947,392,615, which includes \$207,048,520 of assessed valuation attributable to various tax increment authorities located within the boundaries of the District. This figure represents an increase of 14.06% over the District’s 2018 assessed valuation. The District’s enrollment for fall 2019 was 29,912 students (headcount). See “THE DISTRICT.”

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\* Subject to change.

## **The Bonds; Prior Redemption**

The Bonds are issued solely as fully registered bonds in the denomination of \$5,000, or any integral multiple thereof. The Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The payment of principal and interest on the Bonds is described in “THE BONDS--Payment Provisions.”

The Bonds initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See “THE BONDS--Book-Entry Only System.”

The Bonds are not subject to redemption prior to maturity at the option of the District. See “THE BONDS--No Prior Redemption.”

## **Purpose**

Proceeds of the Bonds will be used to: (i) refund that portion of the District’s General Obligation Bonds, Series 2012 (the “2012 Bonds”) maturing on and after December 15, 2023, in the aggregate principal amount of \$24,645,000 (the “Refunded 2012 Bonds”); (ii) refund that portion of the District’s General Obligation Bonds, Series 2015 (the “2015 Bonds”) maturing on and after December 15, 2020, in the aggregate principal amount of \$11,665,000 (the “Refunded 2015 Bonds” and, with the Refunded 2012 Bonds, the “Refunded Bonds”), and (iii) pay the costs of issuing the Bonds. The refunding of the Refunded Bonds is referred to herein as the “Refunding Project”). See “SOURCES AND USES OF FUNDS.”

## **Security**

General. The Bonds are secured by the District’s full faith and credit and are general obligations of the District payable from ad valorem taxes to be levied, without limitation of rate and in an amount sufficient to pay the Bonds when due, against all taxable property within the District, subject to certain constitutional limitations described herein. See “SECURITY AND REMEDIES” and “LEGAL MATTERS--Certain Constitutional Limitations.” The District covenanted in the Bond Resolution to levy such taxes in an amount which, together with other legally available funds of the District, if any, is sufficient to pay debt service on the Bonds.

Conditional Obligation of the State - State Intercept Program. The State has enacted legislation providing for the payment by the State Treasurer of principal and interest due with respect to general obligation indebtedness of eligible school districts in the State (the “State Intercept Program”). If the District informs the State Treasurer that it will not make the payment by the date on which it is due, the State Treasurer is required to forward to the Paying Agent (defined herein) in immediately available funds the amount necessary to make the payment of principal or interest on the Bonds. In such circumstances, the State Treasurer is required to withhold such amount from the next succeeding payment of the State’s share of equalization

program funding and certain other funds which would otherwise be paid to the District. See “SECURITY AND REMEDIES--State Intercept Program.”

**Additional Bonds. After issuance** of the Bonds, the District will have outstanding \$485,675,000\* aggregate principal amount of general obligation bonds, consisting of: (1) the Bonds, (2) \$3,760,000 of its General Obligation Bonds (Taxable Build America Bonds) Series 2010A (the “2010 Bonds”); (3) \$10,840,000\* of its General Obligation Refunding and Improvement Bonds, Series 2012 which will remain outstanding after the issuance of the Bonds (the “Unrefunded 2012 Bonds”); (4) \$16,270,000 of its General Obligation Refunding Bonds, Series 2014 (the “2014 Bonds”); (5) \$8,175,000\* of its General Obligation Bonds, Series 2015 which will remain outstanding after the issuance of the Bonds (the “Unrefunded 2015 Bonds”); (6) \$363,235,000 of its General Obligation Bonds, Series 2018 (the “2018 Bonds”); and (7) \$41,645,000 of its General Obligation Refunding Bonds, Series 2019 (the “2019 Bonds”). Items (2) through (7) above are referred to collectively as the “Prior Bonds.”

The District may seek authorization from its voters for additional general obligation indebtedness at any time in the future, subject to the limitations of existing law. See “DEBT AND OTHER FINANCIAL OBLIGATIONS--General Obligation Debt” and “LEGAL MATTERS--Certain Constitutional Limitations.” The District currently does not plan to seek voter authorization for additional bonds in the foreseeable future but reserves the right to do so at any time legal requirements are met.

### **Authority for Issuance**

The Bonds will be issued pursuant to the Constitution and laws of the State, particularly Title 22, Article 43, Colorado Revised Statutes (“C.R.S.”), Title 11, Article 57, Part 2, C.R.S., the Election and the Bond Resolution.

### **Professionals**

Butler Snow LLP, Denver, Colorado has acted as Bond Counsel. Butler Snow LLP, Denver, Colorado, has also acted as special disclosure counsel to the District in connection with the Official Statement. The fees of Bond Counsel and special disclosure counsel will be paid only from proceeds of the Bonds at closing. The District’s general counsel, Autumn Aspen, Esq., Fort Collins, Colorado will pass upon certain legal matters for the District. CliftonLarsonAllen LLP, Certified Public Accountants, Broomfield, Colorado has audited the District’s basic financial statements which are attached hereto as Appendix A. See “INDEPENDENT AUDITORS.” UMB Bank, n.a. will act as the Registrar and Paying Agent (the “Paying Agent”) and will also act as escrow agent under the Escrow Agreement (the “Escrow Agent”). RBC Capital Markets, LLC, Denver, Colorado, is serving as the underwriter (the “Underwriter”) see “UNDERWRITING.” Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado, has acted as counsel to the Underwriter. First National Bank, Fort Collins, Colorado, acts as Custodian (the “Custodian”) for the District’s bond redemption fund. See “THE BONDS--Third Party Custodian.” Certain mathematical computations regarding the Escrow Account (defined below) will be verified by Causey Demgen & Moore P.C., certified public

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\* Subject to change.

accountants, Denver, Colorado. See “SOURCES AND USES OF FUNDS--The Refunding Project - Verification of Mathematical Computations.”

### **Tax Status of Interest on the Bonds**

In the opinion of Butler Snow LLP, Bond Counsel, interest on the Bonds is includable in gross income under federal income tax laws. Under laws of the State of Colorado in effect on the date of delivery of the Bonds, interest on the Bonds is exempt from Colorado taxation, except inheritance, estate and transfer taxes. See “TAX MATTERS.”

### **Continuing Disclosure Undertaking**

The District will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Bonds and the District has covenanted in the Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the Bonds remain outstanding, the District will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain listed events; all as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix C. Without a determination of materiality as to the following, the District notes some of the tables in the Comprehensive Annual Financial Reports are not in the same format as reflected in various official statements.

### **Additional Information**

This introduction is only a brief summary of the provisions of the Bonds, the Bond Resolution and other documents described in this Official Statement. A full review of the entire Official Statement should be made by potential investors. Brief descriptions of the District, the Project, the Bonds, the Bond Resolution and other documents are included in this Official Statement. All references herein to the Bonds, the Bond Resolution and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the District or the Underwriters at the following addresses:

#### **The District:**

Poudre School District R-1  
2407 LaPorte Avenue  
Fort Collins, Colorado 80521-2297  
(970) 490-3355.

#### **The Underwriter:**

RBC Capital Markets, LLC  
1801 California Street, Suite 3850  
Denver, Colorado 80202  
(303) 595-1222.

## SOURCES AND USES OF FUNDS

### Sources and Uses of Funds

The proceeds from the sale of the Bonds are expected to be applied as shown in the following table.

#### Sources and Uses of Funds

<u>Sources</u>	<u>The Bonds</u>
Par amount of Bonds .....	\$
Plus/less: original issue premium (discount) .....	
Total .....	<u>\$</u>
 <u>Uses</u>	
The Refunding Project .....	\$
Costs of issuance (including underwriting discount) ...	
Total .....	<u>\$</u>

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Source: The Underwriter.

### The Refunding Project

**General.** A portion of the proceeds of the Bonds will be used to current refund the Refunded Bonds. In order to accomplish the Refunding Project, the District will deposit a portion of the Bond proceeds with the Escrow Bank pursuant to an Escrow Agreement. The amounts deposited with the Escrow Bank will be deposited into the Escrow Account created under the Bond Resolution and invested in Federal Securities (defined herein) maturing at such times and in such amounts as required to provide funds sufficient to pay: (i) the principal and interest on the Refunded Bonds as it becomes due through December 15, 2022 with respect to the Refunded 2012 Bonds and December 15, 2025 with respect to the Refunded 2015 Bonds (collectively, the “Redemption Dates”); and (ii) the principal of the Refunded Bonds upon prior redemption on the Redemption Dates.

**Verification of Mathematical Computations.** The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Federal Securities and cash deposited in the Escrow Account to provide for the payment of the principal and interest with respect to the Refunded Bonds when due or upon prior redemption will be verified by Causey Demgen & Moore, P.C., certified public accountants, Denver, Colorado.

## THE BONDS

### General

The Bonds will be dated as of their date of delivery and will mature on the dates and in the amounts as set forth on the inside cover page of this Official Statement. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof and will initially be registered in the name of “Cede & Co.,” as nominee for DTC. Purchases by beneficial owners of the Bonds (“Beneficial Owners”) are to be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof. Payments to Beneficial Owners are to be made as described below in “Book-Entry Only System.”

For a complete statement of the details and conditions of the Bonds, reference is made to the Bond Resolution and the Sale Certificate to be executed in connection with the sale of the Bonds, copies of which are available from the sources listed in “INTRODUCTION--Additional Information.”

### Payment Provisions

Payment of Principal and Interest. The Bonds shall bear interest at the rates per annum (calculated based on 360-day year of twelve 30-day months) shown on the inside cover page of this Official Statement. Interest on each Bond shall be payable by check or draft mailed on each June 15 and December 15 (each an “Interest Payment Date”), commencing on December 15, 2020. The principal of any Bond shall be payable to the registered owner (the “Owner”) thereof as shown on the registration books kept by the Registrar, upon maturity or prior redemption of the Bonds and upon presentation and surrender at the principal office of the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at maturity, it shall continue to draw interest at the rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the Registered Owner thereof by check, draft or wire, sent by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a Business Day, on or before the next succeeding Business Day), to the Registered Owner thereof at his or her address as it last appears on the registration books kept by the Registrar at the close of business on the last day of the calendar month (whether or not a Business Day) next preceding such interest payment date (the “Record Date”); but, any such interest not so timely paid or duly provided for shall cease to be payable to the Person who is the Registered Owner thereof on the Record Date and shall be payable to the Person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date and the date fixed for payment of such defaulted interest shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of the Bonds not less than ten days prior to the Special Record Date by first-class mail to each such Registered Owner as shown on the Registrar’s registration books on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Registered Owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America, without deduction for services of the Registrar or Paying Agent.

Third-Party Custodian. In accordance with State law, the District has selected First National Bank, Fort Collins, Colorado, to act as the custodian (the “Custodian”) governing the administration of the District’s Bond Redemption Fund. Pursuant to a Custodial Agreement between the District and the Custodian, the District has directed the County Treasurer to transfer to the Custodian all revenues from the property tax levied by the District for the payment of debt service. If the District receives any such revenues notwithstanding such direction, the District agrees to transfer such revenues to the Custodian within two days of receipt of such revenues. The Custodial Agreement restricts the transfer of funds out of the custodial account solely for the scheduled payment of principal and interest on the District’s general obligation bonds (including the Bonds) and, and upon written direction of the District, to pay Registrar and Paying Agent fees, Custodian fees and arbitrage rebate compliance costs associated with the bonds. Interest earned on the Bond Redemption Fund will be credited to the Bond Redemption Fund (or such other fund as directed by the District at the end of each calendar year), except that after the final payment of debt service on bonds in each calendar year the investment income shall be transferred to such fund of the District, at the written direction of the District, as the Board may determine. The Custodial Agreement will remain in effect so long as required by State law. The Custodial Agreement requires the Custodian to provide monthly balance reports regarding the balance of the Bond Redemption Fund to the District on the first business day of each month. The Custodial Agreement may be amended by written agreement between the District (approved by the Board) and the Custodian.

## **Redemption Provisions**

Optional Redemption. The Bonds maturing on and before December 15, 20[ ] are not subject to optional redemption prior to maturity. The Bonds maturing on and after December 15, 20[ ] are subject to redemption prior to maturity at the option of the District, in whole or in part, in integral multiples of \$5,000, and if in part in such order of maturity as the District shall determine and by lot within any maturity, in such manner as the Paying Agent shall determine, on December 15, 20[ ], and on any date thereafter, at the redemption price (expressed as a percentage of principal amount) of 100% (with no redemption premium), plus accrued interest to the redemption date.

Notice of Redemption. Notice of any redemption of Bonds shall be given by the Paying Agent by sending a copy of such notice by first class, postage prepaid mail or electronic means to DTC or its successor, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. Such notice shall specify the number or numbers of the Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If, by the date of the sending of such notice, sufficient moneys have not been deposited with the District or the Escrow Agent for the payment of the redemption price of, and the accrued interest, if any, on, such Bonds on such redemption date, such notice may additionally state that such redemption shall be conditioned upon delivery to the Paying Agent of moneys sufficient to pay such redemption price and accrued interest on or before such Redemption Date. If any Bond shall have been duly called for redemption and if, on or before the redemption date, the District shall have delivered to the Paying Agent funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest shall cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond

redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

## **Defeasance**

When the Bonds are paid in accordance with their terms (or payment of the Bonds has been provided for in the manner described in the following paragraph), the Bond Resolution and all rights granted thereunder shall cease, terminate and become void and be discharged and satisfied.

Payment of any Outstanding Bond shall, prior to the maturity or redemption date thereof, be deemed to have been provided for within the meaning and with the effect expressed in the Bond Resolution (and described in this paragraph) if: (a) in case said Bond is to be redeemed on any date prior to its maturity, the District shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give, on a date and in accordance with the provisions of the Bond Resolution, notice of the redemption of such Bond on said redemption date, (b) there shall have been deposited with the Paying Agent or a commercial bank exercising trust powers either moneys in an amount which shall be sufficient, or Federal Securities (defined below) which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Paying Agent or other commercial bank exercising trust powers at the same time, shall be sufficient to pay when due the principal of and interest due and to become due on said Bond on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bond is not by its terms subject to redemption within the next 60 days, the District shall have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to the Bond Resolution, a notice to the Owner of such Bond that the deposit described in clause (b) of this paragraph has been made with the Paying Agent or other commercial bank exercising trust powers and that payment of said Bond has been provided for in accordance with the Bond Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and interest due on said Bond. Neither such securities nor moneys deposited with the Paying Agent or other commercial bank exercising trust powers or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest due on said Bond; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Paying Agent or other commercial bank exercising trust powers, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in clause (b) of this paragraph, maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on said Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as described above, such Bond shall no longer be secured by or entitled to the benefits of the Bond Resolution, except for the purpose of any payment from such moneys or securities deposited with the Paying Agent or other commercial bank exercising trust powers.



The Bond Resolution defines “Federal Securities” to mean only direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and which are not callable prior to their scheduled maturities by the issuer thereof.

The release of the obligations of the District as described above shall be without prejudice to the right of the Paying Agent to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of and performance of its powers and duties hereunder.

Upon compliance with the provisions described above with respect to all Bonds Outstanding, the Bond Resolution may be discharged in accordance with the provisions described above but the liability of the District in respect of the Bonds shall continue; provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities deposited with the Paying Agent or other commercial bank exercising trust powers as described above.

### **Amendment of Bond Resolution**

Amendments Without Consent of Owners. The District may, without the consent of or notice to the Owners of the Bonds, adopt one or more resolutions supplemental to the Bond Resolution, which supplemental resolutions shall thereafter form a part of the Bond Resolution, for any one or more of the following purposes:

(i) to cure any ambiguity, or to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in the Bond Resolution, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under the Bond Resolution, or to make any provisions for any other purpose if, in each case, such provisions are necessary or desirable and do not adversely affect the interests of the Registered Owners;

(ii) to pledge additional revenues, properties, or collateral as security for the Bonds;

(iii) to grant or confer upon the Registrar for the benefit of the Registered Owners any additional rights, remedies, powers, or authorities that may lawfully be granted to or conferred upon the Registered Owners; or

(iv) to qualify the Bond Resolution under the Trust Indenture Act of 1939.

Amendments Requiring Consent of Owners. Except for amendatory or supplemental resolutions adopted pursuant to the provisions described above, the Owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the adoption by the District of such resolutions amendatory or supplemental to the Bond Resolution as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution; provided however, that without the consent of the Owners of all the Bonds affected thereby, nothing contained in the Bond Resolution shall permit, or be construed as permitting:

(i) a change in the terms of the maturity of any Bond; a change in the principal amount of any Bond; a change in the rate of interest on any Bond; a change in the dates of payment of principal and interest, or in the terms of prior redemption of any Bond;

(ii) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of or interest on the Bonds when due;

(iii) a privilege or priority of any Bond payment over any other Bond payment;  
or

(iv) a reduction in the percentage in principal amount of the Bonds the consent of whose Owners is required for any such amendatory or supplemental resolution.

If, at any time, the District shall desire to adopt an amendatory or supplemental resolution for any of the purposes described in the prior paragraph, the District shall cause notice of the proposed adoption of such amendatory or supplemental resolution to be given by mailing such notice by certified or registered first-class mail to the Underwriters and to each Owner affected at the address shown on the registration books of the Registrar, at least 30 days prior to the proposed date of adoption of any such amendatory or supplemental resolution. Such notice shall briefly set forth the nature of the proposed amendatory or supplemental resolution and shall state that copies thereof are on file at the offices of the District or some other suitable location for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the District following the giving of such notice, the Owners of not less than the required percentage in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such amendatory or supplemental resolution shall have consented to and approved the execution thereof, no Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption and effectiveness thereof, or to enjoin or restrain the District from adopting the same or from taking any action pursuant to the provisions thereof.

### **Book-Entry Only System**

The Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity and interest rate as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix B - Book-Entry Only System.

SO LONG AS CEDE & CO. AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS OR THE REGISTERED OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Registrar and Paying Agent will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (each as defined in Appendix B), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix B to this Official Statement.

## DEBT SERVICE REQUIREMENTS

Set forth in the following chart are the debt service requirements for the Bonds and for the Prior Bonds. See “DISTRICT DEBT AND OTHER OBLIGATIONS – Outstanding General Obligation Debt and -- Other Obligations of the District” for a description of such agreements and a description of the District’s outstanding general obligation debt.

### Debt Service Requirements\*

Year	The Bonds			Debt Service	
	Principal (1)	Interest (2)	Total	On Prior Bonds (3)	Total Debt Service
2020					
2021	\$845,000				
2022	850,000				
2023	4,765,000				
2024	4,790,000				
2025	4,835,000				
2026	2,840,000				
2027	5,430,000				
2028	5,605,000				
2029	5,795,000				
2030	5,995,000				
2031	--	--	--		
2032	--	--	--		
2033	--	--	--		
2034	--	--	--		
2035	--	--	--		
2036	--	--	--		
2037	--	--	--		
2038	--	--	--		
2039	--	--	--		
2040	--	--	--		
TOTAL	\$41,750,000	\$	\$	\$	\$

(1) Consists of the payment of principal on December 15 or each year indicated.

(2) Consists of the payment of interest on June 15 and December 15 for each year indicated.

(3) Consists of debt service on the Prior Bonds. See “DISTRICT DEBT AND OTHER OBLIGATIONS-- Outstanding General Obligation Debt.” Assumes that no optional redemptions of such bonds are made by the District, but assumes that any mandatory sinking fund redemption payments are made as required.

Source: The Underwriter.

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\* Subject to change.

## **SECURITY AND REMEDIES**

### **General**

The Bonds are general obligations of the District payable from ad valorem taxes which may be levied against all taxable property within the District without limitation of rate and in an amount sufficient to pay the principal of and interest on the Bonds, when due. See “INTRODUCTION--Security,” “SECURITY AND REMEDIES--Limitations on Remedies Available to Owners of Bonds” and “LEGAL MATTERS--Certain Constitutional Limitations.” The Bonds are not secured by land within the District, but rather by the District’s obligation to certify to the Board of County Commissioners of Larimer County (the “Commissioners”) a rate of levy sufficient, together with other legally available revenues, to meet the debt service requirements on the Bonds. The annual levy for debt service creates a statutory tax lien. Neither the State (except as described in “State Intercept Program” below) nor the County has any responsibility to pay the debt service on the Bonds.

The District anticipates that the primary source of revenues for repayment of the Bonds will be the ad valorem taxes levied against property within the District and collected by the County Treasurer. The District’s ability to retire the indebtedness created by the issuance of the Bonds is dependent, in part, upon the maintenance of an adequate tax base against which the District may levy and collect property tax revenues. The amount of ad valorem property taxes collected will be dependent upon the assessed valuation of land within the District and the rate of levy certified by the Board. See “LEGAL MATTERS--Certain Constitutional Limitations” and “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Ad Valorem Property Taxes.”

The payment of property taxes does not constitute a personal obligation of the property owners within the District. Instead, these obligations are tied to the properties taxed, and if timely payment is not made the obligations constitute a lien against the specific properties. The District will not have recourse to any assets of any property owners for the payment of property taxes. To enforce the liens, the County Treasurer has the power to cause the sale of the property that is subject to the delinquent taxes, as provided by law. However, selling property at a tax sale is a time-consuming remedy and proceeds realized from the sale, if any, may not be sufficient to cover the delinquent taxes. Because property taxes do not constitute personal obligations of the owners of land in the District, in the event of a tax sale in which less than the amount of the delinquent taxes is realized, no deficiency judgment could be taken against the property owner who failed to pay taxes.

The remedies available to the owners of the Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay under existing constitutional and statutory law and judicial decisions, including specifically the United States Bankruptcy Code. The various legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity. See “Limitations on Remedies Available to Owners of Bonds” below.

Various State laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District. See “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT” and “LEGAL MATTERS--Certain Constitutional Limitations.”

### **Bond Resolution Irrepealable**

In accordance with Article XI, Section 6 of the Constitution of the State, the Bond Resolution provides that after any of the Bonds are issued, the Bond Resolution will constitute a contract between the District and the owners of the Bonds and will be and remain irrepealable until the Bonds and the interest accrued thereon shall have been fully paid, satisfied and discharged.

### **Pledge of Revenues; Priority**

The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bonds as provided in the Bond Resolution shall be governed by the Supplemental Act and the Bond Resolution. The revenues pledged for the payment of the Bonds, as received by or otherwise credited to the District, shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues pledged for payment of the Bonds and the obligation to perform the contractual provisions made in the Bond Resolution shall have priority over any or all other obligations and liabilities of the District, except for any general obligation indebtedness of the District currently outstanding or any general obligation indebtedness issued on a parity with the Bonds. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

### **State Intercept Program**

Unless the District opts not to participate, the State Intercept Program (contained in the Bond Payment Act found in Section 22-41-110, C.R.S.) applies to the Bonds. The District will notify the State of its participation in State Intercept Program in connection with the issuance of the Bonds.

Under the State Intercept Program, if the Paying Agent has not received a payment on the Bonds on the business day immediately prior to its due date, the Paying Agent must notify the State Treasurer and the District. The State Treasurer is then required to contact the District to determine whether it will make the payment by the date on which it is due. If the District indicates to the State Treasurer that it will not make the payment on the Bonds by the date on which it is due, the State Treasurer is required to forward to the Paying Agent, in immediately available funds from any legally available funds of the State, the amount necessary to make the payment of the principal of and interest on the Bonds.

Each time the State Treasurer makes a payment on behalf of the District, the amount of the payment is withheld from: (i) the next installment of the Total Program Funding due to the District (described in “DISTRICT FINANCIAL OPERATIONS--The School Finance Act and Total Program Funding”) and (ii) from property tax and specific ownership revenues collected by the county treasurer on behalf of the District for operating purposes (amounts are not withheld from property taxes levied for the payment of bonds). The total amount withheld in each month from those sources cannot exceed one-twelfth of the amount forwarded (with certain limited exceptions). The State Treasurer cannot withhold for more than 12 consecutive months for each occasion on which the State Treasurer forwards amounts to pay bonds. While the withholding of Total Program Funding and property and specific ownership tax payments by the State is limited to 12 monthly payments, the State Intercept Program does not correspondingly limit the State’s contingent obligation to pay the Bonds.

The State has covenanted with the purchasers and owners of the Bonds that it will not repeal, revoke, rescind, modify, or amend the State Intercept Program so as to limit or impair the rights and remedies granted under the State Intercept Program. The State Intercept Program provides, however, that it shall not be deemed or construed to require the State to continue the payment of State assistance to any school district or to limit or prohibit the State from repealing, amending, or modifying any law relating to the amount of State assistance to school districts or the manner of payment or the timing thereof. The State Intercept Program further provides that it shall not be deemed or construed to create a debt of the State with respect to any School District Obligation within the meaning of any State constitutional provision or to create any liability except as specifically provided in the State Intercept Program.

### **Limitations on Remedies Available to Owners of Bonds**

No Acceleration. There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal or interest on the Bonds. Consequently, remedies available to the Owners of the Bonds may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the Owners of the Bonds and the obligations incurred by the District in issuing the Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government (including the imposition of tax liens by the federal government), if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

## **THE DISTRICT**

### **Organization and Description**

The District is a political subdivision of the State of Colorado (the “State”) and a body corporate which was organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses an area of approximately 1,856 square miles and is comprised of all or portions of 22 former school districts. The District is located approximately 60 miles north of the City of Denver, Colorado, in the northern half of Larimer County (the “County”) and includes the City of Fort Collins (the “City”), the Towns of Timnath, Wellington, and a portion of the Town of Windsor, and the communities of Bellvue, La Porte, Livermore, Poudre Canyon and Red Feather Lakes.

The District is fully accredited by the Colorado Department of Education (“CDE”).

### **School District Powers**

The District is a body corporate with perpetual existence and may hold property in its name for any purpose authorized by law, may sue and be sued, and may be a party to contracts for any purpose authorized by law. State statutes grant to the Board the power to govern the District. General duties which the Board is required to perform include the following: to adopt policies and prescribe rules and regulations necessary and proper for the administration of the District; to employ all personnel required to maintain the operations and carry out the educational programs of the District; to fix and pay personnel compensation; to determine the educational programs to be provided by the District; to prescribe the textbooks for any course of instruction or study in such programs; to adopt written policies, rules and regulations relating to study, discipline, conduct, safety, and welfare of all pupils; and to comply with all the rules and regulations adopted by the State Board of Education.

The Board is also granted specific powers to be exercised in its judgment, including the powers to purchase, lease or rent undeveloped or improved property located within or outside District boundaries as the Board deems necessary for use as school sites, buildings, or structures, or for any school purpose authorized by law; to sell District properties which may not be needed in the foreseeable future for any purpose authorized by law upon such terms and conditions as the Board may approve; to determine the location of each school site, building, or structure; to construct, erect, repair, alter, and remodel buildings and structures; to provide furniture, equipment, library books, and such other items as may be needed to carry out the District’s educational programs; to discharge or otherwise terminate the employment of any personnel; to procure group life, health, or accident insurance covering employees of the District; to fix attendance boundaries; to procure appropriate property damage, casualty, public liability, and accident insurance; and to provide for the transportation of pupils enrolled in the District’s public schools.

## **Governing Board**

The District is governed by a seven-director Board whose members are elected by the registered electors of the District for staggered four-year terms of office. Biennial school district elections are held in November of odd-numbered years.

The Board is a policy-making body whose primary functions are to establish policies for the District, provide for the general operation and personnel of the District, and oversee the property, facilities and financial affairs of the District. Members of the Board serve without compensation. The Board meets in regular session twice monthly. Special meetings are periodically called as provided in the Board's bylaws.

The present members of the Board, their titles, principal occupations, and the expiration of their respective terms of office are as follows:

<u>Name</u>	<u>Position</u>	<u>Principal Occupation</u>	<u>Term Expires (Nov.)</u>
Christophe Febvre	President	Engineer	2021
Rob Petterson	Vice President	Retired Software Developer	2023
Nate Donovan	Director	Retired Attorney	2023
Kristen Draper	Director	Librarian	2021
Carolyn Reed	Director	Self-employed	2021
DJ Anderson	Director	Parent	2023
Naomi Johnson	Director	Online Teacher	2023

The Colorado constitution limits Board members to two consecutive terms (beginning with terms which commenced after January 1, 1995). District voters may vote to eliminate, extend or change the term limits imposed by the constitution, but to date, no such election has been held. The next scheduled election for Board Members is November 2021.

R. David Montoya, a non-board member, has been appointed as Treasurer to the Board, and Tessa Oppenheimer, also a non-board member, has been appointed by the Board to serve as its Secretary.

## **Administration and District Staff**

The Board is empowered to employ a Superintendent, who is the chief executive and operating officer responsible to the Board for the daily operation of the District.

The District appointed Sandra B. Smyser, Ph.D., to serve as the Superintendent of the District in July 2013. Dr. Smyser was previously the superintendent at the Eagle County School District in Eagle County, Colorado from July 2008 to June 2013. Prior to that time, Dr. Smyser was at the Steamboat Springs School District where she served as an Interim Superintendent. Dr. Smyser also worked as a Superintendent for nine years in California in addition to serving as the Assistant Superintendent, Principal and Bilingual Special-Education Teacher. She earned her Doctorate in Special Education in 1995 from the University of California, Riverside.



In addition to the Superintendent, information concerning other principal administrators appointed to the Superintendent's Cabinet is as follows:

<u>Name and Title</u>	<u>Education</u>	<u>Date First Associated With District</u>
Scott Nielsen, Assistant Superintendent of Secondary Schools	Winona State University: B.S. in Education University of Northern Colorado: M.S. in Special Education	1996
Dr. Todd Lambert, Assistant Superintendent of Elementary Schools	University of Kentucky: B.A. in Communications Ball State University: M.A. in Educational Leadership Purdue University: Ph.D. in Administration	2010
Autumn Aspen, Legal and Policy Counsel	Flagler College: B.A. in History University of Denver Sturm College of Law: Juris Doctor	2019
Victoria Thompson, Executive Director of Human Resources	University of Wyoming: B.S. in Marketing; Masters of Business Administration	2014
R. David Montoya, Executive Director of Finance	Monfort College of Business, University of Northern Colorado: B.S., in Business Administration, Finance and Accounting	2007
Matt Bryant, Executive Director of Operations	Embry Riddle Aeronautical University B.S. in Professional Aeronautics	2012
Dustin Reintsma, Executive Director of Information Technology	Colorado State University: Project Management Certificate	2015

## District Employees, Benefits and Pension Matters

Employees. In order to provide the variety of services required by law, the District employs approximately 3,819 personnel. In each of the last five years, the District had the following number of paid full-time and part-time employees, including teachers, administrators, custodians, bus drivers, food service personnel and other support staff:

<u>Fiscal Year</u>	<u>Number of Employees</u>
2016-17	4,414
2017-18	4,422
2018-19	4,504
2019-20	4,677
2020-21	4,525

Currently, approximately 68% of the licensed staff hold advanced degrees (masters and doctorates) and approximately 79% are non-probationary. In addition, the District employs approximately 500 licensed substitute teachers and 156 classified substitutes during the school year.

Benefits. The District provides all of its full-time employees with a comprehensive benefits program, including medical, dental, vision and life insurance. Workers' compensation and unemployment insurance are provided in accordance with State law. The District maintains a self-insured workers' compensation program. The District is entitled to join the State Unemployment Insurance Pool on an annual basis.

Pension Matters; Healthcare Trust Fund. All of the District's employees are members of the Colorado Public Employees Retirement Association ("PERA"), which operates cost-sharing multiple-employer defined benefit plans. The District participates in the School Division plan.

*Retirement Plan.* The District is required by law to contribute to PERA; the contribution rates to PERA are set by statute. The District and each member employee are required to contribute at a rate set by statute. A portion of the District's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (the "HCTF," described below). The District's contribution also includes a required amortization equalization disbursement ("AED") and supplemental AED ("SAED"). State law provides that the SAED is to be funded, to the extent allowed by law, from monies otherwise available for employee wage increases.

PERA has reported significant unfunded pension liability over the last decade. Legislation adopted in 2010 imposed the AED and the SAED and mandated annual increases through 2018 which, along with changes to benefits, were originally designed to achieve full funding within 30 years; however, PERA's actuarial projections indicated that full funding within the 30-year closed amortization period would not be met.

The actuarially determined contribution ("ADC") is calculated using the investment rate of return and discount rate assumptions according to the PERA board's then-current funding policy. An ADC deficiency arises when contributions are less than the ADC. For 2018, the School Division's ADC deficiency was \$255.7 million (compared to \$170.0 million in

2017, \$177.6 million in 2016 and \$190.7 million in 2015); over the past ten years, the ADC cumulative shortfall in School Division funding (without adjustment for investment earnings) has been \$1,653.3 million. The District has no legal obligation to fund PERA's ADC, nor does it have any ability to affect funding, benefits or annual required contribution decisions made by PERA in administering the defined benefit pension plan.

In response to the continued underfunding, in 2018, Senate Bill 18-200 ("SB 200") was enacted. SB 200 was designed to restore PERA to full funding within 30 years. SB 200 mandates a phased-in 2% increase in the employee contribution rate, a 0.25% increase in the employer contribution rate and maintenance of the AED and SAED. SB 200 also requires the General Assembly to directly contribute \$225 million annually to PERA starting July 1, 2018. SB 200 also makes various benefit changes for current members and retirees, including decreasing the retiree annual cost-of-living increase from 2.0% to 1.5% and suspending the annual increase for two years, increasing the retirement age, and changes to various components of the defined benefit pension calculation. In accordance with SB 200, employees hired after July 1, 2019, will have increased eligibility requirements for full retirement benefits and incremental increases in employee contribution rates (to a total of 10% by July 1, 2021).

If actual contributions in any year are less than 98% of the actuarially determined contributions ("ADC," discussed in more detail below) in any year, SB 200 also requires adjustments to annual benefit increases and contribution rates. In 2018, contributions were less than 98% of ADC. As a result, employee and employer contributions will increase by an additional 0.5% effective July 1, 2020, and annual increases in benefits will decrease by 0.25%.

A history of contribution rates for selected years is set forth below. The table also includes future employer and employee contribution rates as set forth in SB 200.

<u>Year</u>	<u>Employee Contribution</u>	<u>District (Employer) Contribution Rate</u>			
		<u>Base Rate (1)</u>	<u>AED</u>	<u>SAED</u>	<u>Total</u>
2012	8.00%	10.15%	3.00%	2.50%	15.65%
2013	8.00	10.15	3.40	3.00	16.55
2014	8.00	10.15	3.80	3.50	17.45
2015	8.00	10.15	4.20	4.00	18.35
2016	8.00	10.15	4.50	4.50	19.15
2017	8.00	10.15	4.50	5.00	19.65
2018(2)	8.00	10.15	4.50	5.50	20.15
2019(3)	8.75	10.40	4.50	5.50	20.40
2020(3)(4)	9.50	10.90	4.50	5.50	20.90
2021(3)	10.00	10.40	4.50	5.50	20.40

(1) Includes 1.02% allocated to the HCTF.

(2) These rates remained effective through June 30, 2019.

(3) SB 200 Contributions. These contributions are effective on July 1 of each year shown, rather than being effective for the entire calendar year as was the case in prior years.

(4) Includes the additional 0.5% contribution described in the prior paragraph.

Source: PERA and SB 200.

The statute also provides that if the District is in arrears in its payments to PERA, all state funds due to the District are to be reduced by 10%. The District reports that it is current in its payments to PERA.

The District is required to report its proportionate share of the total School Division net pension liability (“NPL”) in its government-wide financial statements. Fund level statements, including the General Fund statements, are not impacted by the reporting. The NPL is an accounting estimate of the District’s proportionate share of the School Division’s unfunded liability at a specific point in time. Inclusion of NPL in the government-wide financial statements does not indicate that the District has a liability to pay the amount shown; the District’s liability is limited to the annually required contributions established by the General Assembly as described above.

For a further description of PERA and the School Division Plan, including a history of the District’s proportionate share of NPL, a description of the plan, benefits provided, annual required contribution and actual contribution information, net pension liability information, actuarial assumptions, discount rates, and other information, see Note 7 and the pension plan tables set forth in the Required Supplementary Information in the District’s audited basic financial statements attached to this Official Statement as Appendix A.

*Health Care Trust Fund.* The District also contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer post-employment healthcare plan administered by PERA. Participation in the HCTF constitutes the provision of “other post-employment benefits” or “OPEB.” The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No employee member contributions are required. The District has no ability to affect funding, benefits or annual required contribution decisions made by PERA in administering the HCTF.

Effective with fiscal year 2018, the District is required to report its proportionate share of the total School Division HCTF net OPEB liability in its government-wide financial statements. Fund level statements, including the General Fund statements, are not impacted by the reporting. The net OPEB liability is an accounting estimate of the District’s proportionate share of the School Division HCTF’s unfunded liability at a specific point in time. Inclusion of the net OPEB liability in the government-wide financial statements does not indicate that the District has a liability to pay the amount shown; the District’s liability is limited to the annually required contributions established by the General Assembly as described above.

See Note 7 and the OPEB tables set forth in the Required Supplementary Information in the District’s audited basic financial statements attached to this Official Statement as Appendix A for further information about the HCTF, including a history of the District’s proportionate share of the HCTF Net OPEB liability, a description of the plan, benefits provided, annual required contribution and actual contribution information, net OPEB liability information, actuarial assumptions, discount rates, and other information.

*No Other OPEB Offered by District.* Other than its participation in the HCTF, the District does not offer any other post-employment benefits (“OPEB”) to its retirees. Accordingly, it does not have material unfunded actuarial liability for OPEB and does not expect to have any in the future.

*Retirement Severance Benefits.* The District offers termination benefits to various classes of employees. An employee is eligible for these benefits after meeting specified criteria, including years of service, continuous years of service, and type of service. The calculation of these benefits is performed based on the number of unused sick leave days at the time of retirement multiplied by a standard amount. The standard amount varies based on years of service. These benefits are generally paid out over a one-year period. As of June 30, 2019 – 41 employees met the eligibility requirements and the District recorded a liability for the retirement severance payable in the amount of \$397,026. As of June 30, 2020 – 32 employees met the eligibility requirements and the District recorded a liability for the retirement severance payable in the amount of \$285,212.

Teacher Contracts. Each teacher’s contract is executed pursuant to conditions established by the Board. Fifty-five percent of the eligible personnel in the District are members of the Poudre Education Association (the “Association”), the local chapter of the Colorado Education Association. The District and the Association work very closely to allocate available resources on a negotiated basis detailed in the District’s collective bargaining agreement. The average salary for licensed teachers for the 2019-20 school year was \$60,165.

## **Facilities and Enrollment**

Enrollment. District enrollment has been relatively stable with modest growth for the past five years, with 0.76% and 1.24% increases in the past three years. According to District officials, this is attributable to a number of factors, particularly increased choice offerings, and improved efficiencies in the student count process. Prior to the COVID-19 pandemic, the District was anticipating similar enrollment into the near future. At this time, the District is monitoring enrollment to see what, if any, long term impact COVID-19 has on student enrollment

The following enrollment statistics are based on October student counts:

<u>Fiscal Year</u>	<u>K-12 Student Enrollment<sup>(1)</sup></u>	<u>Percent Enrollment Increase</u>
2014-15	28,224	--
2015-16	28,704	1.70%
2016-17	28,832	0.45
2017-18	29,190	1.24
2018-19	29,686	1.70
2019-20	29,912	0.76

(1) Does not include preschool students, but does include students enrolled at charter schools in the District. See “THE DISTRICT—Facilities and Enrollment -- Charter Schools.”

Source: The District.

Facilities. The District operates and maintains a variety of facilities in meeting its obligation to provide an educational program for the school-age children residing within its boundaries. The District’s major fixed assets are its school buildings. The following table shows the property owned, leased, operated and maintained by the District as of June 30, 2020.

<u>School</u> <sup>(1)</sup>	<u>Main Building Square Footage</u>
30 Elementary Schools	1,501,729
9 Middle Schools	881,058
4 Senior High Schools	1,149,048
27 “Other” locations (2)	<u>489,089</u>
Totals	4,020,924

(1) Does not include charter schools that are located within the District.

(2) Other locations include: alternative schools, online school, central administrative offices, transportation terminals and the District warehouse.

Source: The District.

The District owns approximately 1,200 acres of land. The District also owns numerous vehicles, including a fleet of school buses and maintenance vehicles.

Charter Schools. Under State law, the District may contract with individuals and organizations for the operation of schools, referred to as “charter schools,” within the District. For purposes of the School Finance Act, pupils enrolled in a charter school authorized by the District are included in the pupil enrollment of the District. Charter schools are financed in part from a portion of the District’s revenues received under the School Finance Act. The District is required to pay a charter school a certain percentage of per pupil revenues for each pupil enrolled in such charter school, less certain central administrative overhead costs. Charter schools have separate governing boards, but the District’s Board must approve all charter school applications and review charter school budgets. There were five charter schools in the District for fiscal year ending June 30, 2020: Liberty Common School, Fort Collins Montessori School, Ridgeview Classical School, Mountain Sage Community School and Compass Collaborative Community School.

Legislation passed in 2004 created the Charter School Institute as an alternative mode of authorizing charter schools. Charter schools authorized by the Charter School Institute are not included in the District pupil enrollment. Six such charter schools are currently operating in Poudre School District: Academy of Arts and Knowledge, which opened in 2006 in southeast Fort Collins; Colorado Early Colleges Fort Collins, which opened in 2012 in southeast Fort Collins; Colorado Early Colleges Fort Collins West, which opened in 2019 in southwest Fort Collins; Colorado Early Colleges Windsor, which opened in 2019 in west Windsor; Axis International Academy, which opened in 2019 in southwest Fort Collins; and Ascent Classical Academy Northern Colorado, which opened in 2020 in southeast Fort Collins.

## **Capital Improvement Plan**

In November 2016, the District passed a \$375 million bond election. The purpose of this election was to finance new facilities and renovations as outlined in the 2016 Comprehensive Facilities Master Plan. Proceeds from the bonds are being used to acquire, construct, improve, equip, and furnish District buildings and other property. Specifically, the projects currently planned are:

- New 6-12 Middle School/High School at the Prospect site East of Fort Collins
- New 6-12 Middle School/High School in Wellington
- New Elementary School Southeast of Fort Collins
- Permanent addition to Zach Elementary School
- New athletic complex at the Prospect site East of Fort Collins
- New transportation facilities at the JSSC complex

The District issued the 2018 Bonds to commence construction of those projects. In addition, numerous other facilities improvements are being completed in order to improve the learning environments at all existing District schools.

## **District Insurance Coverage**

The Board acts to protect the District against loss and liability by maintaining combined liability and property insurance coverage through the Colorado School Districts Self Insurance Pool (the “Pool”). Pool assets consist primarily of direct obligations of the United States government or funds collateralized by such obligations. For more information, see Note 8 of the District’s financial statements attached hereto as Appendix A. The District is self-insured with regard to unemployment insurance and reimburses the State for any claims paid. The District is entitled to join the State unemployment insurance pool at any time. The District has a self-financed workers’ compensation program in accordance with State law with a self-insured retention amount of \$450,000. For the period July 1, 2019, through June 30, 2020, \$898,742 was paid in workers’ compensation costs. These costs include medical indemnity, light duty, legal and State annual and semi-annual self-insurance fees.

## **Intergovernmental Relationship and Agreements**

The District maintains cooperative working relationships with adjacent and overlapping governmental entities. Provision for crossing guard and school resource officers are coordinated with governmental entities. To assure the dedication of land by developers for potential school sites, the District has agreements with the County, the City of Fort Collins and the Towns of Windsor and Wellington, which may include the acceptance of fees in lieu of land. The District also receives dedication by developers from the Town of Timnath through its municipal code.

## **DISTRICT FINANCIAL OPERATIONS**

### **The School Finance Act and Total Program Funding**

General. School districts in Colorado are funded pursuant to the terms of the Public School Finance Act of 1994, as amended (the “School Finance Act”). The School Finance Act requires that all school districts operate under the same financing formula. The School Finance Act has been amended every year since its adoption.

In recent years, the Legislature has made amendments to the various formulas embedded in the School Finance Act in response to severe State budget difficulties; those amendments have negatively impacted the amount of State funding available to districts pursuant to the School Finance Act. It is possible that future legislative amendments to the School Finance Act will further erode State support of public education. It also is possible that future legislative amendments will take the form of more substantial modifications or even the complete revamping the school finance system in the State, rather than changes to the existing embedded funding formulas. Any such actions could have a detrimental effect on the District’s future operations.

Sources of Total Program Funding. Total Program Funding is provided by (a) local sources of revenue consisting of property taxes and specific ownership taxes (a State-imposed tax on motor vehicles which is shared with local governments), and (b) if necessary to fund any shortfall, State funds in the form of State “equalization” payments.

The District’s share of the cost of its Total Program Funding is derived from its property tax mill levy (imposed in compliance with Article X, Section 20 of the State constitution (“TABOR”)) and specific ownership tax receipts. The State’s share of the cost of the District’s Total Program Funding each year is equal to the amount by which the Total Program Funding calculation exceeds the District’s local revenue amounts for that year, assuming 100% collection of the local revenues.

Uses of Total Program Funding. The Board has the discretion to determine how the District’s Total Program Funding will be expended. The Legislature may impose or remove requirements as to the spending of portions of the Total Program Funding in its discretion.

Total Program Funding Formula. The amount of annual Total Program Funding revenue allowed under the School Finance Act is determined by a statutory formula. Every school district in the State is allocated the same “base” dollar amount of per-pupil funding. In addition, the Statewide base per-pupil funding amount and the funding for categorical programs are required to increase by at least the rate of inflation pursuant to a State constitutional amendment adopted in 2000 and implemented in 2001 (the “School Amendment”). The School Amendment provided that funding would be derived from all revenues collected from 1/3 of 1% of the State’s existing income tax. The Legislature may appropriate funds only to increase funding in preschool through twelfth-grade education or for purposes specifically stated in the School Amendment. The funds may not be used to reduce the previous level of General Fund appropriations for Total Program Funding and categorical programs.

For the past five years and the current fiscal year, the School Finance Act provided for the following “base” amounts per pupil:



### Historical Base Per Pupil Funding

<u>Fiscal Year</u>	<u>Base Per-Pupil Funding Amount</u>				<u>Addition Due To:</u>
	<u>Base</u>	<u>Amount</u>	<u>Addition</u>	<u>Total</u>	
2016-17	\$6,292	\$ 76	\$6,368	Inflation (1.2%)	
2017-18	6,368	178	6,546	Inflation (2.8%)	
2018-19	6,546	223	6,769	Inflation (3.4%)	
2019-20	6,769	183	6,952	Inflation (2.7%)	
2020-21	6,952	132	7,084	Inflation (1.9%)	

Each school district's base per-pupil amount is adjusted pursuant to a formula set forth in the School Finance Act to account for differences among school districts. Adjustments are made for cost of living, school district size and personnel costs. Upward adjustments are also made for on-line students and "at risk" students (generally defined as students who qualify for the federal free lunch program). A downward adjustment is made by the State to all K-12 funding in an amount sufficient to balance the State budget (the "budget stabilization factor" or the "negative factor"). Application of the negative factor reduces each district's State aid by a proportional amount. Application of the negative factor, together with other statutory provisions, has had the effect of decreasing the State share of the Total Program Funding and increasing the local share.

Notwithstanding the adjustments described above, the Legislature has established a minimum amount of annual per pupil funding equal to 95% of the "minimum per pupil funding base" calculated in accordance with State law. In 2010, the Legislature enacted legislation suspending the statutory requirement that no school district receive less in State aid than an amount established by the Legislature in the annual general appropriation act for fiscal years 2010-11 to 2014-15. It is possible that similar legislation will be adopted in the future in response to financial difficulties at the State level.

The per pupil amount of funding is multiplied by each school district's "funded pupil count" to arrive at the school district's Total Program Funding. "Funded pupil count" consists of the sum of a school district's (a) K-12 pupil enrollment as calculated in October of the applicable school year, specifying those enrolled as full-time pupils and those enrolled as less than full-time pupils (or, if the school district's enrollment is declining, the pupil enrollment may be determined by using average October pupil counts as specified by law), (b) on-line pupil enrollment, (c) preschool enrollment and supplemental kindergarten enrollment as specified by statute, and (d) extended high school enrollment as specified by statute.

The School Finance Act restricts each school district's annual Total Program Funding per pupil funding to no more than 125% of its prior year Total Program Funding per pupil before the negative factor. TABOR also may restrict overall school district revenues to no more than 100% of the prior year revenue, adjusted for inflation and for pupil growth.

Funding of the State's Share of Total Program Funding. The Legislature is to make annual appropriations to fund the State's share of the Total Program Funding of all school districts. The availability of State funds to school districts may be affected by actions of the Legislature and by the cash position of the State itself. The ability of the State to fund the Total Program Funding of all State school districts may be impacted by numerous factors beyond the control of the State and the District, including general economic conditions, other State program

increases, unemployment, the rate of economic growth, and tourism. In the event that the State's appropriation for its share of the Total Program Funding of all school districts is not sufficient to fully fund such share, CDE must submit a request for a supplemental appropriation in an amount which will fully fund the State's share during the fiscal year in which such insufficiency occurs. If a supplemental appropriation is not made, the School Finance Act states that the negative factor is to be applied, resulting in a percentage reduction in State aid to all school districts receiving State aid.

In 2003, the State Office of Legislative Legal Services issued an opinion stating that the School Amendment does not limit or restrict the Legislature's ability to set the level of appropriations for public education or rescind a portion of the General Fund appropriation for Total Program Funding for public schools. This opinion is not binding and represents only the legal advice currently being provided to the Legislature; however, it could be relied upon by the Legislature to decrease the amount of State aid to public education in the future.

Uses of Total Program Funding. The Board has the discretion to determine how the District's Total Program Funding will be expended. In prior years, State law required districts to set aside specific amounts for instructional supplies and materials and for capital and risk management (insurance) reserves. Those funding requirements were eliminated for fiscal years 2010 and thereafter. However, any balances remaining in the accounts from previous allocations must be budgeted for those specific purposes. The District has continued to fund the capital and risk management reserves as well as setting aside amounts for instructional supplies and materials as allowed by available funds.

Changes to State Laws. Colorado's public school finance laws are subject to review and examination through the judicial process, and are subject to legislative changes as well. Appropriation decisions regarding the State's share of Total Program Funding are made on an annual basis by the Legislature.

All school districts in Colorado were severely impacted by cuts in State funding for the School Finance Act in recent years, beginning with a State budget shortfall in excess of \$1.4 billion for fiscal year 2010. Various mandated rescissions and the introduction of the negative factor were implemented to deal with the State's budget difficulties. The General Assembly included the negative factor in the Total Program Funding formula beginning in fiscal year 2010-11 in order to assist the State in balancing its budget due to the economic downturn. The total amount of the negative factor was approximately \$1 billion. As a result of these actions, the District's per-pupil funding under the School Finance Act declined in fiscal years 2010 through 2013 before beginning to increase again in fiscal year 2014. For fiscal year 2014-15, the State appropriated approximately \$110 million against the negative factor; the 2015 General Assembly adopted legislation authorizing an additional \$14 million in negative factor "buydown" during fiscal year 2014-15. In fiscal year 2015-16, an additional \$25 million was appropriated for "buydown" of the negative factor. The negative factor for fiscal year 2016-17 is budgeted as approximately \$830.7 million and approximately \$822.4 million for 2017-18. In May 2018, the General Assembly approved an additional \$150.0 million to "buy down" the negative factor to approximately \$672.4 million. In May 2019 the General Assembly approved a reduction to the budget stabilization factor by \$100 million from the 2018-19 level to \$572.4 million. The General Assembly increased the budget stabilization factor by \$601.1 million for 2020-21, to \$1.2 billion.

There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws (including but not limited to the School Finance Act), provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District.

## **Other Sources of School District Revenue**

Additional Property Taxes. In addition to property taxes levied to fund a school district's portion of Total Program Funding, school districts may impose certain other levies with the approval of local voters. The proceeds of these mill levies are not included in the Total Program Funding calculation.

*Override Levy.* School districts are permitted to receive additional property taxes for general operating uses pursuant to a separate mill levy (an "override levy"). For override levies approved prior to 2009, a school district's override revenues cannot exceed, generally, 20% of its Total Program Funding, or \$200,000, whichever is greater. Override levies voted in 2009 or later cannot exceed, generally, 25% of the district's Total Program Funding or \$200,000, whichever is greater, if specified information is filed with CDE prior to the election. Override mill levies also increase a district's share of the specific ownership tax.

The District's electors have approved numerous override levies for various specified purposes. Approved mill levy overrides include: 1988 (\$3,052,147), 1996 (\$5,960,000), 2000 (\$10,000,000), 2010 (\$16,000,000), 2016 (\$8,000,000 – phased in from initial fiscal year 2017-18 in the amount of \$2.6 million), and 2019 (\$18,00,0000).

*Bond Redemption Levy.* School districts also may impose a separate mill levy for purposes of generating revenues for the Bond Redemption Fund. Property taxes imposed for the repayment of general obligation debt are received and accounted for separately from property taxes imposed to finance the Total Program and pursuant to override authorization. The District currently imposes a bond redemption mill levy for purposes of paying debt service on its general obligation bonds.

*Other Authorized Levies.* Additional property tax levies authorized by law include special building and technology, transportation, full-day kindergarten, and "debt free schools" capital construction levies. Each of those mill levies must be imposed in amounts authorized by law and must be used for specific purposes. The District does not currently impose any of these additional levies.

Other State Revenue - Categorical Programs. In addition to the State equalization payments made pursuant to the School Finance Act, school districts may receive State funding to pay for specific programs designed to serve particular groups of students or particular student needs, such as transportation, language proficiency, expelled and at-risk students, special education, gifted and talented education, vocational education, small attendance centers and comprehensive health education. Such programs are known as "categorical" programs. The District receives various levels of State funding to pay for such programs.

Fees. Pursuant to the School Finance Act, any fee collected by a school district for a specific purpose is to be spent only for that purpose. For example, if a district imposes a \$100 fee for athletics, all money collected from that fee must be used for athletics. In addition,

school districts must disclose whether a fee is voluntary or mandatory and what activities a child will be excluded from for failure to pay the fee. The District imposes various such fees.

Miscellaneous Revenue Sources. The District also receives General Fund revenues from specific ownership taxes (levied by the State on owners of motor vehicles), interest income, tuition, other charges for services and other miscellaneous sources.

## **District Funds and Accounts**

Funds and Accounts Mandated by State Law. The basic format for the financial operation of Colorado school districts is mandated by State law, which creates the following funds: the General Fund, the Bond Redemption Fund, the Capital Projects Fund, the Insurance Reserve Fund (which may be an internal service fund or an account in the General Fund to satisfy Generally Accepted Accounting Principles (“GAAP”)), the Special Building and Technology Fund, the Transportation Fund and the Full Day Kindergarten Fund. Interpretive regulations of the State Board of Education also authorize the use of additional funds. Some school districts also maintain certain Special Revenue Funds, Enterprise Funds and Internal Service Funds.

General Fund. The bulk of the financial operations of most school districts, including the District, are conducted through the General Fund. The General Fund contains all revenues of the District not attributable to its other established funds. The majority of these revenues are derived from the District’s general property tax levy and from State aid.

TABOR requires each school district to establish emergency reserves constituting 3% of fiscal year spending. See “LEGAL MATTERS--Certain Constitutional Limitations.” Pursuant to State law, the District’s budget must ensure that the TABOR reserve requirement is met by holding unrestricted General Fund or cash fund emergency reserves; except that a district may designate property owned by the district as all or a portion of the required reserve subject to certain statutory requirements. The District currently maintains its TABOR reserve in its General Fund.

Bond Redemption Fund. The Bond Redemption Fund contains the revenues from property tax levies for the purpose of satisfying, when due, the principal and interest obligations on any debt of a school district. The Bond Redemption Fund may also include certain other voter-approved tax revenues imposed to pay long-term obligations authorized by law. In accordance with State law, the District has designated First National Bank in Fort Collins, Colorado, as the custodian of its Bond Redemption Fund. The Custodian is responsible for making debt service payments on the District’s general obligation bonds from the Bond Redemption Fund. See “THE BONDS--Payment Provisions - Third-Party Custodian.”

Capital Projects Fund and Risk Management Reserves. The Capital Projects Fund and the Insurance Fund (which may be an internal service fund or an account of the General Fund) receive the majority of funding from an allocation of a portion of the District’s Total Program Funding. Beginning in fiscal year 2009-10, the School Finance Act eliminated required minimum allocations to these funds; however, school districts may continue to make allocations to the funds as determined by the annual budget.

## Primary Sources of General Fund Revenue

Local and State Shares of General Fund Revenues. The percentage of revenues derived from local, State and other sources for each school district varies depending upon the local tax base and other factors relevant to each school district.

Local Sources. For fiscal years 2018-19 and 2019-20 (unaudited), \$160,434,876 and \$183,251,865 (comprising approximately 53.3% and 56/1%, respectively, of the District's General Fund revenues (excluding transfers in)), was derived from local sources (including property taxes, specific ownership taxes, charges for services, investment income and other local sources).

The primary local source of General Fund revenues is the District's General Fund levy (described below). Other sources of General Fund local revenue received by the District include the District's share of the annual specific ownership tax levied by the State on owners of motor vehicles, interest income earned on the District's investments, tuition and miscellaneous income.

*Calculation of Local Share Mill Levy.* The District's mill levy for its share of Total Program Funding is limited by the School Finance Act to the lesser of (i) the number of mills levied by the District for the immediately preceding property tax year, or (ii) the number of mills necessary to generate property tax revenue in an amount equal to Total Program Funding for the applicable budget year, less minimum State aid and less the amount of specific ownership tax revenue paid to the district; or (iii) 27 mills. The intended effect of the formula is to increase the portion of Total Program Funding paid from local property tax revenues and to decrease the State's share of Total Program Funding.

### [DISCUSSION OF HB 1418 PROVISIONS TO COME]

This formula does not impact the District's ability to levy taxes to pay debt service on the Bonds (and any other outstanding general obligation bonds); the debt service mill levy is entirely separate from the Total Program Funding calculation. The formula does not impact the District's override mill levies, which are outside the formula.

*Mill Levy Information.* The District's General Fund levy includes its operating mill levy, its override levy and any delinquent taxes, penalties and interest associated with those levies. The District's General Fund levy in fiscal years 2018-19 and 2019-20 (unaudited), respectively, yielded collections of \$132,152,639 and \$159,823,019, or 43.9% and 48.9% respectively, of the total revenue in the General Fund, respectively, making it the largest source of revenue to the District. For 2020-21, the District has budgeted approximately \$162,982,322 million in General Fund levy revenues.

State Sources. For fiscal years 2018-19, and 2019-20 (unaudited), \$140,480,317 and \$143,303,362 (or 46.7% and 43.9%), respectively, of the District's General Fund revenues was derived from State sources, including State equalization payments.

State equalization payments are the second largest source of revenues in the General Fund. The following sets forth State equalization payments received by the District for the past five years.

### State Equalization Payments

<u>Fiscal Year Ended June 30</u>	<u>Equalization Payment</u>
2015	\$110,698,549
2016	110,657,525
2017	112,176,713
2018	110,915,761
2019	125,600,955
2020	132,001,092

Source: Derived from the District's comprehensive annual financial reports for fiscal years 2015-2019. Information for fiscal year 2020 is unaudited and subject to change.

State equalization payments received by the District for fiscal years 2018-19, and 2019-20 (unaudited) represented 41.7% and 40.4%, respectively, of General Fund revenues. The District has budgeted to receive approximately \$155,974,956 in State equalization payments in fiscal year 2020-21.

CDE audits school district enrollment, transportation costs and other information regularly and requests the return of State funds if it determines that such an action is warranted. CDE began auditing the District in October 2019 for the fiscal year 2018-19 student count and at-risk count audit and for the fiscal year 2017-18 transportation audit. The District has not received the results of the audit at this time. The District does not believe that there will be any material adjustments due to the audit.

Federal Sources. In addition to State and Local sources of revenue, the District receives a small amount of federal revenue. For fiscal year 2018-19, and 2019-20 (unaudited), \$89,615 and \$80,839 respectively of the District's General Fund revenues was derived from federal sources.

### **Cash Flow Measures**

The salaries of most school district employees are paid over a 12-month period, and most district expenses occur on a relatively consistent monthly basis. A significant portion of district revenue, however, is received from March through June, when property taxes are paid by district taxpayers. Accordingly, districts typically experience cash flow shortages from October until tax collections begin in March of the following year.

Colorado school districts typically address this problem by (i) borrowing funds from the State pursuant to a special State loan program designed to alleviate cash flow management problems (the "State Program," described below); (ii) transferring funds to the general fund from other district funds on a short-term basis; or (iii) borrowing funds on a short-term basis through the issuance of tax anticipation notes.

Under the State Program, the State Treasurer is directed to provide sufficient funds in the form of no-interest or low-interest loans from the State general fund to any district which applies for such funds and which does not have moneys available for expenditure, in each month of the budget year, equal to at least one-twelfth of the amount of the Total Program Funding to which it is entitled for the fiscal year. There are certain limits on the receipt and use of such loans. Any district receiving a loan under this program must begin to repay the loan to

the State when the monthly property tax revenues and State aid received exceed one-twelfth of the amount of Equalization Program Funding to which such district is entitled for the budget year, and all loans must be repaid prior to June 25 of the State fiscal year in which the loan was made. A lien in the amount of any loan attaches to any district property tax revenues (except Bond Redemption Fund revenues) collected during the State fiscal year (which runs from July 1 through June 30) in which the loan was made; that lien has priority over all other expenditures from such revenues until the loan is repaid in full. Districts receiving loans from the State Program also are subject to audit by the State and can be penalized through the withholding of State aid in the event an audit finds that loan proceeds were used in a manner not allowed by law. The Legislature may change the terms of the State Program at any time or abolish it altogether.

State law allows the State to issue tax and revenue anticipation notes and to loan the proceeds of such notes to school districts under the State Program. Each district participating in the State Program must issue a note to the State Treasurer granting a first lien on all of the District's General Fund ad valorem tax revenues received between March 1 and June 30; that lien has a priority over all other expenditures. Each participating school district must pay all of its General Fund tax revenues received between March 1 and June 30 to the State Treasurer until its note is paid in full. Accordingly, participating districts have no property tax revenues available to pay ongoing expenses until their notes are fully paid. Districts may borrow sufficient funds to cover their expenses during the time required to repay their notes.

The District has been participating in the State Program since fiscal year 2017-18. The District borrowed \$25,288,727 for the 2019-20 fiscal year, which was repaid on March 13, 2020. The District expects that it will borrow approximately \$32,320,592 during fiscal year 2020-21.

## **Budget Process**

The District is required by State law to adopt an annual budget which presents a complete financial plan for the ensuing fiscal year. At the time of adoption, the Board is required to adopt a resolution specifying the amount of money appropriated to each fund. The proposed budget and a statement describing the major objectives of the educational program for the ensuing fiscal year must be submitted to the Board no later than thirty days prior to the start of the fiscal year, i.e., on or before June 1. Within ten days after submission of the proposed budget, the Board must publish a notice stating that the proposed budget is available for inspection, that any District taxpayer may file or register objections to the proposed budget at any time prior to its adoption, and that the Board will consider adoption of the proposed budget at a designated meeting of the Board. Formal adoption of the budget is required by resolution by the Board by June 30 of each year. The Board may review and amend the budget with respect to both revenues and expenditures at any time prior to January 31 of the fiscal year for which the budget was adopted.

The District is prohibited from expending any moneys in excess of the amount appropriated by resolution for a particular fund. When money for a specific purpose, other than ad valorem taxes, subsequently becomes available, a supplemental budget for expenditures not to exceed the amount of said money may be adopted and appropriation of said money may be made therefrom. Such procedure is applied to unbudgeted revenues from State and federal sources.

Districts are prohibited from providing for expenditures in excess of available revenues and beginning fund balances and the Board is required to review the financial condition of the District at least quarterly. Districts are required to annually prepare an itemized reconciliation between the fiscal year-end fund balances based on the budgetary basis and the fiscal year-end fund balances based on a modified accrual basis of accounting (utilizing GAAP). Districts also are required to adopt a resolution authorizing and explaining any use of beginning fund balance authorized for expenditure in the budget.

Pursuant to the provisions of the School Finance Act, during any budget year, if the Board determines that the anticipated revenues specified in the budget and the amounts appropriated in the budget for expenditure exceed the actual revenues available to the district due, in whole or in part, to action by the Legislature or the governor relating to the State appropriation for the Total Program Funding under the School Finance Act, the Board may declare a fiscal emergency in such budget year. A declaration of emergency may only occur upon an affirmative vote of two-thirds of the members of the Board at a public meeting held after a duly noticed public hearing. If a fiscal emergency is declared, the Board may implement a reduction in salaries for all employees of the District on a proportional basis or may alter the work year of such employees. This reduction in salaries is permitted to be made notwithstanding provisions of State law which otherwise prohibit the Board from changing or modifying teacher salary schedules during a school year.

## **General Fund Budget Summary and Comparison**

General. The following table sets forth a comparison of the District's final 2018-19 and 2019-2020 General Fund budget and adopted 2020-21 General Fund budget, as compared to actual results from July 1, 2018 through June 30, 2019, and unaudited results from July 1, 2018 through June 30, 2020.

Budgetary Basis. The following tables are presented on a budgetary basis and are not intended to conform to GAAP. Certain differences exist between the budgetary basis of reporting and the GAAP basis of reporting, particularly in the General Fund. The primary difference with respect to Colorado school districts relates to the reporting of teacher salaries. The salaries of teachers and certain other employees generally are paid over a 12-month period ending July 31; however, most salaries are earned over the traditional school year of September through May. Pursuant to GAAP, these salaries are recorded as an expenditure of the District in the year they are earned rather than the year in which they are paid. However, for budgetary purposes, the District does not reflect a liability for the earned but unpaid salaries and associated benefits, but treats those amounts as deferred and therefore available for budgetary purposes. This accounts for a difference in expenditures and fund balance as reported on a GAAP basis versus expenditures and fund balance reported on a budgetary basis.

In addition, as discussed in "Cash Flow Measures" above, many District expenses occur on a relatively consistent monthly basis. A significant portion of District revenue, however, is received from March through June, when property taxes are paid by District taxpayers. Investors should keep this in mind when reviewing the year-to-date comparisons set forth below.

Reserve Policy. The District updated Policy DBAA – General Fund Balances – in June of 2014. This policy prioritizes fund balance usage, targets level/replenishing shortages,



and using excess in relation to unassigned fund balance, as well as implements guidelines and policy review. This policy states that the District shall strive to maintain an appropriated reserve amount in the General Fund within the range of 3% to 5% of each fiscal year's expenditures and other financing uses. This reserve amount is intended to safeguard against unanticipated expenditures and/or unrealized revenues, as well as to help maintain a high credit rating of the District and reduce the need for short-term borrowing. This reserve is in addition to the 3% reserve required by TABOR. In addition to the reserve amount, the Board also annually sets aside an additional percentage (subject to annual Board approval) as a contingency reserve. The Board has identified in the 2020-2021 Adopted Budget an unassigned "contingency reserve amount" of \$5,789,114 million or 2.0% of budgeted expenditures.

2020-21 Budget Considerations. The School Finance Act (SFA), House Bill (HB) 20-1418 for fiscal year 2020-2021, includes a statewide base per-pupil revenue ("PPR") increase of 1.9 percent, or \$132, for inflation as required by Amendment 23. This increases the statewide base per pupil to \$7,084 per pupil. However, due to the recent local and global economic downturn, the State's budget stabilization factor was set at 14.0 percent for 2020-21. It is the State's interpretation that the base PPR is protected by Amendment 23, but the other factors which contribute to total PPR (cost of living, size, and at risk) are not protected. This allowed the General Assembly to adopt a budget stabilization factor of \$1.2 billion, an increase of \$601.1 million when compared to \$572.4 million in the prior year. This creates an overall statewide average total PPR of \$8,077. The current estimate for District PPR is \$7,658.

The CARES Act, enacted on March 27, 2020, provides one-time grant funding to education to support expenses incurred due to COVID-19. The District will receive approximately \$2,160,805 from the Elementary and Secondary School Emergency Relief (ESSER) Fund and \$13,957,734 million from the Coronavirus Relief Fund (CRF). Allowable uses for these funds include complying with state and local public health orders, planning and implementing of 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 will account for revenue and expenditures of these grants in its Designated Purpose Grants Fund.

General Fund Budget Summary and Comparison (Non-GAAP Budgetary Basis)

	Final 2018-19 <u>Budget</u>	Actual 7/1/2018- <u>6/30/19(1)</u>	Final 2019-20 <u>Budget</u>	Actual 7/1/2019- <u>6/30/20 (1)</u>	Adopted 2020-2021 <u>Budget</u>
<b>Revenue</b>					
Local sources	\$159,862,176	\$160,094,271			
State sources	135,365,393	135,981,223			
Federal sources	<u>135,000</u>	<u>135,000</u>			
 Total Revenues	 <u>295,362,569</u>	 <u>296,201,494</u>			
<b>Expenditures</b>					
Instruction	155,788,762	158,127,936			
Support services	107,190,169	108,799,635			
Food service operations	294,699	299,124			
Community services	160,745	163,159			
Education for adults	80,373	81,579			
Facilities acquisition	--	--			
Capital outlay	4,393,699	4,459,669			
Payments to charter schools	20,393,266	20,594,304			
Operating contingencies	<u>68,982,722</u>	<u>67,962,884</u>			
 Total Expenditures	 <u>357,284,435</u>	 <u>360,488,290</u>			
 Excess of revenues (under) over expenditures	 <u>(61,921,866)</u>	 <u>(64,277,796)</u>			
 Other financing sources (uses)					
Proceeds from the sale of assets	--	--			
Transfers in	100,000	100,000			
Transfers (out)	--	--			
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>			
 Net change in fund balance	 (61,821,866)	 (64,177,796)			
 Fund balance at beginning of year	 <u>61,821,866</u>	 <u>64,177,796</u>			
 Fund balance at end of year	 <u>\$--</u>	 <u>\$--</u>			

(1) Unaudited figures only. Subject to various adjustments and also subject to change during audit process.

Sources: Derived from the District's final 2018-19 budget and 2019-20 budget and adopted budget for 2020-2021, and the District for audited financial information for the fiscal year ended June 30, 2018 and June 30, 2019.

## **Accounting Records and Financial Statements**

General. The District accounts for its financial operations in compliance with State law. All District funds are required to be audited on a fiscal year running from July 1 to June 30. The annually audited financial statements must be submitted to the Board within five months after the end of the fiscal year and filed with the State auditor and the commissioner of education 30 days after receipt by the District. If the District fails to file an audit report with the State auditor, the State auditor may, after notice to the District, notify the County Treasurer holding moneys of the District (if any) and authorize the County Treasurer to prohibit release of such moneys until the District files the audit report with the State. The District's fiscal year 2019 audit was filed on time.

Awards. The District received both the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association ("GFOA") and the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International ("ASBO") for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2019. Such certificates are the highest form of recognition in the area of governmental finance reporting and are awarded to governmental entities whose comprehensive annual financial reports are judged to conform substantially to program standards. The District has received a Certificate of Achievement from GFOA for the last twenty-two consecutive fiscal years. The District has received the Certificate of Excellence from ASBO for the last twenty-three consecutive years.

## **History of General Fund Revenues, Expenditures, and Changes in Fund Balance**

General. Set forth in the following table is a five-year comparative statement of revenues and expenditures for the General Fund, including the beginning and ending fund balances for each year. The information has been derived from the District's audited financial statements for the fiscal years ended June 30, 2015 through 2019. This table should be read in conjunction with the District's audited basic financial statements and accompanying notes for the year ended June 30, 2019, which are attached hereto as Appendix A. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

General Fund - Comparative Statement of Revenues,  
Expenditures and Changes in Fund Balance (GAAP Basis)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Local sources	\$119,076,555	\$129,735,859	\$139,031,617	\$151,721,921	\$160,424,876
State sources	119,742,276	120,214,786	121,690,063	121,025,108	140,480,317
Federal sources	--	218,598	17,810	99,695	89,615
<b>Total revenues</b>	<u>238,818,831</u>	<u>250,169,243</u>	<u>260,739,490</u>	<u>272,846,724</u>	<u>301,004,808</u>
Expenditures:					
Current:					
Instruction	130,806,357	136,767,264	142,753,689	145,276,430	161,984,125
Support services	94,051,443	96,369,265	98,771,237	101,770,069	111,337,736
Food service operations <sup>(1)</sup>	36,716	1,930	27,542	36,537	303,873
Community Services	172,142	184,100	148,419	141,753	159,411
Education for Adults <sup>(2)</sup>	50,954	95,647	80,825	86,548	72,127
Facilities acquisition <sup>(3)</sup>	70,497	148,770	196,404	--	--
Capital outlay <sup>(4)</sup>	2,217,276	4,107,700	2,963,073	1,464,769	4,524,220
Allocation to Charter	<u>15,412,916</u>	<u>16,683,753</u>	<u>17,327,644</u>	<u>17,692,591</u>	<u>20,610,842</u>
<b>Total expenditures</b>	<u>242,818,301</u>	<u>254,358,429</u>	<u>262,268,833</u>	<u>266,468,695</u>	<u>298,992,334</u>
Excess of revenues over (under) expenditures	<u>(3,999,470)</u>	<u>(4,189,186)</u>	<u>(1,529,343)</u>	<u>6,378,029</u>	<u>2,012,474</u>
Other financing sources (uses):					
Proceeds from sale of assets	18,445	--	27,606	--	--
Transfers in	279,800	2,277,812	85,266	13,070	--
Transfers (out) <sup>(5)</sup>	<u>(933,306)</u>	<u>(3,340,712)</u>	<u>(57,901)</u>	<u>(95,001)</u>	<u>(94,512)</u>
<b>Total other financing (uses)</b>	<u>(635,061)</u>	<u>(1,062,900)</u>	<u>54,971</u>	<u>(81,931)</u>	<u>(94,512)</u>
Net change in fund balance	(4,634,531)	(5,252,086)	(1,474,372)	6,296,098	1,917,962
Fund balances at beginning of year	<u>54,575,129</u>	<u>49,940,598</u>	<u>44,688,512</u>	<u>43,214,140</u>	<u>49,510,238</u>
Fund balances at end of year	<u>\$49,940,598</u>	<u>\$44,688,512</u>	<u>\$43,214,140</u>	<u>\$49,510,238</u>	<u>\$51,428,200</u>

(1) In FY2015, the Early Childhood program within the general fund provided a one-time snack reimbursement to the food service fund for the balance owed to the program.

(2) In FY2013 the District did not record the annual payment in the correct fiscal year. In FY2016, the District processed two annual payments in one fiscal year to correct the timing difference

(3) Increase is primarily attributable to purchased services expenditures related to site development for a new land purchase.

(4) Increase in 2016 is due to a one-time land purchase of \$1.9 million for a new elementary school.

(5) The District's tuition based all-day Kindergarten program was maintained in a PSA fund from its inception through FY2016. These amounts represent the transactions required to close multiple years of PSA accounts to the general fund. Effective FY2017, tuition based all-day Kindergarten is maintained in the general fund.

Source: The District's audited Basic Financial Statements for the years ended June 30, 2015 through 2019.

## Management's Discussion and Analysis

*A narrative overview and analysis by District management of the financial activities of the District for the fiscal year ended June 30, 2019, is included as part of the District's audited financial statements set forth herein as APPENDIX A.*

*the District for the fiscal year ended June 30, 2019, is included as part of the District's audited financial statements set forth herein as APPENDIX A.*

Due to the impact of COVID on many areas of District operations, significant changes were made during the development of the fiscal year 2020-21 budget. In anticipation of reduced state funding for fiscal year 2020-21, the District took several steps to reduce expenditures and balance the budget. Through a combination of on-going budget reductions and one-time funds, the District was able to adopt a balanced budget in June 2020. Ongoing budget reductions include, but are not limited to reductions in student based budgeting (SBB) allocations, central department budgets, and operating budgets. Additionally, the District swept funds from assigned school and department carryovers, as well as utilized the currently unused portion of the 2016 MLO to help balance the budget. The District was also able to negotiate a new salary schedule in accordance with the 2019 MLO election for licensed and classified staff. In regard to federal funds received through the CARES act, the majority of the Coronavirus Relief Funds we expended in fiscal 2019-20 on licensed staff compensation costs that spent their remote learning time in a substantially different role than normal. This action freed up general fund resources that can be deployed in fiscal year 2020-21 as needed on certain expenditures needed due to COVID.

Since the new fiscal year began, the main new development is the addition of an online school with approximately 2,600 students. Most of these students transferred from existing PSD schools to the online school. However, even with this option in place total K-12 enrollment is currently down approximately 900 students from fiscal year 2019-20. The District is currently researching the causes of this problem and potential remedies, both for October 2020 student count as well as future years. In the short-term, it is expected that this enrollment decrease will lead to a decline in School Finance Act revenue. Fortunately, the Act has an averaging provision that offsets some of the loss that would otherwise be felt in a declining enrollment situation. The District is currently analyzing the situation and making budget adjustments as appropriate to respond to both a potential loss in revenue as well as higher than expected expenditures related to the rapid growth of the online school. While down slightly from historical averages, property tax collections for fiscal year 2020-21 were still at approximately 97.5%.

Long-Term Financial Planning. The District regularly updates long-range financial projections which are regularly reviewed by the Board. These include forecasts of student enrollment, which is the basis of School Finance Act funding. Without additional K-12 funding, the District's current financial forecast indicates that budgetary efficiencies will need to be sought and considered by the Board in the near future. If additional School Finance Act funding becomes available, a multi-year implementation plan will be developed in alignment with the Board's strategic plan during 2020-21.

With the continued uncertainty of State funding the District continues to monitor the changing economic environment and adjust financial forecasts. The District will continue to diligently review needed budgetary adjustments, cost containment measures, and funding reallocations to focus its financial resources on student achievement while maintaining adequate financial reserves in the long-term.

## PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT

### Ad Valorem Property Taxes

COVID-19 Information. The Governor of Colorado (the “Governor”), the General Assembly and various State agencies have adopted legislation, issued orders, recommendations and other measures intended to slow the spread of COVID-19 in the State, including a “stay at home” the closing of businesses through the end of April and a “stay at home” order that was in place through April 26, 2020. Many businesses closed in response to these orders. Unemployment claims have accelerated in the State due to these orders. Even with the lifting of the stay at home orders, many businesses may closed or are operating at reduced capacity for a time period that cannot be determined at this time.

Some of the actions taken by the Governor, the State agencies and the General Assembly that impact the administration of property taxes are discussed below. It is also not possible to know whether Governor Polis will issue additional executive orders authorizing County Treasurers to extend payment deadlines and waive interest. There is no guarantee that additional executive orders or legislation deferring the payment of property taxes to a later date, permanently waiving interest, or forgiving property tax liability in its entirety will occur and, if these or similar measures are adopted into law, the receipt of property taxes by the District may be delayed or reduced, and such reduction could be material.

*Executive Orders.* The Governor has issued executive orders with respect to certain of the deadlines discussed throughout this section. For example, Executive Order D 2020 012 allowed property taxpayers (other than third parties who pay on behalf of County taxpayers) who normally pay in on installment on April 30 as described below to pay in two installments on April 30 and June 15. The executive order also granted county treasurers in Colorado the authority to waive delinquent interest on late property tax payments through April 30, 2020. The County Treasurer waived delinquent interest through April 30, but delinquent interest was applied to first half payments paid on or after May 1, as it was to second half payments made after June 15.

In addition, the Governor has issued Executive Order D 2020-022 extending the filing deadlines for business personal property taxes, taxable natural resource property (mining) and taxable oil and gas property from April 15, 2020, to June 15, 2020.

Executive Order D-2020-022 also suspended certain deadlines applicable to reports and determinations required from County Assessors and allowed the State Board of Equalization to adopt emergency rules pertaining the administration of property taxes. The emergency rules were effective through July 7, 2020. Among other items, the emergency regulations extended time for taxpayers to report information needed to complete tax assessments for personal property, oil and gas property and certain mines. Valuation protest periods for taxpayers were also extended. The time periods for county assessors to provide various reports regarding assessed valuation were extended, including the requirement that preliminary assessed values be certified to taxing entities (such as the District) by August 25; that report is now required to be provided no later than October 13, 2020.

*General Assembly.* The General Assembly enacted legislation authorizing Boards of County Commissioners to reduce or waive the interest rate for delinquent property taxes from June 15 through October 1, 2020. The Commissioners have not done so.

Property Subject to Taxation. Subject to the limitations imposed by TABOR (described in “LEGAL MATTERS--Certain Constitutional Limitations”), the Board has the power to certify to the Commissioners a levy for collection of ad valorem taxes against all taxable property within the District.

Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by the District. Both real and personal property are subject to taxation, but there are certain classes of property which are exempt. Exempt property includes, but is not limited to: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; property used for charitable or religious purposes; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner’s land; household furnishings and personal effects not used to produce income; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Assessment of Property. Taxable property is first appraised by the County Assessor to determine its statutory “actual” value. This amount is then multiplied by the appropriate assessment percentage to determine each property’s assessed value. The mill levy of each taxing entity is then multiplied by this assessed value to determine the amount of property tax levied upon such property by such taxing entity. Each of these steps in the taxation process is explained in more detail below.

*Determination of Statutory Actual Value.* The County Assessor annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory “actual” value of all taxable property within the county as of January 1. Most property is valued using a market approach, a cost approach or an income approach. Residential property is valued using the market approach, and agricultural property, exclusive of building improvements thereon, is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, is determined by the County Assessor utilizing a “level of value” ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. Real property is reappraised by the County Assessor’s office every odd numbered year. The statutory actual value is based on the “level of value” for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). For example, values for levy year 2019 (collection year 2020) were based on an analysis of sales and other information for the period January 1, 2017 to June 30, 2018. The following table sets forth the State Property Appraisal System for property tax levy years 2015 through 2020.



<u>Collection Year</u>	<u>Levy Year</u>	<u>Value Calculated As Of</u>	<u>Based on the Market Period</u>
2016	2015	July 1, 2014	Jan. 1, 2013 to June 30, 2014
2017	2016	July 1, 2014	Jan. 1, 2013 to June 30, 2014
2018	2017	July 1, 2016	Jan. 1, 2015 to June 30, 2016
2019	2018	July 1, 2016	Jan. 1, 2015 to June 30, 2016
2020	2019	July 1, 2018	Jan. 1, 2017 to June 30, 2018
2021	2020	July 1, 2018	Jan. 1, 2017 to June 30, 2018

The County Assessor may consider market sales from more than one and one-half years immediately prior to July 1 if there were insufficient sales during the stated market period to accurately determine the level of value.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility's tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

*Determination of Assessed Value.* Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. The percentage used to calculate assessed valuation differs depending upon the classification of each property.

**Residential Property.** To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State constitution requires the Legislature to adjust the assessment rate of residential property for each year in which a change in the base year level of value occurs. This adjustment is constitutionally mandated to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property which existed in the previous year (although, notwithstanding the foregoing, TABOR prohibits any valuation for assessment ratio increase for a property class without prior voter approval).

Pursuant to the adjustment process described above, the residential assessment rate is adjusted every two years, resulting in the following history of residential assessment rates since levy year 1989: 15.00% of statutory actual value (levy years 1989-90); 14.34% of statutory actual value (levy years 1991-92); 12.86% of statutory actual value (levy years 1993-94); 10.36% of statutory actual value (levy years 1995-96); 9.74% of statutory actual value (levy years 1997-00); 9.15% of statutory actual value (levy years 2001-02); 7.96% of statutory actual value (levy years 2003-16); and 7.20% of statutory actual value (levy years 2017-18). For levy years 2019 and 2020, the residential assessment rate is 7.15%.

The residential assessment rate may decline further in future years. In December 2019, the Colorado Legislative Council (the research division of the General Assembly) projected a decline to 7.13% for levy years 2021 and 2022. However, the projections are subject to change as a result of numerous economic factors and could be lower than currently projected. The residential assessment rate cannot increase without the approval of Colorado voters.

Notwithstanding the foregoing, the General Assembly adopted legislation referring a repeal of the Gallagher Amendment to a statewide vote. If the repeal passes, the General Assembly is expected to be responsible for setting the assessment ratios in the future, which may impact the valuation used to determine assessed value of both residential and commercial property in a manner that can't be predicted at this time. However, if the repeal question passes, the General Assembly has put a moratorium on changing valuation ratios in place for the tax year commencing January 1, 2020.

**Non-residential property.** All non-residential taxable property, with certain specified exceptions, is assessed at 29% of its statutory actual value. Producing oil and gas property is generally assessed at 87.5% of the selling price of the oil and gas.

*Protests, Appeals, Abatements and Refunds.* Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with statutory deadlines. Property owners are given the opportunity to object to increases in the statutory actual value of such property, and may petition for a hearing thereon before the County's Board of Equalization. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

*Statewide Review.* The Legislature is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the Legislature and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, the District's assessed valuation may be subject to modification following any such annual assessment study.

*Homestead/Disabled Veterans Property Tax Exemptions.* The Colorado Constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and later (except that the exemption was suspended for collection years 2009 to 2012), the exemption is equal to 50% of the first \$200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least 10 years. The disabled veterans provision provides that for property tax collection years 2008 and later, the same exemption is

available to homeowners who have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions; therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the District. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessor is required to certify to the District the assessed valuation of property within the District no later than August 25th of each year. If the County Assessor makes changes in the valuation for assessment or the total actual value prior to December 10, the County Assessor notifies the District of those changes. Subject to the limitations of TABOR, based upon the valuation certified by the County Assessor, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to the District's property tax, and together with other legally available District revenues, will raise the amount required by the District in its upcoming fiscal year. The District subsequently certifies to the Commissioners the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year. The property tax rate is expressed as a mill levy, which is the rate equivalent to the amount of tax per one thousand dollars of assessed valuation. For example, a mill levy of 25 mills would impose a \$250 tax on a parcel of property with an assessed valuation of \$10,000.

The Commissioners levy the tax on all property subject to taxation by the District. By December 22nd of each year, the Commissioners must certify to the County Assessor the levy for all taxing entities within the applicable county. If the Commissioners fail to so certify, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the County Treasurer.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2018 were collected in 2019 and taxes certified in 2019 are being collected in 2020. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1 until the date of payment unless the whole amount is paid by April 30. If the second installment is not paid by June 15, the unpaid installment will bear interest at the rate of 1% per month from June 16 until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the District on a monthly basis. The payments to the District must be made by the 10th of each month, and shall include all taxes collected through the end of the preceding month. The County Treasurer is also required to make a second monthly payment to the District on or before the 24<sup>th</sup> day of the months of March, May and June, reflecting taxes collected through the 20<sup>th</sup> day of the respective month.

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on a parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure, and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale. There can be no assurance that the proceeds of tax liens sold, in the event of foreclosure and sale by the County Treasurer, would be sufficient to produce the amount required with respect to property taxes levied by the District and property taxes levied by overlapping taxing entities, as well as any interest or costs due thereon. Further, there can be no assurance that the tax liens will be bid on and sold. If the tax liens are not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to a county and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the Commissioners after that time.

Potential for Overlap with Tax Increment Authorities. Colorado law allows the formation of public highway authorities. Pursuant to statute, the board of directors of a public highway authority is entitled to designate areas within the authority's boundaries as "value capture areas" to facilitate the financing, construction, operation or maintenance of highways constructed by the authority; an authority is entitled to capture a portion of the property taxes in such an area to support these purposes. No public highway authority value capture area currently exists within the County. If an authority were to be formed and a value capture area implemented in the future, it is impossible to predict the terms of the plan, including whether it would negatively impact the District's property tax revenues.

Similarly, the State law allows the formation of urban renewal authorities and downtown development authorities in areas which have been designated by the governing bodies of municipalities as blighted areas. Certain of the property within the District is included within the boundaries of the Fort Collins Downtown Development Authority, Fort Collins Urban Renewal Authority North College Avenue, Fort Collins Urban Renewal Authority Prospect South, and Timnath Development Authority (collectively, the "Authorities"). With respect to the property included in the boundaries of an urban renewal authority or downtown development authority in the future and subject to a renewal plan, the assessed valuation of such property that is taxable does not increase beyond the amount existing in the year prior to the adoption of the plan (other than by means of the general reassessment). Any increase above the "base" amount is paid to the applicable authority. See the table entitled "History of District Assessed Valuation" in "Ad Valorem Property Tax Data" below for information on the assessed valuation attributable to the Authorities. Currently, it is the State Department of Education's policy to provide State equalization funding to school districts in order to equalize amounts of taxes that would be lost as a result of tax increment areas. However, this policy could change at any time.

## Ad Valorem Property Tax Data

A five year history of the District's assessed valuation and mill levies is set forth in the following table.

### History of Assessed Valuation and Mill Levies for the District

Levy/ Collection Year	Assessed Valuation		Mill Levies				Special Abate- ment	Total
	Assessed Valuation <sup>(1)</sup>	Percent Change	General Fund	Debt Service	Override			
2015/2016	\$2,850,805,497	--	27.000	13.072	12.281		0.277	52.630
2016/2017	2,925,316,397	2.6%	27.000	13.069	11.967		0.594	52.630
2017/2018	3,261,486,136	11.5	27.000	13.947	11.532		0.151	52.630
2018/2019	3,284,003,917	0.7	27.000	12.330	13.097		0.203	52.630
2019/2020	3,740,344,095	13.9	27.000	12.473	16.312		0.215	56.000

(1) Assessed valuation figures are net of the assessed valuations attributable to the Authorities in the following amounts for the respective levy years: \$112,911,427 for 2015; \$129,823,851 for 2016; \$164,732,038 for 2017; \$176,852,486 for 2018; and \$207,048,520 for 2019.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2019; the Larimer County Assessor's Office; and the District.

The following chart sets forth a five year history of the District's ad valorem property tax collections.

### Property Tax Collections for the District

Levy/Collection Year	Taxes Levied <sup>(1)(2)</sup>	Current Tax Collections <sup>(3)</sup>	Collection Rate
2014/2015	\$130,277,061	\$130,061,368	99.83%
2015/2016	150,037,893	148,700,575	99.11
2016/2017	153,959,402	153,373,058	99.62
2017/2018	171,652,015	171,218,456	99.75
2018/2019	172,837,126	172,456,640	99.78
2019/2020 <sup>(4)</sup>	209,459,269	208,098,955	--

(1) Taxes levied are net of all revenue attributable to the Authorities in the following amounts for the respective levy years: \$4,416,686 for 2014; \$5,942,529 for 2015; \$6,832,629 for 2016; \$8,669,847 for 2017; \$9,307,746 for 2018; and \$11,594,717 for 2019.

(2) Levies do not reflect abatements or other adjustments.

(3) The Larimer County Treasurer's collection fees have not been deducted from these amounts, nor do they include delinquent tax collections or interest collected.

(4) Figures are taxes collected from January 1 through August 31, 2020.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2014-2019; the Larimer County Treasurer's Office; and the District.

Based upon levy year 2019 information available from Larimer County, the following table represents the ten largest taxpayers within the District. A determination of the largest taxpayers can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessed value in excess of those set forth in the following chart. Furthermore, the taxpayers shown in the chart may own additional parcels within the District not included herein.

No independent investigation has been made of and consequently there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District.

Ten Largest Taxpayers in the District for 2019

<u>Taxpayer Name</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation<sup>(1)</sup></u>
Avago Technologies Wireless (USA)	\$115,308,246	3.08%
Anheuser Busch <sup>(2)</sup>	71,898,074	1.92
Ramco-Gershenson Properties LP	32,138,919	0.86
Woodward <sup>(3)</sup>	30,018,347	0.80
Public Service Co. of Colo (Xcel)	27,575,963	0.74
Walton Foothills Holdings VI LLC	25,773,138	0.69
AmCap Harmony LLC	15,809,002	0.42
New Belgium Brewing Co. Inc.	14,638,401	0.39
Qwest Corporation	12,535,350	0.34
BNSF Railway Company	<u>11,966,700</u>	<u>0.32</u>
TOTAL	<u>\$357,662,140</u>	<u>9.56%</u>

(1) Based on a 2019 certified assessed valuation of \$3,740,344,095 (net of \$207,048,520 of assessed valuation attributable to the Authorities).

(2) Anheuser Busch includes Anheuser-Busch Commercial and Anheuser Busch LLC.

(3) Woodward includes Woodward Governor Company and Woodward Inc.

Source: Larimer County Assessor's Office.

The following chart sets forth the 2019 certified assessed valuation and statutory “actual” valuation of specific classes of real and personal property within the District. Residential property accounts for the largest percentage of the District’s assessed valuation, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied by the District.

2019 Certified Valuations of Classes of Property in the District

Class	Assessed Valuation <sup>(1)</sup>	Percent of Total Assessed Valuation	“Actual” Valuation <sup>(1)</sup>	Percent of Total “Actual” Valuation
Residential	\$2,247,298,525	56.94%	\$31,430,533,100	84.29%
Commercial	1,125,588,406	28.52	3,881,338,780	10.41
Industrial	336,936,413	8.54	1,161,849,650	3.11
Vacant	126,122,730	3.19	434,906,080	1.17
State Assessed	88,114,613	2.23	303,843,300	0.81
Agricultural	18,081,668	0.46	62,346,130	0.17
Natural Resources	2,891,752	0.07	9,971,670	0.03
Oil and Gas	1,964,282	0.05	3,290,286	0.01
TOTAL	<u>\$3,946,998,389</u>	<u>100.00%</u>	<u>\$37,288,078,996</u>	<u>100.00%</u>

(1) The total assessed and “actual” valuations shown reflect adjustments after the certification of values and include valuations attributable to the Authorities. Therefore, the total assessed and “actual” valuation figures herein differ from the figures set forth elsewhere in the Official Statement.

Source: Larimer County Assessor’s Office.

The following table sets forth a history of the statutory “actual” value of specific classes of real and personal property within the District. Statutory “actual” value is not intended to represent market value.

Historical Actual Valuations of Property Within the District

Class	2014	2015	2016	2017	2018
Residential	\$16,988,948,300	\$20,000,087,600	\$20,498,996,300	\$25,851,954,300	\$26,555,609,400
Commercial	2,581,091,560	2,992,510,220	3,020,461,350	3,425,612,060	3,483,430,150
Industrial	945,697,420	1,027,758,310	1,218,574,220	1,210,515,050	1,147,264,050
Vacant	292,850,260	346,799,590	312,256,260	395,050,660	346,463,110
State Assessed	263,452,000	276,870,000	283,088,900	287,724,600	286,549,300
Agricultural	44,997,300	53,819,450	55,709,770	61,294,890	61,356,540
Natural Resources	13,606,980	16,085,650	14,180,550	12,848,310	11,372,850
Oil and Gas	8,381,175	6,975,182	2,248,659	1,880,672	2,434,252
TOTAL	<u>\$21,139,024,995</u>	<u>\$24,720,906,002</u>	<u>\$25,405,516,009</u>	<u>\$31,246,880,542</u>	<u>\$31,894,479,652</u>

Source: Larimer County Assessor’s Office.

## Sample Mill Levies Affecting Property Owners Within the District

In addition to the District's ad valorem property tax levy, owners of property within the District are obligated to pay taxes to other taxing entities in which their property is located. As a result, property owners within the District's boundaries may be subject to different mill levies depending upon the location of their property. The following table reflects sample mill levies that may be imposed on certain properties within the District and is not intended to portray the mills levied against all properties within the areas shown. Property owners within the areas indicated may be subject to larger or smaller total mill levies than the samples given in the following table.

### Sample Mill Levies Affecting District Property Owners

<u>Taxing Entity</u>	<u>2019 Mill Levy<sup>(1)</sup></u>
<u>In the City of Fort Collins</u>	
Larimer County	21.863
City of Fort Collins	9.797
Poudre River Public Library District	3.000
Health District of Northern Larimer County	2.167
Northern Colorado Water Conservancy District	1.000
Larimer County Pest Control District	<u>0.142</u>
Total Overlapping Sample Mill Levy	37.969
The District	<u>56.000</u>
Total Sample Mill Levy	<u>93.969</u>
<u>In Unincorporated Larimer County</u>	
Larimer County	21.863
Poudre Valley Fire Protection District	10.665
Poudre River Public Library District	3.000
Health District of Northern Larimer County	2.167
Northern Colorado Water Conservancy District	1.000
Larimer County Pest Control District	<u>0.142</u>
Total Overlapping Sample Mill Levy	38.837
The District	<u>56.000</u>
Total Sample Mill Levy	<u>94.837</u>

(1) One mill equals 1/10 of one cent. Mill levies certified in 2019 are for the collection of ad valorem property taxes in 2020.

Source: Larimer County Assessor's Office.



## **Estimated Overlapping General Obligation Debt**

In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries which overlap or partially overlap the boundaries of the District. The following table sets forth the estimated overlapping general obligation debt chargeable to property owners within the District as of the date of this Official Statement. Additional taxing entities may overlap with the District in the future.

### Estimated Overlapping General Obligation Debt

Entity <sup>(1)</sup>	2019 Assessed Valuation <sup>(2)</sup>	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the District <sup>(3)</sup>	
			Percent	Debt
Crystal Lakes Fire Protection District	\$	\$	%	\$
Foothills Metropolitan District <sup>(4)</sup>				
Harmony Tech. Park Metro. Dist. No. 2 <sup>(5)</sup>				
Larimer County Smithfield P.I.D. No. 60				
Northern Colo. Water Conservancy Dist. <sup>(6)</sup>				
Park Hospital District				
Rendezvous Metropolitan District No. 4 <sup>(5)</sup>				
Serratoga Falls Metropolitan District No. 2				
Serratoga Falls Metropolitan District No. 3				
South Timnath Metropolitan District No. 1 <sup>(5)</sup>				
South Timnath Metropolitan District No. 2 <sup>(5)</sup>				
Southwest Timnath Metro. District No. 4 <sup>(5)</sup>				
Timnath Ranch Metropolitan Dist. No. 4 <sup>(5)</sup>				
Town of Wellington				
WildWing Metropolitan District No. 5 <sup>(5)</sup>				
Windsor Highlands Metro. District No. 4				
Windsor-Severance Fire Protection District				
TOTAL				\$

- (1) The following entities also overlap the District, but have no reported general obligation debt outstanding: Block 23 Metropolitan Districts Nos. 1 and 2; Boxelder Sanitation District; Cherry Hills Sanitation District; East Fossil Creek Ranch Metropolitan Districts Nos. 1 and 2; East Larimer County Water District; Estes Valley Public Library District; City of Fort Collins; Fort Collins Downtown Development Authority; Fort Collins General Improvement District No. 1; Fort Collins Urban Renewal Authority Foothills Mall; Fort Collins Urban Renewal Authority North College Avenue; Fort Collins Urban Renewal Authority Prospect South; Fort Collins - Loveland Water District; Gateway at Prospect Metropolitan Districts Nos. 1 to 7; Glacier View Fire Protection District; Grove Metropolitan Districts Nos. 1 to 3; Harmony I-25 Metropolitan Districts Nos. 1 to 3; Health District of Northern Larimer County; I-25/Prospect Interchange Metropolitan District; Larimer County; Larimer County General Improvement Districts Nos. 1, 6, 10, 12, 13A, 15, 16, 17, and 1991-1; Larimer County Pest Control District; Larimer County Public Improvement Districts Nos. 19, 20, 21, 22, 24, 26, 28, 29, 30, 34, 37, 38, 42, 43, 48, 50, 51, 52, 54, 58 and 62; Livermore Fire Protection District; City of Loveland; Loveland Rural Fire Protection District; Mulberry Frontage Metropolitan District; North Weld County Water District; Poudre Canyon Fire Protection District; Poudre River Public Library District; Poudre Valley Fire Protection District; Ptarmigan West Metropolitan Districts No. 1 to 3; Red Feather Lakes Fire Protection District; Red Feather Mountain Library District; Rendezvous Metropolitan Districts Nos. 1 to 3 and 5; Rudolph Farms Metropolitan Districts Nos. 1 to 6; Serratoga Falls Metropolitan District No. 1; South Fort Collins Sanitation District; Southwest Timnath Metropolitan Districts Nos. 1 to 3; Spring Canyon Water and Sanitation District; Sundance at Daubert Farm Metropolitan District; Sunset Water District; SW Prospect I25 Metropolitan Districts Nos. 1 to 7; Thompson Valley Health Services District; Town of Timnath; Timnath Farms North Metropolitan Districts Nos. 1 to 3; Timnath Ranch Metropolitan Districts Nos. 1 to 3; Timnath Development Authority; Wellington Fire Protection District; West Fort Collins Water District; WildWing Metropolitan Districts Nos. 1 to 4; Windsor Highlands Metropolitan Districts Nos. 1 to 3, 5 and 7 to 11; and Town of Windsor.
- (2) Assessed values certified in 2019 are for the collection of ad valorem property taxes in 2020.
- (3) The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.
- (4) Foothills Metropolitan District's debt consists of special revenue obligations payable from a required mill levy, specific ownership taxes, property tax increment revenues, public improvement fees, and sales tax increment revenues.
- (5) This district's debt consists of limited tax general obligation bonds or loans secured by a required mill levy, specific ownership taxes, and other moneys legally available for debt service. *[footnotes continued on the following page]*
- (6) The Northern Colorado Water Conservancy District ("NCWCD") lies in eight counties. NCWCD's general obligation debt consists of a perpetual contract payable with the United States Bureau of Reclamation for the Horsetooth Dam Rehabilitation and Pole Hill Canal Refurbishment Projects.

Sources: Assessors' Offices of Boulder, Larimer, Logan, Morgan, Sedgwick, Washington and Weld Counties; Assessor's Office of the City and County of Broomfield; and individual taxing entities.

## Debt Ratios

The following table sets forth ratios of direct debt of the District within the District to assessed valuation within the District:

### Selected Debt Ratios of the District as of the Date of this Official Statement (Unaudited)

Direct Debt <sup>(1)</sup> .....	\$
Overlapping Debt.....	
Total Direct and Overlapping Debt.....	\$
2019 Assessed Valuation <sup>(2)</sup> .....	\$3,947,392,615
Direct Debt to 2019 Assessed Valuation .....	%
Direct and Overlapping Debt to 2019 Assessed Valuation .....	%
2019 Estimated Statutory “Actual” Value <sup>(3)</sup> .....	\$31,894,479,625
Direct Debt to 2019 Estimated Statutory “Actual” Value .....	%
Direct and Overlapping Debt to 2019 Estimated Statutory “Actual” Value .....	%

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- (1) General Obligation Debt expected to be outstanding as of the date of the issuance of the Bonds.
- (2) Includes \$207,048,520 of assessed valuation attributable to tax increment authorities.
- (3) This figure has been provided by the County Assessor and is calculated using a statutory formula under which assessed valuation is calculated as 7.15% of the statutory “actual” value of residential property and 29% of the statutory “actual” value of all other classes of property (with certain specified exceptions). Statutory “actual” value is not intended to represent current market value. See “Ad Valorem Property Taxes” in this section.

Sources: Larimer County Assessor’s Office and the District.

## DISTRICT DEBT AND OTHER OBLIGATIONS

### General Obligation Debt

“Debt” or “indebtedness” as used in this Official Statement means, generally, obligations backed by the full faith and credit of the District and secured by the unlimited power to levy ad valorem property taxes of the District. Debt refers only to principal amounts and not to the interest to become due thereon. Debt does not include debt that has been refinanced, obligations arising upon a contingency or obligations which do not extend beyond the fiscal year in which incurred.

Authorization. The Board has the power to contract indebtedness on behalf of the District for specific purposes authorized by statute relating to the acquiring, purchasing, constructing, enlarging, improving, remodeling, repairing, and equipping or furnishing of school grounds and buildings, for funding floating indebtedness and for acquiring, constructing or improving any capital asset that the District is authorized by law to own. Debt may be incurred only by resolution which is irrevocable until such indebtedness has been fully paid, specifying the use of the funds, and providing for the levy of a tax which, together with other legally available revenues of the District, will be sufficient to pay the principal of and interest on such debt when due, subject to the limitations of TABOR. No debt can be created unless the question of incurring the indebtedness has first been submitted to and approved by a majority of the registered electors of the District voting at an election held for that purpose.

Limitations on School District Indebtedness. The State Constitution provides that the Legislature shall establish limitations on the authority of any political subdivision to incur general obligation indebtedness in any form. Bonded indebtedness of school districts is limited by Section 22-42-104 of C.R.S. In its 1994 session (as amended during its 1996, 1998 and 2007 sessions), the Legislature established the limitation as the greater of (1) 20% of the latest valuation for assessment of the taxable property in such district, or (2) 6% of the most recent determination of the actual value of property in such district, each as certified to the board of county commissioners. The limitation is different for districts whose enrollment has increased by 2.5% in each of the three preceding years. The assessed valuation used to determine the school district’s debt limitation is the assessed valuation certified on the December 10 prior to the date on which the applicable bonds are issued. By law, any obligations which have been refunded, either by immediate payment or redemption and retirement or by the placement of proceeds of refunding bonds in escrow, shall not be deemed outstanding for the purposes of determining compliance with debt limitations.

The District’s total legal debt limit, based upon a limitation of 20% of its 2019 certified assessed value of \$3,947,392,615, is \$789,478,523.

## Outstanding General Obligation Debt

On the Closing Date, the District is expected to have the following general obligation debt, consisting of:

### General Obligation Debt Outstanding\*

<u>Obligation</u>	<u>Amount Outstanding</u>
2010A Build America Bonds	\$3,760,000
2012 Refunding & Improvement Bonds	10,840,000*
2014 Refunding Bonds	16,270,000
2015 Bonds	8,175,000*
2018 Bonds	363,235,000
2019 Bonds	41,645,000
The Bonds	<u>41,750,000*</u>
TOTAL	\$485,675,000*

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Source: The Underwriter.

## Other Obligations of the District

Operating Leases. On November 15, 2017, the District entered into an agreement with Clearwire Spectrum Holdings III, LLC for the lease of excess spectrum capacity on Education Broadband Service licenses currently held by the District. These licenses were granted to the District by the Federal Communications Commission on January 3, 2018. The lease has an initial term through June 3, 2024 with three 10-year renewal terms provided that the FCC maintains the 10-year license terms. The lease requires monthly payments of \$2,500 over the term of the lease. The District received an initial fee of \$300,000 as well as a \$95,000 payment representing outstanding payment obligations owed to the District.

Additionally, the District has entered into various operating leases for copier rentals, school facilities and improvements and other equipment with annually renewable obligations through 2039 totaling \$11,911,16.

Accrued Compensation. Salaries of teachers and certain other employees are paid over a 12-month period ending July 31. However, most salaries are earned over the traditional school year of August through May. The difference between salary and related benefit amounts earned from August 1 through June 30 and corresponding amounts paid during this period is shown as a liability for accrued salaries and benefits in the amount of \$17,774,585 (General Fund) for the fiscal year ended June 30, 2019. Accordingly, the accrued salaries and benefits are shown as a liability of the General Fund in the financial statements attached as Appendix A.

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\* Subject to change.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding Larimer County. It is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

### Population

The following table sets forth a history of the populations of the City of Fort Collins, Larimer County and the State. Between 2000 and 2010, the City's population increased 21.4%, and the populations of Larimer County and the State increased 19.1% and 16.9%, respectively.

<u>Population</u>						
Year	City of Fort Collins	Percent Change	Larimer County	Percent Change	Colorado	Percent Change
1970	43,337	--	89,900	--	2,207,259	--
1980	65,092	50.2%	149,184	65.9%	2,889,735	30.9%
1990	87,758	34.8	186,136	24.8	3,294,394	14.0
2000	118,652	35.2	251,494	35.1	4,301,261	30.6
2010	143,986	21.4	299,630	19.1	5,029,196	16.9
2011	146,593	--	305,350	--	5,124,143	--
2012	149,675	2.1%	310,960	1.8%	5,195,972	1.4%
2013	152,571	1.9	316,357	1.7	5,272,662	1.5
2014	156,630	2.7	324,149	2.5	5,352,288	1.5
2015	160,947	2.8	333,473	2.9	5,453,996	1.9
2016	163,071	1.3	339,182	1.7	5,542,211	1.6
2017	165,880	1.7	344,267	1.5	5,615,732	1.3
2018	168,735	1.7	350,842	1.9	5,696,897	1.4
2019	170,318	0.9	356,938	1.7	5,763,976	1.2

Sources: United States Department of Commerce, Bureau of the Census (1970-2010) and Colorado State Demography Office (2011-2019 estimates, which are subject to revision).

## Income

The following table sets forth annual per capita personal income levels for Larimer County, the State and the nation. Per capita personal income levels in Larimer County have consistently been lower than personal income levels in the State and the nation during the period shown.

### Per Capita Personal Income

<u>Year<sup>(1)</sup></u>	<u>Larimer County</u>	<u>Colorado</u>	<u>United States</u>
2014	\$45,166	\$50,711	\$47,071
2015	46,943	52,147	48,994
2016	48,225	52,278	49,890
2017	51,497	55,374	51,910
2018	54,188	58,500	54,526
2019	n/a	61,348	56,663

(1) Figures for Larimer County updated November 14, 2019. Figures for the State and the nation updated March 24, 2020. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

## Employment

The following table presents information on employment within Larimer County, the State and the United States, for the time period indicated.

### Labor Force and Percent Unemployed

<u>Year</u>	<u>Larimer County<sup>(1)</sup></u>		<u>Colorado<sup>(1)</sup></u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2015	180,535	3.3%	2,825,111	3.9%	5.3%
2016	187,205	2.8	2,891,677	3.3	4.9
2017	194,947	2.4	2,986,522	2.8	4.4
2018	201,302	2.7	3,080,661	3.2	3.9
2019	206,483	2.4	3,148,766	2.8	3.7
<u>Month of July</u>					
2019	206,484	2.2%	3,171,847	2.7%	3.7%
2020	198,761	6.2	3,102,029	7.4	10.2

(1) Figures for Larimer County and the State are not seasonally adjusted.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor Force Data and United States Department of Labor, Bureau of Labor Statistics.



The following table sets forth the number of individuals employed within selected Larimer County industries that are covered by unemployment insurance. In 2019, the largest employment sector in Larimer County was health care and social assistance (comprising approximately 15.0% of the county's work force), followed, in order, by retail trade, accommodation and food services, educational services, and manufacturing. For the twelve-month period ended December 31, 2019, total average employment in Larimer County increased 2.2% as compared to the same period ending December 31, 2018, and average weekly wages increased approximately 4.1% during the same period.

Average Number of Employees Within Selected Industries – Larimer County

Industry	2015	2016	2017	2018	2019	2020 <sup>(2)</sup>
Accommodation and Food Services	17,611	18,175	18,630	19,130	19,235	18,146
Administrative and Waste Services	8,559	8,518	8,579	8,666	8,557	8,017
Agriculture, Forestry, Fishing, Hunting	719	798	843	854	988	897
Arts, Entertainment and Recreation	2,808	3,006	3,071	3,156	3,324	2,942
Construction	9,594	10,426	10,753	11,179	11,306	10,883
Educational Services	16,956	17,295	17,644	18,225	18,488	18,843
Finance and Insurance	3,544	3,673	3,709	3,607	3,414	3,389
Government	7,607	7,926	8,036	8,099	8,131	8,000
Health Care and Social Assistance	19,795	21,111	22,181	23,623	24,866	25,272
Information	2,940	2,950	3,028	3,215	3,535	3,565
Management of Companies/Enterprises	833	860	865	882	1,017	1,037
Manufacturing	12,922	13,321	13,731	14,371	14,632	14,445
Mining	543	498	497	507	559	512
Non-classifiable	21	19	7	24	21	24
Other Services	4,076	4,314	4,584	4,733	5,028	5,087
Professional and Technical Services	10,272	10,662	10,877	10,653	10,824	11,137
Real Estate, Rental and Leasing	2,727	2,721	2,975	3,089	3,207	3,153
Retail Trade	18,035	18,582	19,067	19,359	19,370	18,808
Transportation and Warehousing	2,925	3,151	3,263	3,286	3,312	3,610
Utilities	726	737	761	788	808	830
Wholesale Trade	<u>4,235</u>	<u>4,359</u>	<u>4,653</u>	<u>4,829</u>	<u>5,178</u>	<u>5,235</u>
Total <sup>(1)</sup>	<u>147,447</u>	<u>153,103</u>	<u>157,754</u>	<u>162,274</u>	<u>165,799</u>	<u>163,832</u>

(1) Figures may not equal totals when added due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

(2) Figures are averaged through the first quarter of 2020.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

## Major Employers

The following table sets forth a brief description of the major employers located in the northern Colorado region, which includes the City of Brighton and the Counties of Boulder, Broomfield, Larimer and Weld. No independent investigation has been made regarding these employers. Therefore, there can be no representation as to whether or not such employers will retain their status as major employers in the region. **[Butler Snow to update.]**

### Major Employers in the Northern Colorado Region – 2018

Employer	Industry/Service	Estimated Number of Employees <sup>(1)</sup>
UCHealth <sup>(2)</sup>	Health care	9,690
Colorado State University	Higher education	6,701
University of Colorado Boulder	Higher education	6,463
Banner Health Western Region <sup>(3)</sup>	Health care	5,958
St. Vrain Valley School District	K-12 public education	4,661
JBS USA	Meat producer and exporter	4,600
Boulder Valley School District	K-12 public education	4,200
Poudre School District R-1	K-12 public education	3,752
Thompson School District R2J	K-12 public education	3,615
SCL Health System	Health care	2,980

(1) Figures are for the number of employees in the region as published July 2018.

(2) UCHealth includes UCHealth Poudre Valley Hospital and UCHealth Medical Center of the Rockies.

(3) Banner Health Western Region includes corporate offices and North Colorado Medical Center.

Source: BizWest, 2019 *Book of Lists*.

## Current Construction

The following two tables set forth the number of permits issued for construction in the City of Fort Collins and in unincorporated Larimer County during the time period indicated.

### History of Building Permit Issued in City of Fort Collins

Year	New Single Family		New Multi-Family		New Commercial <sup>(1)</sup>	
	Permits	Value	Units	Value	Permits	Value
2015	430	\$120,804,095	544	\$71,711,536	30	\$107,395,464
2016	408	115,822,037	1,082	143,804,944	24	70,872,280
2017	303	79,615,769	975	148,144,791	28	54,560,177
2018	286	86,221,183	862	114,281,819	10	34,633,218
2019	187	55,177,611	678	93,694,897	8	7,534,510
2020 <sup>(2)</sup>	155	46,831,237	220	32,515,040	5	10,661,286

(1) Includes hotels/motels; office/bank/professional; mercantile/retail/services; recreation; garage/service station; grocery/convenience store; and industrial construction.

(2) Figures are for permits issued from January 1 through August 31, 2020.

Source: City of Fort Collins Neighborhood and Building Services.

### History of Building Permits Issued in Unincorporated Larimer County

Year	Residential <sup>(1)</sup>		Commercial <sup>(1)</sup>		All Permits Issued	
	Permits	Value	Permits	Value	Permits	Value
2015	718	\$87,272,357	99	\$14,042,454	3,215	\$132,185,306
2016	725	80,622,225	143	31,835,375	2,692	169,397,494
2017	784	72,669,410	111	20,677,833	3,148	117,925,818
2018	772	63,245,373	138	16,856,449	3,885	112,587,416
2019	952	67,515,629	106	21,755,828	4,470	134,102,929
2020 <sup>(2)</sup>	425	36,087,511	54	9,742,415	1,964	62,516,724

(1) Includes new construction, additions and remodels.

(2) Figures are for permits issued from January 1 through July 31, 2020.

Source: Larimer County Building Department.

## Foreclosure Activity

The following table sets forth the number of foreclosures filed in Larimer County during the time period shown. Such information only represents the number of foreclosures filed and does not take into account foreclosures which were filed and subsequently redeemed or withdrawn.

### History of Foreclosures – Larimer County

<u>Year</u>	<u>Number of Foreclosures Filed</u>	<u>Percent Change</u>
2015	294	--
2016	260	(11.6)%
2017	236	(9.2)
2018	190	(19.5)
2019	202	6.3
2020 <sup>(1)</sup>	75	--

(1) Figures are for foreclosures filed from January 1 through August 31, 2020.

Sources: Colorado Division of Housing (2015 to 2019 figures) and Larimer County Office of the Public Trustee (2020 figure).

## **TAX MATTERS**

In the opinion of Bond Counsel, the interest on the Bonds is includable in gross income under federal income tax laws. In the opinion of Bond Counsel, under laws of the State of Colorado in effect on the date of delivery of the Bonds, interest on the Bonds is exempt from Colorado taxation, except inheritance, estate and transfer taxes.

The Tax Code contains numerous provisions, including provisions related to the imposition of additional taxes, which may affect an investor's decision to purchase the Bonds. Further, under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds in certain situations including: (i) an owner who fails to provide certain required information to certain persons required to collect such information; (ii) the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406; or (iii) an owner fails to provide a certificate that the owner is not subject to backup withholding when such a certificate is required by the Tax Code.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds. In addition, future court actions or regulatory decisions could affect the market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

## **LEGAL MATTERS**

### **Litigation**

**[AUTUMN - Any material litigation to report/discuss?]** There is no litigation now pending or threatened which questions the validity of the Bonds or any proceedings the District has taken with respect to the issuance or sale thereof or which would affect the District's ability to pay the Bonds from the sources pledged therefore. From time to time, the District is subject to pending and threatened litigation or administrative proceedings regarding various matters arising in the ordinary course of the District's business. In the opinion of the District, based in part upon the legal analysis of its General Counsel, the currently threatened litigation is either adequately covered by insurance or, to the extent not insured, the final settlement thereof, individually or in the aggregate, is not expected to materially adversely affect the District's financial position or its ability to perform its obligations to the owners of the Bonds.

### **Sovereign Immunity**

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the

operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; failure to perform an education employment required background check; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. Financial immunity is also waived for serious bodily injury or death resulting from an incident of school violence (murder, first degree assault or felony sexual assault). In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees and which occur during the performance of their duties and within the scope of their employment. The District may increase any maximum amount that may be recovered from the District for certain types of injuries. The District also may choose to pay damages on behalf of its employees arising out of willful or wanton conduct. However, the District may not be held liable either directly or by indemnification for punitive or exemplary damages unless the District voluntarily pays such damages in accordance with State law. The District has not acted to increase the damage limitations in the Immunity Act.

The maximum amounts that may be recovered under the Immunity Act for injuries occurring on or after July 1, 2013, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$387,000; and (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000; except in such instance, no person may recover in excess of \$387,000. Those amounts will increase four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index.

The District may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and it generally cannot claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti-competitive practices which violate federal and State antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

### **Certain Constitutional Limitations**

General. In 1992, the voters of Colorado approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights, or “TABOR”). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District (“local governments”), but does not apply to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption. Additional litigation may be commenced in the future seeking further interpretation of TABOR.

No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government's spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate. The issuance of the Bonds is permitted under TABOR without an election because the net effective interest rate on the Refunded Bonds is being lowered as a result of the refunding.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, can be paid without regard to any spending limits, assuming revenues are available to do so.

At an election held on November 3, 1998, District voters approved a "revenue change" that permits the District to collect, retain, and expend all revenues from existing taxes, State aid and other revenue sources without regard to the limitations of TABOR.

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government or benefit increases. According to the District, it has budgeted emergency reserves as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action.

### **Approval of Certain Legal Proceedings**

Legal matters relating to the issuance of the Bonds, as well as the treatment of interest on the Bonds for purposes of federal and State income taxation, are subject to the approving legal opinion of Butler Snow LLP, as Bond Counsel. Such opinion, the form of which is attached hereto as Appendix D, will be dated as of and delivered at closing. Certain legal matters will be passed upon by Butler Snow LLP as special counsel to the District in connection with the preparation this Official Statement. Certain legal matters pertaining to the organization

and operation of the District will be passed upon by its general counsel, Thomas S. Crabb, Esq., Fort Collins, Colorado.

## **RATINGS**

Moody's Investors Service ("Moody's") has assigned Underlying Rating to the Bonds as shown on the cover page hereof. Moody's has also assigned the Intercept Rating shown on the cover page which are reflective of the Bond Payment Act and its application to the payment of debt service on the Bonds, if necessary, as described in "SECURITY AND REMEDIES--State Intercept Program."

Such ratings reflect only the views of the rating agencies, and there is no assurance that the ratings will be obtained or will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or liquidity of the Bonds. Other than its obligations under the Disclosure Certificate, the District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

## **INDEPENDENT AUDITORS**

The audited basic financial statements of the District for the fiscal year ended June 30, 2019, included in this Official Statement as Appendix A, have been audited by CliftonLarsonAllen LLP, independent certified public accountants, Greenwood Village, Colorado, to the extent and for the period indicated in their report thereon.

The District will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. CliftonLarsonAllen LLP, the District's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this Official Statement.

## **UNDERWRITING**

General. The Underwriter has agreed to purchase the Bonds from the District pursuant to a Bond Purchase Agreement at a purchase price equal to \$[\_\_\_\_\_] (which is equal to the par amount of the Bonds, plus original issue premium of \$[\_\_\_\_\_] , less an Underwriter's discount of \$[\_\_\_\_\_]). The Underwriter is committed to take and pay for all of the Bonds if any are taken.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions from the public offering price to certain dealers who may realow concessions to other dealers. After the initial public offering price, prices may be varied from time to time by the Underwriter, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Bonds into investment accounts.



Secondary Market. No guarantee can be made that a secondary market for the Bonds will develop or be maintained by the Underwriter or others. Thus, prospective investors should be prepared to hold their Bonds to maturity.

Ordinary Course of Business Activities and Relationships. RBC and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, and municipal advisory, brokerage and asset management services. In the ordinary course of business, the RBC and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. RBC and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

## **OFFICIAL STATEMENT CERTIFICATION**

The preparation of this Official Statement and its distribution has been authorized by the Board. This Official Statement is hereby duly approved by the Board as of the date on the cover page hereof.

By: /s/ Christophe Febvre  
President, Board of Education

## **APPENDIX A**

### **AUDITED BASIC FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

NOTE: The audited basic financial statements of the District contained in this Appendix A were excerpted from the District's Comprehensive Annual Financial Report ("CAFR") for the year ended June 30, 2019. Certain supplemental schedules (including the introductory section, the combining and individual fund statements and schedules, the statistical section, the compliance section and other information) referred to in the attached independent auditor's report or included in the CAFR were purposely excluded from this Official Statement. Such statements provide supporting details and are not necessary for a fair presentation of the basic financial statements of the District.

## **APPENDIX B**

### **BOOK-ENTRY ONLY SYSTEM**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity and interest rate of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.*

**APPENDIX C**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**APPENDIX D**  
**FORM OF BOND COUNSEL OPINION**