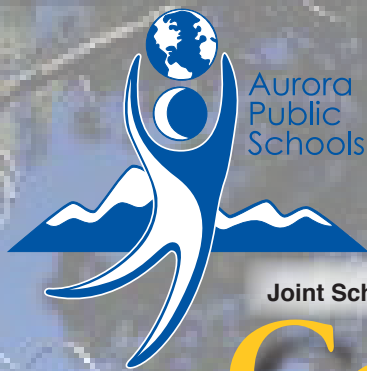


2015-16



Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



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By Justin L. Smith at 2:17 pm, Nov 21, 2016

**AURORA PUBLIC SCHOOLS
15701 E. First Avenue, Suite 106
Aurora, Colorado 80011**

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2016

BOARD OF EDUCATION

Amber Drevon, President

Dan Jorgensen, Ph.D., Vice President

Barbara J. Yamrick, Treasurer

Eric D. Nelson, Secretary

Monica Colbert, Director

Cathy Wildman, Director

JulieMarie A. Shepherd Macklin, Director

Superintendent
D. Rico Munn

Prepared by:

David Trautenberg, Chief Financial Officer

Gina M. Lanier, Controller

Ronald Whitling, Manager, Accounting

Thomas G. McNish, Senior Accountant

Lisa D. Bollers, Accountant

Jerrid M. Haywood, Grant Accountant

Theresa M. Larson, Accountant

Teresa E. Smith, Grant Accountant

Louise A. Tipton, Accountant

Lucas A. Winder, Accountant

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2016**

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**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2016**

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Aurora
Public
Schools

INTRODUCTORY SECTION



GOVERNING BOARD OF EDUCATION FUNCTION AND COMPOSITION

Clockwise standing from top left:
Barbara J. Yamrick, Cathy Wildman, Eric D. Nelson,
Dan Jorgensen, Ph.D., Monica Colbert,
Board President Amber Drevon, Superintendent D. Rico Munn,
and JulieMarie A. Shepherd Macklin, Ph.D.

The district is governed by a seven-member board of education. Directors are elected at successive biennial elections by registered voters residing in the district. Current directors serve staggered four-year terms of office. The board holds regular meetings on the first and third Tuesday of each month. Special meetings are held as needed. Directors elect board officers following each election. Members of the board of education receive no compensation for their services to the district. Among its duties, the board is empowered to:

- o Employ all personnel required to maintain the operations and carry out the education programs of the district
- o Determine and pay personnel compensatory wages
- o Establish enrollment boundaries for each school's geographic area
- o Determine educational programs to be provided by the district
- o Prescribe textbooks for any course of instruction or study in such programs



Division of Finance
15701 E. First Ave., Suite 106
Aurora, CO 80011

Phone – 303-365-5813
Fax – 303-326-1890
Web – www.aps.k12.co.us

November 4, 2016

To the Members of the Board of Education:

The Comprehensive Annual Financial Report for Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, is hereby presented to the Board of Education and stakeholders of Aurora Public Schools. This report for fiscal year ended June 30, 2016, was prepared by the Division of Finance and includes the audit opinion of the independent auditors, BKD, LLP, who conducted the annual audit of the financial statements in accordance with generally accepted auditing standards and in compliance with state statutes.

BKD, LLP, certified public accountants, have issued an unmodified (clean) opinion on the financial statements of the District for the fiscal year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management assumes full responsibility for the completeness and reliability of all the information presented in this report. The district's financial services department prepares this report which contains management's representations concerning the finances of the district. To the best of our knowledge and belief, the enclosed data are accurate in all material respects, and reported in a manner to present fairly, the financial position and activities of the district's various funds. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (dba Aurora Public Schools) is a political subdivision of the state of Colorado with its own independent governing Board of Education. The original school district was established in 1885 and was created in its current configuration in 1962. APS is one of the largest and most diverse school districts in Colorado. We serve families with longstanding connections to the community and families who are "newcomers" from more than 130 countries. Our community is rich in culture, assets and opportunity.

The district is located in Aurora, Colorado, a city on the eastern border of Denver, Colorado, and covers nearly 121 square miles. APS provides a full range of educational programs to a funded enrollment of 39,120 students, as authorized by Colorado state statutes. The district is an independent school district that is a public corporation duly organized and existing under the constitution and laws of the state of Colorado.

The district operates four preschools, 28 elementary, six K-8s, six middle, six senior, one combination grades 6-12, one technical college, one on-line and five charter schools. In school year 2015-16, 1,824 teachers were employed by the district, of which 99.5 percent were “highly-qualified,” as designated by the No Child Left Behind Act.

Three schools, William Smith High School, Fulton Academy of Excellence and Lyn Knoll Elementary, have been designated as pilot schools. Pilot school designation allows more autonomy in the areas of governance, budget, curriculum and assessment, staffing and scheduling, but still requires a high degree of accountability for student achievement. In addition to regular education, special education, vocational education at its technical college, pre-school, gifted & talented, English language acquisition, and International Baccalaureate are among the programs offered to our students.

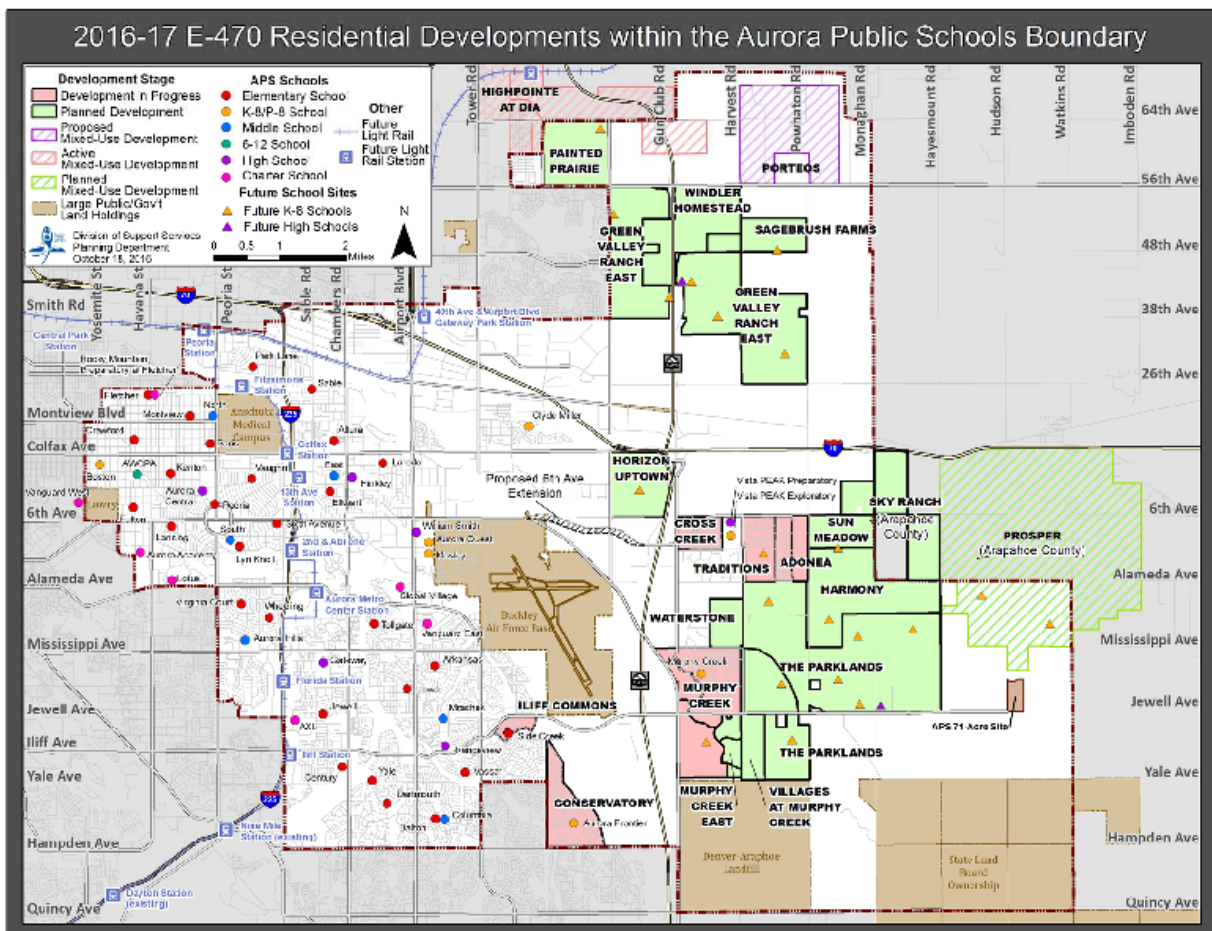
The transportation department transports over 11,000 general education students and over 1,000 special needs students to and from school each day. This requires 53 general education buses and 48 special needs buses to accomplish this daily transportation service. In total, 137 buses are available to cover routes, field trips and activity trips.

A seven-member Board of Education governs the district. Each board member is elected by the public and serves a four-year term. The Board of Education is required by §22-44-110(4), C.R.S., to adopt annual budgets that represent a complete financial plan for the ensuing fiscal year. The Board of Education must adopt a resolution specifying appropriations for each fund. Pursuant to these requirements, the district uses a detailed programmatic and line item budget for planning expenditures. Quarterly financial reports are prepared for each fund and distributed to the school district board and administrators. While allowing minor deviations from budgets at the line item level, all budget areas stay within their total appropriations by maintaining management control of expenditures at the department or program-level. Budget-to-actual comparison reports are available online to all program directors and department supervisors. These reports highlight budgetary variances, and significant line item deviations are discussed with appropriate supervisory administrators. The annual budget and this report include all funds of the district and the following six component units: the Aurora Public Schools Education Foundation and five charter schools - Aurora Academy, Lotus School for Excellence, Global Village Academy, Vanguard Classical School and AXL Charter School.

Local Economy

The school district resides almost entirely within the city of Aurora, with some of the district located in parts of unincorporated Adams and Arapahoe counties. With over 351,000 residents, Aurora is the 54th largest city in the nation and the third largest in the state of Colorado. The city of Aurora covers 154 square miles. Approximately 9,989 businesses, employing 165,051 employees are located in the city. City demographics indicate that 27.1 percent are college graduates. Median household income is \$52,275, and the median age is 33.4. Most of Aurora’s new residential development continues to take place in southeast and northeast Aurora along the E-470 tollway, shown on the map on the next page, providing a major north-south thoroughfare in the center of the district. This map of planned residential development also illustrates that approximately 55 percent of the area within the district boundaries has not been developed. The Painted Prairie, Green Valley Ranch East and Horizon Uptown are examples of mixed use development currently operating or planned along the E-470 corridor.

The map below shows the geographic locations of residential developments, Buckley Air Force base and E-470 located within the borders of Aurora Public Schools.



Map provided by: Aurora Public Schools Planning Department

The Anschutz Medical Campus and Fitzsimons Life Science District redevelopment project consists of one square mile undergoing a \$5.2 billion transformation in the heart of Aurora and the school district. The site, which currently employs more than 19,000, is the home the University of Colorado Anschutz Medical Campus; the University of Colorado Hospital; Children's Hospital Colorado; the U.S. Department of Veterans Affairs Hospital that is currently under construction; and several other centers for health care, biomedical research and workforce development. The Anschutz/Fitzsimons site at full development will consist of approximately 18.5 million square feet and employs over 41,000 jobs statewide supporting the campus, the impact to the state's economy is over \$5.4 billion annually.

Buckley Air Force Base continues to have a major economic impact on the city and has helped Aurora attract a core of aerospace-related industries. Raytheon is the city's second largest private employer with more than 2,360 employees (Northrop Grumman has 750 and Lockheed Martin has 600). The base is home to the 460th Space Wing and provides global infrared surveillance, tracking, and missile warning for weather and homeland defense and provides combatant commanders with expeditionary warrior airmen. Buckley is home to more than 83 other tenants representing every branch of service and components – Active Duty, National Guard and Reserve as well as the Aerospace Data Facility – Colorado. The base has an annual economic impact of nearly \$1 billion to the region. Lockheed Martin and The Boeing Company all have major operations in the city of Aurora.

Long-term Financial Planning

The fund balance in the General Fund is a measure of the ability of the district's finances to sustain operations in the event of a financial downturn. Fund balance decreased by \$4.0 million, from \$45.7 million to \$41.7 million. Total fund balance in the General Fund is 11.8 percent of total ordinary General Fund revenues (excluding other financing sources), which exceeds the Board's cash fund emergency reserve policy and is in compliance with the statutory three percent TABOR emergency reserve.

Looking to the future, Colorado's K-12 funding remains uncertain. Long-term estimates of state funding for K-12 education will be predicated on sustained economic growth within the state that is sufficient to cover inflation and student growth, while at the same time being able to meet other resource demands such as Medicaid, social programs, prisons, roads and higher education.

Outstanding net general obligation debt as of June 30, 2016, is \$342.8 million. During 2015-16, \$5.7 million from the district's bond program authorized in 2008 was expended to renovate existing schools. Approximately 88 percent of the district's 52 schools are over 20 years old and roughly 47 percent are over 40 years old. Every school benefited from various projects funded from the 2008 bond program.

Financial Policies

The district's system of internal controls is designed to provide reasonable, but not absolute, assurance that assets are adequately safeguarded, transactions are accurately recorded and expenditures are properly authorized. Those controls also assure the reliability of financial records for preparing financial statements and maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control. The evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework.

The district's accounting and budget systems are integrated, which facilitates budgetary control. Also, the systems include integrity checks and balances which help assure only valid transactions become permanent records. The district's existing systems of budgetary and accounting controls are designed to provide reasonable assurance that error or irregularities of a material nature are prevented or are detected in a reasonable period of time. We believe that the district's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The district's internal control structure is subject to periodic review by management and independent external auditors.

The District Accountability Advisory Committee, comprised of parents, staff and community members, reviews the district's budget annually at its public budget hearings in May.

Colorado Public School Finance

School funding in Colorado is governed by the School Finance Act with per pupil revenues distributed to districts based upon a finance formula. This formula is designed to equalize school funding across districts for variations in local property values and student needs. However, revenue shortfalls at the state level caused by the economic recession continued to stress school district budgets in 2015-16. Statewide, Colorado school district funding was reduced over \$830.7 million. During 2015-16, Aurora received \$7,596 per pupil (post-rescission), \$249 more

than the prior year. If sufficient revenue were available in Colorado's General Fund, APS would receive \$8,613 per pupil, or over approximately \$40 million more in state per pupil funding.

Considering reductions in state per pupil funding and growth in funded student enrollments, the district prepares budgets that use conservative revenue assumptions. These assumptions include state per pupil revenue growth based on inflation rate increases and modest estimates of student funded count each year.

During 2016-17, state per pupil funding is expected to increase by \$95, from \$7,596 to \$7,691. Along with the per pupil increase, the 2016-17 budget was developed based on a projected decrease of 271 funded pupils, resulting in decreased state funding of \$2.1 million. This increase does not restore state funding to the level that would have occurred if the state could fully fund the school finance formula.

The Public School Finance Act of 1994 provides state funding for charter schools authorized by the local Board of Education. Funding flows from the state, through the district, and then to the charter schools. Schools receive state per pupil funding, a proportionate share of local mill levy override funding, state capital construction funding, and federal start-up funds, if applicable. The district had five charter schools operating in 2015-16: Aurora Academy, Lotus School for Excellence, Global Village Academy, Vanguard Classical School and AXL Charter School.

Local Property Tax Support

Property taxes collected during the 2015-16 fiscal period were based on assessed valuations which increased by \$357 million, from \$1.789 billion in 2014-15 to \$2.146 billion in 2015-16.

The mill levy programs approved by APS voters in 1990, 2008 and 2012 provide funding for instruction-related programs that support student achievement. For example, mill levy dollars fund increased instruction in math, science and literacy, classroom technology and full-day kindergarten at most APS schools. Other examples of how APS mill levy funds benefit students include:

- Restoring middle and high school classes that were cut due to Colorado budget reductions,
- Providing after-school tutoring and extended day learning opportunities for students who benefit from additional literacy and math support,
- Expanding educational programs such as the International Baccalaureate Programme at multiple schools, and
- Supporting school choice by providing mill levy funds to charter schools based on student enrollment.

Major Initiatives

Building on previous strategic efforts, APS began a strategic planning process in fiscal year 2015. To ensure that our plan reflects the beliefs and goals of our community, the district created a 14-member Strategic Planning Team to develop *APS 2020: Shaping the Future*. The team consisted of APS staff, Board members, parents, business leaders and community members. As part of the process, we collected feedback through multilingual discussions with APS students, parents, guardians, staff and community members and through online surveys. The APS Board of Education approved the new strategic plan on January 20, 2015.

The new strategic plan provides a foundation for change. Far too many APS students are not achieving in key performance areas. Our graduation rates and ACT scores, both measures of academic achievement, are below state average. In 2015-16, six schools moved off the accountability clock and seven schools moved onto the state's accountability clock, bringing the district's total to nineteen. APS continues to find and develop opportunities to build staff capacity for implementing a comprehensive reform strategy that will increase the quality of teaching and learning for every student, every day.

Several comprehensive, research-based areas will be the focus of increasing district and school staff capacity for change. Turnaround leadership teams, budget flexibility and accelerated budget allocation processes, staff recruitment efforts for hard to staff schools, revised charter school authorization policies, ACTION zones that will organize innovation efforts, partnerships with community members and philanthropic organizations to support the needs of our diverse population, and engaging in turnaround management assessments and processes including real-time student data management.

APS, like every other school district in the nation, does not have unlimited time or resources. This reality demands that we be focused, creative, and above all else, strategic. Our students, families and community deserve better schools and higher achievement. This belief fuels our reform work. It also drives a deep sense of urgency to be ready, to be flexible, and to maximize the talent needed to improve outcomes across the district so that every student shapes a successful future.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the district for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 32nd consecutive year that the government has achieved this prestigious award. In order to receive a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to generally accepted accounting principles and applicable legal requirements. This report must satisfy accounting principles generally accepted in the United States of America and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe that our current report continues to meet the certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The publishing of this document would not have been possible without many hours of work put forth by the district's accounting department. In addition, the district appreciates its independent accountants, BKD, LLP, for their professional assistance in preparation of this report. Furthermore, we would like to express our appreciation to the district's planning department, city of Aurora, Adams and Arapahoe counties and other governmental agencies that provided supplemental information used in the preparation of this report. Finally, supplemental information from the Internet home pages of several agencies, organizations and city and state governments was accessed during the compilation of this report. Garnering this information via the Internet was an efficient method to acquire relevant data for our report.

Respectfully submitted,



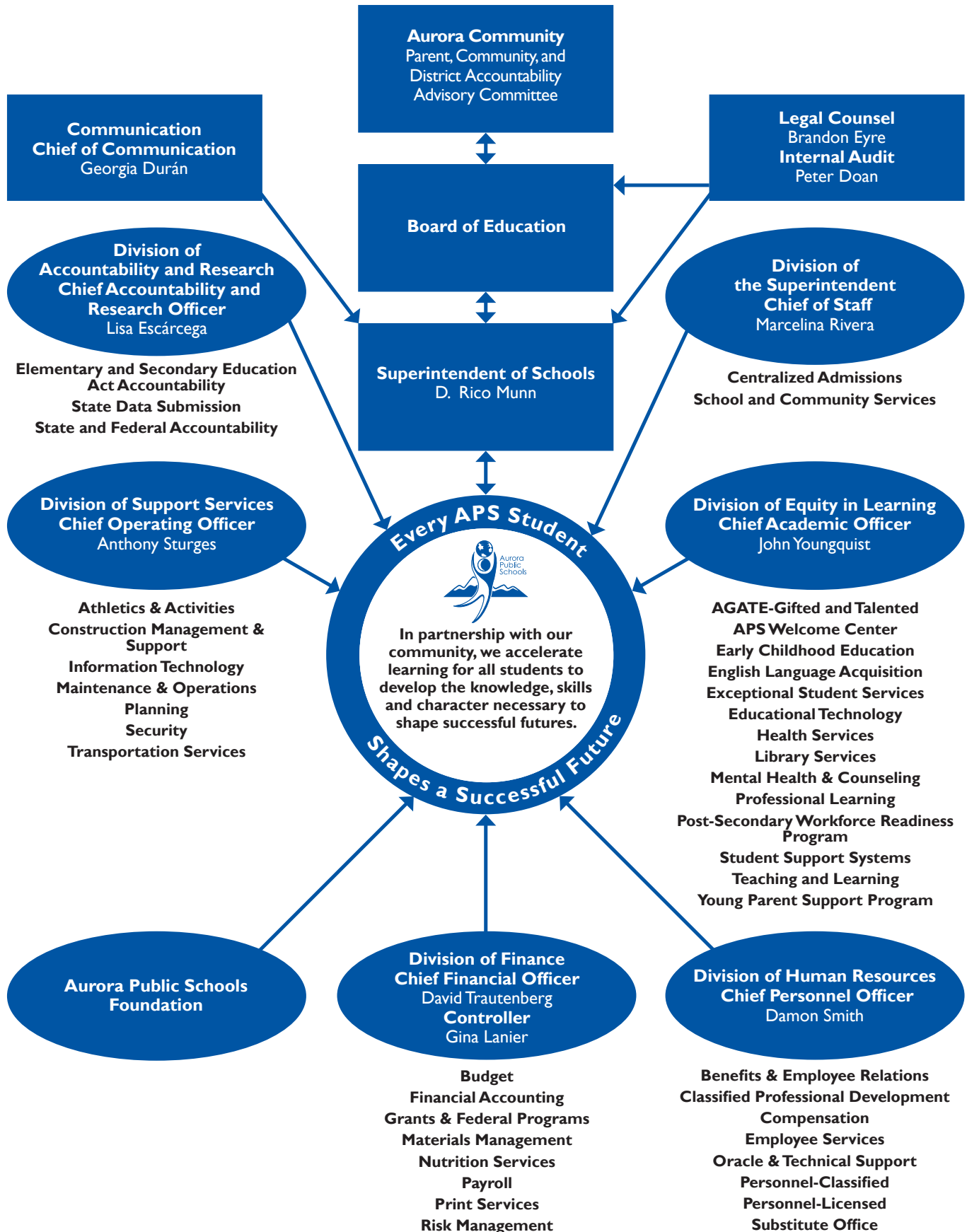
D. Rico Munn
Superintendent of Schools



Gina Lanier
Controller

AURORA PUBLIC SCHOOLS

2015-16 Organizational Chart





Government Finance Officers Association

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

Presented to

**Joint School District No. 28J
of the Counties of Adams and Arapahoe
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



FINANCIAL SECTION

Independent Auditor's Report

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Aurora Academy, Global Village Academy, Lotus School for Excellence, Vanguard Classical School, or AXL Academy, all of which are included as discretely presented component units, which represent 97.78% of total assets and 98.00% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2016, respectively. Those statements were audited by other auditors whose reports thereon have been furnished to us and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts included for Aurora Academy, Global Village Academy, Lotus School for Excellence, Vanguard Classical School, or AXL Academy. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Aurora Public Schools Foundation and AXL Academy, component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information including the combining and individual major and nonmajor fund financial statements and schedules, and Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures Report, as listed in the table of contents, as well as the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
November 4, 2016



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**
(Unaudited)

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2016

The management of Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, offers to readers this discussion and analysis of the district's financial performance for the year ended June 30, 2016. This discussion and analysis focuses on the primary government and does not include its discretely presented component units. We encourage readers to consider the information presented here in conjunction with the transmittal letter, basic financial statements, notes to basic financial statements, the required supplementary information, supplementary information, and the statistical section to further enhance their understanding of APS's financial performance.

Financial Highlights

The Governmental Accounting Standards Board issued Statement No. 72, *Fair Value Measurement and Application* in February 2015 (GASB 72). The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. GASB 72 also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective with fiscal year 2015-16. This Statement increases disclosure of investments in Note 3 of the Notes to Basic Financial Statements.

In fiscal year 2014-2015 the district implemented GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No 27*. This Statement requires cost-sharing employers that participate in the Public Employees' Retirement Association of Colorado (PERA), such as Aurora Public Schools, to record their proportionate share of PERA's unfunded pension liability on the financial statements of the district, causing the districts government-wide net position to be in a deficit position. APS has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits or annual required contribution decisions made by PERA.

On the statement of net position, assets were not sufficient to fund the district's liabilities, resulting in a net position deficit of \$586.9 million.

On the statement of activities, general revenues totaling \$383.5 million accounted for 84.8 percent of all revenues of the primary government. Program revenues provided \$68.5 million, or 15.2 percent of all revenues, directly supporting the functions and programs of the primary government.

Outstanding liability for general obligation bonds payable, including accreted interest and principal, decreased by \$18.0 million due to scheduled principal payments, leaving \$312.1 million outstanding.

Governmental funds reported combined ending fund balances of \$105.5 million, a decrease of \$8.0 million from the prior year. Unassigned fund balance of \$14.6 million in the General Fund is available for district use. Nonspendable fund balance for prepaid items and inventories totaled \$1.6 million; restricted fund balance for statutory requirements or committed for contractual agreements totaled \$72.3 million; fund balance amounts assigned by district management for various operations totaled \$17.0 million.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the district's basic financial statements. This annual report consists of a series of financial statements and notes to those statements organized so the reader can understand the district as a whole. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. The statements are followed by a section of required supplementary information and a section of supplementary information that further explains and supports the financial statements.

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Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the district's finances using accounting methods similar to those used by private-sector business. These statements report the financial status of the district's governmental activities, which represent most of the district's programs and services, including instruction, support services, food service operations, operation and maintenance of facilities, pupil transportation, and administration. These activities are principally supported by taxes. The government-wide financial statements follow the Management's Discussion and Analysis section of this report.

The statement of net position presents information about all of the district's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities shows how the government's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities when the event occurs, regardless of the timing of when cash is received or paid.

Fund Financial Statements

The fund financial statements focus on the district's major funds and provide more detailed information about the district. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The district has two kinds of funds: governmental funds and fiduciary funds.

Governmental Funds

Most of the district's activities are reported in governmental funds, which focus on how money flows into and out of those funds. Governmental funds are used to account for activities primarily supported by taxes, grants, and similar revenue sources. The balances left at year-end are available for spending in future periods. The governmental fund statements provide a detailed, short-term view on the financial resources that can be spent in the near future on the district's programs.

The focus of governmental funds is narrower than that of the government-wide financial statements, so it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions.

Because there are differences between governmental activities (shown in the statement of net position and the statement of activities previously discussed) and governmental funds, two reconciliations are provided in the financial statements. The major differences between the financial reporting on governmental activities and governmental funds are directly related to the district's long-term liabilities and acquisition of capital assets. For example, repayment of general obligation bonds is shown as an expenditure which reduces fund balance in the Bond Redemption Fund but as a reduction of long-term debt on the statement of activities. Acquisition of capital assets is shown as expenditures which reduce fund balance in governmental funds but as a noncurrent asset on the statement of net position. More details can be found on the reconciliations contained within the financial statements.

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Fiduciary Funds

The district operates two fiduciary funds, the Pupil Activity Agency Fund and the Health Trust Fund. In both cases, the district is the agent, or fiduciary, for assets that belong to others. The district is responsible for ensuring that the assets reported in Pupil Activity Agency Fund and the Health Trust Fund are used only for their intended purposes. Assets reported in the Pupil Activity Fund belong to the student activities that collected the moneys. Additions to the Health Trust Fund are employer and employee contributions for the operations of the self-funded health insurance program. These assets cannot be used to finance district operations and are not included in the government-wide financial statements.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also includes required supplementary information containing the district's budgetary schedules for the district's General Fund, Grants Fund, and Nutrition Services Fund, as well as pension information as required by GASB 68. Other supplementary information, including financial statements, budgetary comparisons for the district's other governmental funds, trust funds and component units, and the Auditor's Integrity Report follows the required supplementary information.

Government-wide Financial Analysis

Governmental Activities

As of June 30, 2016, assets were not sufficient to fund liabilities. As required by accounting standard, GASB 68, the district has recorded a noncurrent liability of \$823.4 million for its net pension liability as compared to the prior year net pension liability of \$710.6 million. As a result, the total net position decreased from a deficit of \$545.8 million to a deficit of \$586.9 million. A significant portion of the district's assets are its investments in capital assets, such as land, buildings and equipment. The value of capital assets, net of depreciation, decreased by \$4.1 million, from \$380.0 million to \$375.9 million due to increased accumulated depreciation of \$21.9 million which offset the \$17.8 million addition of new assets. Noncurrent assets consisting of cash and cash equivalents restricted for capital construction and renovations of schools and support buildings, bond debt service, and charter school agreements totaled \$54.6 million, a decrease of \$5.0 million over the previous year. The decrease is due in large part to activities related to capital construction. Restricted cash decreased by \$13.5 million due to payments made for ongoing construction projects. An increase of \$8.5 million related to assets available for bonded debt payments due to property tax collections offset the construction decrease.

Current liabilities increased by approximately 0.2 percent due to a combination of offsetting items. Accrued compensation increased by \$1.5 million due to general salary increases of 5.0 percent. Accounts payable decreased by \$2.2 million due to construction project completions from the Building and Capital Reserve Funds. Unearned revenue decreased by \$0.5 million due the use of prior year advance funding for School Turnaround Leaders grant. Noncurrent liabilities were increased by recording the net increase in the net pension liability of \$112.8 million required by GASB 68 discussed above. The remaining variance of \$24.3 million is primarily due to scheduled principal payments and amortization of associated premiums on the district's general obligation bonds outstanding.

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Restricted net position of the district include six categories: 1) funds provided by C.R.S. 22-28-101 for use in the Colorado Preschool Program, 2) an emergency fund mandated by the Article X, Section 20, of the Colorado constitution, 3) funds provided by Medicaid grants restricted for the improvement of student achievement, 4) student fees charged for instructional programs and restricted by CRS 22-32-117(2)(c), 5) funds restricted for charter school agreements and 6) funds generated from property taxes accounted for in the Bond Redemption Fund which are restricted for the payment of long-term debt. In accordance with the emergency fund mandate, the primary government and its component units have reserved 3.0 percent of applicable expenditures, totaling \$11.4 million.

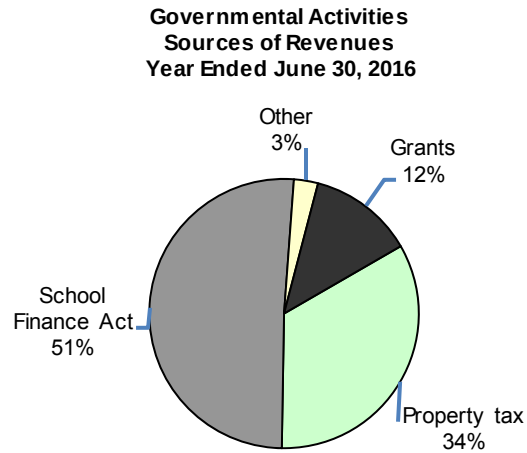
Net position for governmental activities decreased by \$41.1 million. Expenses for governmental activities increased by \$49.2 million. Expenses in the instruction program increased by \$23.4 million, with \$12.3 million as a result of pension expense in excess of cash paid. A general salary increase of 5.0 percent increased instructional expenditures by approximately \$12.5 million. Expenses for other governmental activities increased by \$25.8 million. Of that increase, \$11.4 million due to the above mentioned salary increase and \$8.3 million is due to the net pension liability increase for other governmental activities. The remaining \$6.1 million is due to a decision made by district management to reclassify the payments made to charter schools, which was previously included on the state equalization revenue line, as well as increased expenses for transportation costs due to shortage of bus drivers.

Property and specific ownership tax revenues increased by \$23.9 million in 2015-16 due to a 20 percent average increase to net assessed property values. A portion of the property tax revenue relates to the School Finance Act (\$9.3 million) and the remainder relates to mill levy overrides and abatements. The state's budget balancing factor, the negative factor, was reduced by \$25 million. In 2015-16, the district's total program funding was reduced by 11.83 percent, or \$40.9 million, compared to a reduction of 12.97 percent, or \$43.4 million in the prior year. The negative factor continues to have an adverse impact on the district's budget; state funding has not been restored to the level that would have occurred if the state could fully fund the school finance formula. If sufficient revenue were available in Colorado's General Fund, the district would receive \$8,613 per pupil, compared to \$7,596 per pupil actually received in 2015-2016.

The cost of governmental activities after program revenues are applied was \$424.6 million in 2015-16 and \$379.8 million in 2014-15. This cost represents the district's expenses primarily funded by general revenues, such as property taxes and School Finance Act revenue. General revenue support for governmental activities was 77.8 percent in 2015-16, and 80.1 percent in 2014-15.

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As shown in the following graph, School Finance Act and property tax revenues account for most of the district's revenue, providing 51.0 percent and 34.0 percent, respectively. Another 12.0 percent came from local, state, and federal grants with the remainder from miscellaneous sources.



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Net Position

The table below provides a summary of the district's net position for June 30, 2016. Comparative data for June 30, 2015, is also presented.

The following condensed financial information was derived from the government-wide statement of net position.

Comparative Summary of Net Position

	Primary Government			
	Governmental Activities		Increase (Decrease)	% Change from 2015
	June 30, 2016	June 30, 2015		
Current assets	\$ 87,926,175	\$ 91,930,044	\$ (4,003,869)	-4.4%
Noncurrent assets, excluding capital assets	54,564,638	59,516,656	(4,952,018)	-8.3%
Capital assets, net	375,953,186	380,048,781	(4,095,595)	-1.1%
Total assets	518,443,999	531,495,481	(13,051,482)	-2.5%
Deferred outflows of resources	148,149,101	76,021,361	72,127,740	94.9%
Current liabilities	56,044,383	55,922,602	121,781	0.2%
Noncurrent liabilities outstanding	1,185,809,209	1,097,341,755	88,467,454	8.1%
Total liabilities	1,241,853,592	1,153,264,357	88,589,235	7.7%
Deferred inflows of resources	11,670,195	53,062	11,617,133	100.0%
Net investment in capital assets	24,061,345	18,748,887	5,312,458	28.3%
Restricted	57,065,755	50,648,446	6,417,309	12.7%
Unrestricted (deficit)	(668,057,787)	(615,197,910)	(52,859,877)	8.6%
Total net position (deficit)	\$ (586,930,687)	\$ (545,800,577)	\$ (41,130,110)	7.5%

The deferred outflow increase of \$72.1 million is primarily due to the difference between the expected and actual experience as reported by PERA and the district's proportional share of plans net pension liability. The deferred inflow increase of \$11.6 million is due to the change in assumptions used for PERA's actuarial valuation. See Notes 1 and 10 in Notes to Financial Statements for additional information on GASB 68.

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The following condensed financial information was derived from the government-wide statement of activities and reflects how the district's net position changed from June 30, 2015 to June 30, 2016.

	Primary Government			
	Governmental Activities			
	Year Ended June 30, 2016	Year Ended June 30, 2015	Increase (Decrease)	% Change from 2015
REVENUES				
Program revenues:				
Charges for services	\$ 11,651,148	\$ 11,822,548	\$ (171,400)	-1.4%
Operating grants & contributions	55,215,023	51,189,828	4,025,195	7.9%
Capital grants & contributions	1,637,303	1,094,341	542,962	49.6%
General revenues:				
Property taxes	152,056,002	128,152,396	23,903,606	18.7%
School Finance Act	230,042,314	226,238,914	3,803,400	1.7%
Other	1,358,164	1,317,941	40,223	3.1%
Total revenues	451,959,954	419,815,968	32,143,986	7.7%
EXPENSES				
Instruction	267,967,412	244,552,029	23,415,383	9.6%
Pupil support	30,955,920	26,313,846	4,642,074	17.6%
Instructional staff support	28,239,638	23,718,434	4,521,204	19.1%
General administration	7,231,965	7,579,748	(347,783)	-4.6%
School administration	38,531,908	32,863,230	5,668,678	17.2%
Business administration	5,830,127	5,325,310	504,817	9.5%
Operations & maintenance	38,990,148	37,288,797	1,701,351	4.6%
Transportation	12,512,885	9,085,389	3,427,496	37.7%
Personnel/data/risk management	19,329,460	16,554,713	2,774,747	16.8%
Other support services	10,389,896	6,862,345	3,527,551	51.4%
Food service operations	18,150,403	18,237,613	(87,210)	100.0%
Interest on long-term debt	14,960,302	15,552,211	(591,909)	-3.8%
Total expenses	493,090,064	443,933,665	49,156,399	11.1%
Change in net position	(41,130,110)	(24,117,697)	(17,012,413)	70.5%
Net position - beginning of year	(545,800,577)	(521,682,880)	(24,117,697)	4.6%
Net position - end of year	\$ (586,930,687)	\$ (545,800,577)	\$ (41,130,110)	7.5%

See Notes 1 and 10 in Notes to Financial Statements for additional information on GASB 68.

Analysis of the School District's Funds

The focus of the district's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of the net resources available for spending. The governmental funds use the modified accrual basis of accounting. The fund financial statements provide detailed information about the district's most significant funds and summarize less significant funds into one column.

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Governmental Funds

Governmental funds had total revenues and other financing sources of \$451.6 million and expenditures including other financing uses of \$459.6 million. As of the end of the current fiscal year, the district's nine governmental funds reported combined ending fund balances of \$105.5 million, a decrease of \$8.0 million. Significant changes in fund balances occurred in the Building Fund and Capital Reserve Fund.

The Building Fund was created in March 2003 to account for construction projects financed by the sale of general obligation bonds. The fund recorded an ending fund balance of \$13.0 million, a decrease of \$5.7 million from the prior year. This is attributable to planned expenditures made for facilities acquisition and improvements funded by the district's bond-funded construction projects.

The Capital Reserve Fund was created in April 2014 to account for the construction of a new P-8 school on the APS Community Campus. The construction was funded by certificates of participation with a par value of \$30.7 million. Construction related expenditures of \$5.9 million reduced fund balance from \$8.0 million to \$2.1 million.

The Colorado constitution requires an emergency reserve of 3.0 percent of expenditures, with certain federal and local expenditures excluded from this requirement. On the district's Balance Sheet for Governmental Funds, the required amount of \$10.4 million is shown as fund balance restricted for TABOR emergency reserve. The General Fund's unassigned fund balance is \$14.6 million, which provides a measure of the district's net resources available for spending at the end of the fiscal year. The district's board of education established a policy in November 2003, and revised it in June 2011, that requires a minimum total fund balance of 4.0 percent of General Fund actual ordinary revenue. This year's fund balance exceeds this requirement by \$27.6 million, or 7.8 percent, of General Fund ordinary revenue.

Revenues and Other Financing Sources
Governmental Funds

	Year Ended		Increase (Decrease)	% Change from 2015
	June 30, 2016	June 30, 2015		
Local:				
Property and specific ownership taxes	\$ 152,137,723	\$ 128,920,080	\$ 23,217,643	18.0%
Other	19,300,406	16,921,569	2,378,837	14.1%
State	233,366,162	229,311,449	4,054,713	1.8%
Federal	46,324,463	45,223,446	1,101,017	2.4%
Subtotal	451,128,754	420,376,544	30,752,210	7.3%
Other financing sources	471,852	399,844	72,008	18.0%
Total	<u>\$ 451,600,606</u>	<u>\$ 420,776,388</u>	<u>\$ 30,824,218</u>	7.3%

Property and specific ownership revenue tax revenue increased by \$23.2 million compared to last year primarily due to a 20 percent average increase to net assessed property values. Specific ownership tax revenue, which is directly related to new vehicle purchases within the district, increased from \$9.6 million to \$10.6 million, or 10.8 percent, in 2015-16. The school finance funding formula provided \$4.1 million for an additional 133 (funded) students above the prior year with an increase of \$249 per pupil, growing the state per pupil funding from \$7,347 to \$7,596.

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Expenditures and Other Financing Uses
Governmental Funds

	Year Ended			
	June 30, 2016	June 30, 2015	Increase (Decrease)	% Change from 2015
Instruction	\$ 223,246,824	\$ 212,727,383	\$ 10,519,441	4.9%
Pupil support	28,060,095	24,883,559	3,176,536	12.8%
Instructional staff support	25,469,964	22,696,647	2,773,317	12.2%
General administration	6,479,915	7,041,855	(561,940)	-8.0%
School administration	33,813,391	30,309,562	3,503,829	11.6%
Business administration	5,014,697	4,724,303	290,394	6.1%
Operations and maintenance	33,336,642	32,585,359	751,283	2.3%
Transportation	11,529,861	7,963,135	3,566,726	44.8%
Personnel/data/risk management	16,939,560	14,849,390	2,090,170	14.1%
Other support services	6,241,166	3,271,478	2,969,688	90.8%
Food service operations	16,572,946	16,918,407	(345,461)	11.7%
Facilities acquisition/improvement	17,593,415	33,178,873	(15,585,458)	-47.0%
Debt service	34,866,838	35,148,754	(281,916)	-0.8%
Subtotal	459,165,314	446,298,705	12,866,609	2.9%
Other financing uses	471,852	316,750	155,102	49.0%
Total	<u>\$ 459,637,166</u>	<u>\$ 446,615,455</u>	<u>\$ 13,021,711</u>	2.9%

Governmental fund expenditures increased by 2.9 percent due to a variety of factors:

- Instructional costs increased by \$10.5 million. Of that amount, \$12.5 million is due to a general salary increase of approximately 5.0 percent and approximately a \$3.1 million decrease in expenditures for a textbook adoption that occurred in 2014-15 but not in 2015-16.
- Transportation costs increased by \$3.6 million primarily due to an increase of \$1.6 million in contracted transportation services made necessary by a shortage of bus drivers available to the district and \$1.0 million purchase of new buses in 2015-16.
- Facilities acquisition and improvement costs decreased by \$15.6 million, due to the completion of capital projects financed by general obligation funds and certificates of participation funds in the prior year.
- Contributions to the workers' compensation pool increased risk management costs by \$0.8 million.
- In order to recruit and retain high performing employees, the district provided a general salary increase and corresponding retirement benefits, increasing governmental fund expenditures, not including the above mentioned increase for the instructional costs, by \$11.4 million.

The majority of the district's governmental expenses, 66.4 percent, are directly related to the delivery of instruction, caring for, feeding and transporting students. These programs increased expenditures by \$19.7 million compared to 2014-15 and are accounted for in the instruction, pupil support, instructional support, food service operations and transportation programs. The district's administrative expenses increased year over year by \$6.2 million, and are 11.2 percent of total costs. These programs are accounted for in the general administration, school administration, business administration, and other support services programs.

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Capital Assets and Debt Administration

Capital Assets

Net of depreciation, the district's capital assets as of June 30, 2016, totaled \$375.9 million, which is invested in land, buildings, equipment, software and construction-in-progress. Depreciation charges this year totaled \$21.9 million.

Capital Assets (Net of Depreciation)				
	<u>Primary Government</u> <u>Governmental Activities</u>		Increase	% Change
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>(Decrease)</u>	<u>from 2015</u>
Land	\$ 20,451,625	\$ 19,781,300	\$ 670,325	3.4%
Buildings & improvements	336,841,343	318,675,039	18,166,304	5.7%
Equipment, software & vehicles	9,559,729	6,904,738	2,654,991	38.5%
Subtotal	366,852,697	345,361,077	21,491,620	6.2%
Construction-in-progress	9,100,489	34,687,704	(25,587,215)	-73.8%
Total	<u>\$ 375,953,186</u>	<u>\$ 380,048,781</u>	<u>\$ (4,095,595)</u>	-1.1%

The most significant impact on capital assets this year was the reduction made to construction-in-progress due to the completion of a new P-8 school. The new school opened in September 2015 and was financed with the sale of certificates of deposit sold in March 2014. The net depreciated value of buildings and improvements decreased by \$4.1 million because of annual depreciation. For more information on the district's capital assets, refer to Note 5 Capital Assets in Notes to Financial Statements.

Long-term Debt

Long-term debt principal, accreted interest and premiums on general obligation debt totaled \$342.8 million (net of premium and discounts) in general obligations bonds, with \$19.3 million due in one year. For more information on the district's long-term debt, refer to Note 6 Noncurrent Liabilities in Notes to Financial Statements.

Outstanding Debt as of June 30, 2016

	<u>Primary Government</u> <u>Governmental Activities</u>		Increase	% Change
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>(Decrease)</u>	<u>from 2015</u>
General obligation bonds	\$ 312,092,167	\$ 330,053,066	\$ (17,960,899)	-5.4%
Certificates of participation	30,397,796	30,378,172	19,624	0.1%
Premiums/(discounts)	30,722,429	36,364,500	(5,642,071)	-15.5%
Total	<u>\$ 373,212,392</u>	<u>\$ 396,795,738</u>	<u>\$ (23,583,346)</u>	-5.4%

Moody's and Standard and Poor's have awarded an Aa2 and an AA- rating, respectively, to the district.

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Economic Factors and Fiscal Year 2016-2017 Budget

Each year, Aurora Public Schools prepares a budget plan with a focus on utilizing available resources to best support educational success. The budget plan encompasses instruction at each school, transportation, food services, maintenance, administration and more.

The District follows a multi-step budget development process that involves receiving input on values and priorities from staff, parents and community members. District leadership prepares a budget plan that balances priorities of the community with federal, state and local regulations, desired academic outcomes, student safety and fiscal responsibility. The budget plan for 2016-2017 supports the educational commitments of student learning, professional practice and collective responsibility.

Due to the economic downturn and the state of Colorado's associated budget crisis, the School Finance Act implemented a negative factor for program funding in fiscal year 2010-2011. For 2016-17, the negative factor is estimated to reduce funding available to public education by \$830.7 million statewide. In 2016-17, the district's total program funding will be reduced by 11.5 percent, or \$40.0 million, virtually unchanged from the prior year. The negative factor continues to have an adverse impact on the district's budget; state funding has not been restored to the level that would have occurred if the state could fully fund the school finance formula. If sufficient revenue were available in Colorado's General Fund, the district would receive \$8,692 per pupil, compared to the projected amount of \$7,691.

As with any plan, the 2016-17 budget is based upon key assumptions. These range from changes in enrollment and per-pupil revenue amounts to assessed valuations and staffing ratios. Assumptions upon which the 2016-17 budget are based include:

- School Finance Act per-pupil total program funding after the negative factor: \$7,691
- Decrease in enrollment, including charter schools: 271 students, a decrease of 0.6 percent
- Overall costs for health benefit premiums increased at a blended rate of 10.1 percent
- Required contributions for PERA increased by 0.65 percent
- Divisions reduced total budgets by 1.0 percent, including salary and benefits
- School budgets were subject to a 1.0 percent holdback of pupil enrollment to mitigate future risk; should a school's enrollment come in higher than the 1.0 percent holdback, the school will be made whole with additional resources

Given continuing economic uncertainties confronting the nation and Colorado, district leadership will continue to work closely with employee groups and members of the community to create options that maintain the financial health of Aurora Public Schools while continuing our progress in raising student achievement.

At June 30, 2016, total fund balance in the General Fund is \$41.7 million (including the reserve for Risk Management). The district budget for 2016-17 anticipates the use of \$16.5 million of fund balance to mitigate the need for reductions.

Contacting the District's Financial Management

This financial report is designed to provide the district's citizens, taxpayers, parents, investors, and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional information, contact the Division of Finance, Joint School District No. 28-J of the Counties of Adams and Arapahoe (dba Aurora Public Schools), 15701 East First Avenue, Suite 106, Aurora, Colorado, 80011 or visit our website at www.aurorak12.org.

BASIC FINANCIAL STATEMENTS

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Net Position
June 30, 2016**

	Primary Government Governmental Activities	Component Units Charter Schools
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 71,406,619	\$ 6,029,514
Cash with fiscal agent	-	50,015
Due from other governments	-	193,974
Receivables (net of allowance for uncollectibles)	14,515,129	349,185
Other assets	-	21,859
Inventories	763,819	-
Prepaid items and deposits	1,240,608	232,578
Total current assets	87,926,175	6,877,125
Noncurrent assets:		
Restricted: Cash and investments	54,564,638	4,892,526
Nondepreciable capital assets	29,552,114	3,354,090
Depreciable capital assets	346,401,072	26,930,847
Total noncurrent assets	430,517,824	35,177,463
Total assets	518,443,999	42,054,588
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	24,010,890	-
Items related to pension plan	124,138,211	10,935,382
Total deferred outflows of resources	148,149,101	10,935,382
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	11,730,298	1,691,126
Accrued salaries and benefits	20,404,505	1,430,369
Liability claims and premiums	599,377	-
Intergovernmental payable	140,492	-
Unearned revenue	808,483	48,809
Accrued interest payable	1,332,973	111,487
Noncurrent liabilities, due within one year:		
General obligation bonds	19,255,000	-
Compensated absences	1,773,255	-
Notes, leases and mortgages payable	-	1,727,740
Total current liabilities	56,044,383	5,009,531
Noncurrent liabilities, due beyond one year:		
Notes, leases and mortgages payable	-	30,672,377
General obligation bonds	323,559,596	-
Certificates of participation	30,397,796	-
Net pension liability	823,387,622	46,522,869
Compensated absences	8,464,195	-
Total noncurrent liabilities	1,185,809,209	77,195,246
Total liabilities	1,241,853,592	82,204,777
DEFERRED INFLOWS OF RESOURCES		
Pension	11,670,195	888,377
NET POSITION		
Net investment in capital assets	24,061,345	2,936,774
Restricted for:		
Colorado Preschool Program	1,209,247	-
TABOR emergency reserve	10,365,723	1,082,573
Legal contingency	-	50,000
Medicaid	7,447,890	-
Student fees	627,459	-
Charter school agreements	300,263	-
Debt service	37,115,173	-
Unrestricted (deficit)	(668,057,787)	(34,172,531)
Total net position (deficit)	\$ (586,930,687)	\$ (30,103,184)

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Financial Position
Aurora Public Schools Foundation
June 30, 2016**

ASSETS

Cash and cash equivalents	\$	1,034,660
Other receivables		166,000
Total current assets	\$	1,200,660

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	14,146
Unearned revenue		56,949
Total liabilities		71,095

Net Assets:

Unrestricted		205,411
Temporarily restricted		824,154
Permanently restricted		100,000
Total net assets		1,129,565
Total liabilities and net assets	\$	1,200,660

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Activities
For the Year Ended June 30, 2016**

34

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
					Governmental Activities	Charter Schools
Functions/Programs						
Primary government:						
Governmental activities:						
Instruction	\$ 267,967,412	\$ 6,215,052	\$ 34,058,717	\$ -	\$ (227,693,643)	\$ -
Pupil support	30,955,920	-	5,559,524	-	(25,396,396)	-
Instructional staff support	28,239,638	-	781,920	-	(27,457,718)	-
General administration	7,231,965	-	-	-	(7,231,965)	-
School administration	38,531,908	-	-	-	(38,531,908)	-
Business administration	5,830,127	-	-	-	(5,830,127)	-
Operations and maintenance	38,990,148	958,461	-	-	(38,031,687)	-
Transportation	12,512,885	-	-	-	(12,512,885)	-
Personnel/data services/risk management	19,329,460	-	-	-	(19,329,460)	-
Other support services	10,389,896	3,113,206	-	1,637,303	(5,639,387)	-
Food service operations	18,150,403	1,364,429	14,814,862	-	(1,971,112)	-
Interest on long-term debt	14,960,302	-	-	-	(14,960,302)	-
Total governmental activities	493,090,064	11,651,148	55,215,023	1,637,303	(424,586,590)	-
Component units:						
Charter schools	\$ 39,630,415	\$ 1,215,799	\$ 1,375,164	\$ 1,071,108	-	(35,968,344)
General revenues:						
Property taxes, levied for general use					109,604,081	-
Property taxes, levied for debt service					42,451,921	-
School Finance Act, unrestricted					230,042,314	30,352,355
Earnings on investments					1,358,164	66,903
Other - component units					-	2,333,366
Total general revenues					383,456,480	32,752,624
Change in net position					(41,130,110)	(3,215,720)
Net position (deficit) - July 1, 2015					(545,800,577)	(26,887,464)
Net position (deficit) - June 30, 2016					\$ (586,930,687)	\$ (30,103,184)

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Statement of Activities
Aurora Public Schools Foundation
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions – general	\$ 322,436	\$ 412,023	\$ -	\$ 734,459
Special events revenue	55,940	60,000	-	115,940
Less special events direct expenses	(66,062)	-	-	(66,062)
Investment income	890	102	-	992
Net assets released from restrictions	237,541	(237,541)	-	-
	<u>550,745</u>	<u>234,584</u>	<u>-</u>	<u>785,329</u>
Total revenues, gains and other support				
Expenses:				
Program services:				
Scholarships	41,444	-	-	41,444
Special projects	296,307	-	-	296,307
Future centers	60,927	-	-	60,927
	<u>398,678</u>	<u>-</u>	<u>-</u>	<u>398,678</u>
Total program services				
Support services:				
General and administrative	97,568	-	-	97,568
Fundraising	5,661	-	-	5,661
	<u>501,907</u>	<u>-</u>	<u>-</u>	<u>501,907</u>
Total expenses				
Change in net assets	48,838	234,584	-	283,422
Net assets, beginning of the year	156,573	589,570	100,000	846,143
Net assets, end of the year	<u>\$ 205,411</u>	<u>\$ 824,154</u>	<u>\$ 100,000</u>	<u>\$ 1,129,565</u>

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Balance Sheet
Governmental Funds
June 30, 2016**

		Debt Service	Special Revenue	
		Bond		
	General	Redemption	Grants	Nutrition Services
ASSETS				
Assets:				
Cash and cash equivalents	\$ 58,599,274	\$ -	\$ -	\$ 2,854,165
Deposits	15,058	-	-	-
Receivables (net of allowance for uncollectibles):				
Property taxes	3,395,770	810,039	-	-
Grants	-	-	8,011,152	147,433
Interfund receivable	4,880,465	-	-	-
Other	1,971,098	677	-	50,407
Prepaid items	712,565	-	-	-
Inventories	-	-	-	763,819
Restricted: Cash and cash equivalents	420,782	36,573,790	-	-
Total assets	<u>\$ 69,995,012</u>	<u>\$ 37,384,506</u>	<u>\$ 8,011,152</u>	<u>\$ 3,815,824</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 6,328,395	\$ -	\$ 1,153,942	\$ 125,767
Intergovernmental payable	140,492	-	-	-
Retainages payable	-	-	53,864	-
Interfund payable	-	-	4,880,465	-
Accrued compensation	18,478,854	-	1,160,623	426,592
Unearned revenue - grants	-	-	762,258	-
Unearned revenue - other	41,826	-	-	-
Future claims liability	599,377	-	-	-
Compensated absences	556,233	-	-	-
Total liabilities	<u>26,145,177</u>	<u>-</u>	<u>8,011,152</u>	<u>552,359</u>
Deferred inflows of resources:				
Unavailable fund resources	2,107,696	269,333	-	-
Fund balances:				
Nonspendable:				
Prepaid items	712,565	-	-	-
Inventories	-	-	-	763,819
Restricted for:				
Colorado Preschool Program	1,209,247	-	-	-
TABOR emergency reserve	10,365,723	-	-	-
Medicaid	-	-	-	-
Student fees	-	-	-	-
Charter school agreements	300,263	-	-	-
Debt service	-	37,115,173	-	-
Capital projects	-	-	-	-
Committed for:				
Contractual agreement	150,000	-	-	-
Assigned to:				
Athletic activity	-	-	-	-
Nutrition services	-	-	-	2,499,646
Capital projects	878,775	-	-	-
Instructional - carryover	1,796,173	-	-	-
Risk related activity	1,142,494	-	-	-
Fiscal management	3,455,241	-	-	-
Debt service	2,126,062	-	-	-
Future land purchases	2,000,000	-	-	-
Instructional textbook adoption	2,500,000	-	-	-
Exceptional student services	522,242	-	-	-
Unassigned	14,583,354	-	-	-
Total fund balances	<u>41,742,139</u>	<u>37,115,173</u>	<u>-</u>	<u>3,263,465</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 69,995,012</u>	<u>\$ 37,384,506</u>	<u>\$ 8,011,152</u>	<u>\$ 3,815,824</u>

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

Capital Projects		Other Governmental	Total Governmental
Building	Capital Reserve		
\$ -	\$ -	\$ 9,953,180	\$ 71,406,619
-	-	-	15,058
-	-	-	4,205,809
-	-	116,225	8,274,810
-	-	-	4,880,465
-	-	12,328	2,034,510
19,470	-	111,010	843,045
-	-	-	763,819
14,903,078	2,666,988	-	54,564,638
<u>\$ 14,922,548</u>	<u>\$ 2,666,988</u>	<u>\$ 10,192,743</u>	<u>\$ 146,988,773</u>
\$ 1,886,407	\$ 509,748	\$ 1,563,451	\$ 11,567,710
-	-	-	140,492
63,323	45,401	-	162,588
-	-	-	4,880,465
-	-	338,436	20,404,505
-	-	4,399	766,657
-	-	-	41,826
-	-	-	599,377
-	-	-	556,233
<u>1,949,730</u>	<u>555,149</u>	<u>1,906,286</u>	<u>39,119,853</u>
-	-	-	2,377,029
19,470	-	111,010	843,045
-	-	-	763,819
-	-	-	1,209,247
-	-	-	10,365,723
-	-	7,447,890	7,447,890
-	-	627,459	627,459
-	-	-	300,263
-	-	-	37,115,173
12,953,348	2,111,839	-	15,065,187
-	-	-	150,000
-	-	100,098	100,098
-	-	-	2,499,646
-	-	-	878,775
-	-	-	1,796,173
-	-	-	1,142,494
-	-	-	3,455,241
-	-	-	2,126,062
-	-	-	2,000,000
-	-	-	2,500,000
-	-	-	522,242
-	-	-	14,583,354
<u>12,972,818</u>	<u>2,111,839</u>	<u>8,286,457</u>	<u>105,491,891</u>
<u>\$ 14,922,548</u>	<u>\$ 2,666,988</u>	<u>\$ 10,192,743</u>	<u>\$ 146,988,773</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016**

Total fund balances for governmental funds		\$ 105,491,891
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		375,953,186
Deferred losses on debt refundings are not recognized in the fund statements but are deferred outflows of resources in the government-wide financial statements.		24,010,890
Noncurrent liabilities related to general obligation debt and certificates of participation applicable to the district's governmental activities are not reported in the fund statements. However, these items are reported in the statement of net position.		(373,212,392)
Certain deferred inflows related to unavailable fund resources do not provide current financial resources and the revenues are not recognized on the fund financial statements but are recognized on the government-wide financial statements.		2,377,029
Certain long-term activities related to the district's pension plan are not reported in the governmental funds as they are not available in the current period, do not provide financial resources to the district, or are not due and payable in the current period. Those long-term activities include:		
Deferred outflows of resources	\$ 124,138,211	
Deferred inflows of resources	(11,670,195)	
Net pension liability	(823,387,622)	
Total pension effects		(710,919,606)
The current operating resources measurement focus in the governmental fund statements does not require the recognition of accrued interest payable for long-term debt. This amount represents the amount of interest payable accrued in the government-wide financial statements for long-term debt for general obligation debt.		(1,332,973)
Certain prepaid expense items are not recognized on the fund financial statements but are recognized on the government-wide financial statements.		382,505
Compensated absences are included in the fund statements to the extent they are due and payable and the remainder are only included in the government-wide statement of net position.		(9,681,217)
Total net position (deficit) of governmental activities		<u>\$ (586,930,687)</u>

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



**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016**

		Debt Service	Special Revenue	
		Bond		
	General	Redemption	Grants	Nutrition Services
REVENUES				
Local:				
Property taxes	\$ 99,073,917	\$ 42,451,921	\$ -	\$ -
Specific ownership	10,611,885	-	-	-
Pupil activities	-	-	-	-
Tuition	1,078,744	-	-	-
Activity fees	-	-	-	-
Gifts and grants	15,921	-	1,067,442	-
Charges for services	2,992,794	-	-	1,364,430
Other	4,298,979	-	-	679
Cash in lieu of land dedication	1,990,884	-	-	-
Rental of buildings	958,461	-	-	-
Earnings on investments	1,263,729	34,900	-	976
State:				
State equalization	209,551,552	-	-	-
Vocational education	1,244,500	-	-	-
Special education	8,236,298	-	-	-
Grants	-	-	3,042,229	281,619
Transportation	1,607,630	-	-	-
English Language Proficiency Act	5,684,558	-	-	-
READ Act	3,334,528	-	-	-
Gifted and talented	383,248	-	-	-
Federal grants	146,960	-	27,262,965	14,533,241
Medicaid reimbursements	-	-	-	-
Total revenues	<u>352,474,588</u>	<u>42,486,821</u>	<u>31,372,636</u>	<u>16,180,945</u>
EXPENDITURES				
Current:				
Instruction	204,436,613	-	14,950,802	-
Pupil support	19,605,908	-	5,046,899	-
Instructional staff support	17,785,523	-	6,988,456	-
General administration	4,728,324	24,000	1,721,629	-
School administration	33,539,515	-	214,397	-
Business administration	4,933,196	-	7,218	-
Operations and maintenance	33,283,315	-	53,327	-
Transportation services	11,526,689	-	3,172	-
Personnel/data/risk management	16,417,484	-	456,056	-
Other support services	5,448,368	-	728,598	-
Food service operations	-	-	-	16,572,946
Facilities acquisition and improvements	3,287,200	-	1,166,978	-
Debt service:				
Principal	-	18,490,000	-	-
Interest	1,063,031	15,313,807	-	-
Total expenditures	<u>356,055,166</u>	<u>33,827,807</u>	<u>31,337,532</u>	<u>16,572,946</u>
Excess (deficiency) of revenues over (under) expenditures	(3,580,578)	8,659,014	35,104	(392,001)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund	-	-	-	44,980
Grants fund	35,104	-	-	-
Transfers out:				
General fund	-	-	(35,104)	-
Nutrition services fund	(44,980)	-	-	-
Nonmajor governmental funds	(391,768)	-	-	-
Total other financing sources (uses)	<u>(401,644)</u>	<u>-</u>	<u>(35,104)</u>	<u>44,980</u>
Net change in fund balances	(3,982,222)	8,659,014	-	(347,021)
Fund balances - July 1, 2015	45,724,361	28,456,159	-	3,610,486
Fund balances - June 30, 2016	<u>\$ 41,742,139</u>	<u>\$ 37,115,173</u>	<u>\$ -</u>	<u>\$ 3,263,465</u>

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

Capital Projects		Other Governmental	Total Governmental
Building	Capital Reserve		
\$ -	\$ -	\$ -	\$ 141,525,838
-	-	-	10,611,885
-	-	2,240,689	2,240,689
-	-	1,766,122	2,844,866
-	-	85,047	85,047
-	-	17,118	1,100,481
-	-	-	4,357,224
-	58,783	6,149	4,364,590
-	-	-	1,990,884
-	-	-	958,461
55,403	3,156	-	1,358,164
-	-	-	209,551,552
-	-	-	1,244,500
-	-	-	8,236,298
-	-	-	3,323,848
-	-	-	1,607,630
-	-	-	5,684,558
-	-	-	3,334,528
-	-	-	383,248
-	-	-	41,943,166
-	-	4,381,297	4,381,297
55,403	61,939	8,496,422	451,128,754
-	-	3,859,409	223,246,824
-	-	3,407,288	28,060,095
-	-	695,985	25,469,964
-	-	5,962	6,479,915
-	-	59,479	33,813,391
18,638	-	55,645	5,014,697
-	-	-	33,336,642
-	-	-	11,529,861
66,020	-	-	16,939,560
-	-	64,200	6,241,166
-	-	-	16,572,946
5,666,972	5,924,839	1,547,426	17,593,415
-	-	-	18,490,000
-	-	-	16,376,838
5,751,630	5,924,839	9,695,394	459,165,314
(5,696,227)	(5,862,900)	(1,198,972)	(8,036,560)
-	-	391,768	436,748
-	-	-	35,104
-	-	-	(35,104)
-	-	-	(44,980)
-	-	-	(391,768)
-	-	391,768	-
(5,696,227)	(5,862,900)	(807,204)	(8,036,560)
18,669,045	7,974,739	9,093,661	113,528,451
\$ 12,972,818	\$ 2,111,839	\$ 8,286,457	\$ 105,491,891

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016**

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

Net changes in fund balances - total governmental funds:	\$	(8,036,560)
Repayment of long-term debt is an expenditure in the governmental funds but reduces the liability in the statement of net position.		18,490,000
Governmental funds report the effect of premiums, discounts, and deferred gain (loss) on refunding when debt is issued as an other financing source. However, in the statement of activities, the funds associated with the premiums, discounts, and deferred gain (loss) on refunding are allocated over the life of the debt and netted with interest expense. Also, in the statement of activities interest is accreted on the capital appreciation bonds, but is not reported in the governmental funds.		1,353,008
Unearned revenue does not provide current financial resources on the governmental fund financial statements, but this change in unearned revenue from year to year is recognized on the government-wide financial statements.		160,875
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period and also includes asset retirement activity and non-cash capital contributions, which is reported differently between the fund and government-wide financial statements.		
Capital outlays	\$	17,170,360
Capital contribution		670,325
Depreciation expense		(21,887,478)
Asset retirement activity		(48,802)
Total capital outlay reported as expenditures		(4,095,595)
A portion of the pension expense recorded in the statement of activities does not require use of current financial resources and therefore is not reported as an expenditure in the governmental funds.		(48,503,665)
The current operating resources measurement focus in the governmental fund statements does not require the recognition of accrued interest payable for long-term debt. This amount represents the change in amount of interest payable accrued in the government-wide statements for long-term debt for general obligation debt (\$1,332,973) less the previous year's balance (\$1,396,501).		63,528
The change in compensated absences is not recognized as an expenditure in the fund financial statements but is recognized in the statement of activities.		(434,201)
The amortization of prepaid expense items that are not recognized on the governmental fund statements but are recognized on the government-wide financial statements.		(127,500)
Change in net position of governmental activities.	\$	(41,130,110)

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Net Position
Fiduciary Funds - Trust and Agency Funds
June 30, 2016**

	<u>Trust</u>	<u>Agency</u>
	<u>Health Trust</u>	<u>Pupil Activity</u>
ASSETS		
Cash and cash equivalents	\$ 2,419,720	\$ 1,462,124
Accounts receivable	6,901	25,835
Total assets	<u>\$ 2,426,621</u>	<u>\$ 1,487,959</u>
LIABILITIES		
Accounts payable	\$ 86,335	\$ 45,903
Unearned revenue	147,785	-
Due to student groups	-	1,442,056
Total liabilities	<u>234,120</u>	<u>\$ 1,487,959</u>
NET POSITION		
Held in trust for employee benefits	2,192,501	
Total net position and liabilities	<u>\$ 2,426,621</u>	

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Changes in Net Position
Fiduciary Fund - Trust Fund
For the Year Ended June 30, 2016**

	<u>Trust</u>
	<u>Health Trust</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 864,207
Employee contributions	<u>1,286,592</u>
Total contributions	2,150,799
Investment activity:	
Investment earnings	2,219
Investment expense	<u>(4,042)</u>
Net investment loss	<u>(1,823)</u>
Total additions, net	<u>2,148,976</u>
 DEDUCTIONS	
Benefits	1,877,475
Administrative expense	<u>159,154</u>
Total deductions	<u>2,036,629</u>
Change in net position	112,347
Total net position, July 1, 2015	<u>2,080,154</u>
Total net position, June 30, 2016	<u><u>\$ 2,192,501</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, have been prepared in accordance with accounting principles generally accepted in the United States of America. In addition, the district conforms to the Colorado Financial Policies and Procedures Handbook as required by Colorado statutes. A summary of the significant accounting policies applied in the preparation of the basic financial statements is described below.

Reporting Entity

Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, is a political subdivision and corporate body of the state of Colorado. The public elects a seven-member board of education, which has the authority to make decisions, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The board members are elected for four-year terms. The district superintendent serves as the executive officer of the board. The superintendent does not maintain any voting privileges.

The district receives local, state, and federal funding and must comply with regulations established by all of these entities. The district is not included as a component unit in any other governmental reporting entity. In accordance with accounting principles generally accepted in the United States of America, these financial statements present all funds of the district and its component units.

Discretely Presented Component Units – Charter Schools

In 1993, the Colorado state legislature enacted the Charter School Act, §22-30.5-101, C.R.S., which permits the district to contract with individuals and organizations for the operation of charter schools within the district. A charter school operates as a public school within the district and is accountable to the school district's local board of education for purposes of ensuring compliance with applicable laws and charter provisions. The charter schools have separate governing boards but a financial benefit/burden relationship exists as the district provides the majority of their funding, and their exclusion would render the district's financial statements incomplete. Charter schools are considered discretely presented component units for external financial reporting purposes. The district considers each of the component units to be non-major component units because none of the schools individually has a financial relationship with the district that is significant to require separate reporting within the basic financial statements. Combining schedules are included within the supplementary section of this comprehensive annual financial report.

Each charter school prepares its own separately issued financial statements. These statements can be obtained by sending a request to:

School name:

Aurora Academy
AXL Charter School
Global Village Academy
Lotus School for Excellence
Vanguard Classical School

Address:

10251 E. First Avenue
14100 E. Jewell Avenue
403 S. Airport Boulevard
11001 E. Alameda Avenue
801 Yosemite Street

Aurora, CO 80010
Aurora, CO 80012
Aurora, CO 80017
Aurora, CO 80012
Denver, CO 80230

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Discretely Presented Component Unit – Aurora Public Schools Foundation

The Aurora Public Schools Foundation was incorporated in 1987 as a non-profit organization. The foundation is a community-based advocate for quality public education for students within the district. Programs administered by the foundation provide a financial benefit to the district in the form of grants, scholarships and special projects which support innovative classroom initiatives and enhance the educational opportunities of district students and staff. In addition, donations to the foundation support various educational programs within the district. Even though the foundation is a separate legal entity and the district is not financially accountable for the foundation, the foundation's financial statements are included as part of the district's financial reporting entity because of the nature and significance of the relationship between the primary government and the foundation. The foundation solicits donations and manages those funds for the benefit of the students and district.

Complete financial statements for this component unit may be obtained from Aurora Public Schools Foundation administrative offices located at 15701 E. First Avenue, Suite 206, Aurora, Colorado 80011.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from the discretely presented component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and the district's fiduciary funds. The fiduciary funds' statements are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental funds account for the district's general governmental activities and use the flow of current financial resources measurement focus. This measurement focus means that only current assets and current liabilities are included in these balance sheets. The reported fund balances are considered a measure of available spendable resources. Governmental fund operating statements show increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they present a summary of sources and uses of available spendable resources during the reporting period.

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All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined, while available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual include property taxes and payments from the state for equalization funding, special education and vocational education reimbursements. Other revenues susceptible to accrual include tuition payments received from other school districts and rental receipts for building usage that occurred in the fiscal year but were paid after year-end. The district considers these other revenues available if they are collected within 60 days after year-end. Grant revenues are recognized if they are collected within a one year period after the expenditures occur. Other local receipts are not susceptible to accrual since they are generally not measurable until received. The district considers all property tax revenues available if they are collected within 60 days after year-end. In addition, under the modified accrual basis of accounting, expenditures are recorded when the liability is incurred with two exceptions. These exceptions include (1) interest on general long-term obligations which is recognized when due, and (2) compensated absences such as accrued unused vacation pay and paid leave which are recognized when the obligations are expected to be liquidated when matured.

Governmental Funds

The General Fund is the government's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The Bond Redemption Fund is the government's debt service fund. It accounts for the accumulation of resources to pay general long-term debt principal, interest, and related costs. Because of its large cash balance, the Bond Redemption Fund is presented as a major fund on the governmental statements.

The Grants Fund is classified as a major special revenue fund and is used to account for revenues and expenditures related to federal, state and local grants. Special revenue funds are used to account for proceeds of special revenue sources that are legally or otherwise restricted to expenditures for specified purposes. Revenue restrictions in this fund are imposed by the grantor for the specific purposes of the grant.

The Nutrition Services Fund is classified as a major special revenue fund and is used to account for revenues and expenditures related to providing students with healthy and nutritious meals. Special revenue funds are used to account for proceeds that are legally or otherwise restricted to expenditures for specified purposes. Revenues in the Nutrition Services Fund are primarily from federal, state, and local sources specifically for school cafeteria operations.

The Building Fund is a capital projects fund and accounts for construction and renovation projects funded by the sale of general obligation bonds.

The Capital Reserve Fund is a capital projects fund and accounts for the construction of a new P-8 school funded by the sale of certificates of participation.

Fiduciary Funds

The Pupil Activity Non-Subsidized Agency Fund, a fiduciary fund, is used to account for assets held by the district in a trustee capacity. Assets held by the district in this agency capacity are not available for use by the general government. The district's role is purely custodial, and district programs do not benefit from the resources accounted for in this fund. Financial statements for this fund use the accrual basis of accounting and do not present results of operations.

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The Health Trust Fund, also a fiduciary fund, was created on July 1, 2010, and is used to account for the district's self-insured dental insurance program and the employee-funded medical flexible spending accounts. Both employee and employer dental premiums fund dental claims that are processed through the dental insurance carrier. Medical flexible spending accounts are processed by a third-party administrator. The Health Trust Fund reports assets held by the district in a trustee capacity for employees and therefore cannot be used to support the government's own programs. The fund uses the economic resources measurement focus and the accrual basis of accounting.

Major and Nonmajor Funds

The district reports the following major funds.

<u>Fund Group</u>	<u>District Fund Name</u>	<u>Fund Type</u>
<i>Governmental Funds</i>	General Fund	General
	Bond Redemption Fund	Debt Service
	Grants Fund	Special Revenue
	Nutrition Services	Special Revenue
	Building Fund	Capital Projects
	Capital Reserve Fund	Capital Projects

Additionally, the district reports three nonmajor governmental funds and two fiduciary funds.

<u>Fund Group</u>	<u>District Fund Name</u>	<u>Fund Type</u>
<i>Governmental Funds</i>	Athletic Fund	Special Revenue
	Medicaid Fund	Special Revenue
	Pickens Post-Secondary Fund	Special Revenue
<i>Fiduciary Funds</i>	Pupil Activity – Non-Subsidized Fund	Agency
	Health Trust	Trust – Other Employee Benefits

Assets, Deferred Outflows/Inflows of Resources, Liabilities and Equity

Deposits and Investments

As mandated by §22-45-103, C.R.S., the district maintains deposits for the Bond Redemption Fund in a third-party custodial bank, U.S. Bank N.A., 950 Seventeenth Street, Denver, Colorado 80202. To maintain the segregation of bond proceeds, separate accounts for the 2008 and 2010 bond issues were established at U.S. Bank N.A. for the Building Fund's day-to-day cash needs. In order to maximize interest earnings, all other funds' cash deposits are maintained in a cash and investment pool.

The district maintains accountability for each fund's equity in pooled cash and investments. Interest earnings for combined deposits are generally distributed based on monthly cash balances. All pooled cash investments are considered cash equivalents for accounting purposes. Investments are carried at fair value based on current market quotations.

The district is required to deposit funds in eligible public depositories as defined by §11-10.5-104, C.R.S. The eligible depository is required to pledge collateral having a market value that exceeds 102 percent of uninsured aggregate public deposits to the Colorado Division of Banking. Eligible collateral types include obligations of the United States, the state of Colorado, local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. The collateral is not held in the name of the district but is part of a collateral pool. The district's bank deposits are entirely covered by federal depository insurance or collateralized in accordance with the statute.

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The district maintains deposits in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment trust established by state statute for local governments in Colorado to pool surplus funds for investment purposes. COLOTRUST operates similarly to demand deposit accounts where each share is equal to one dollar. COLOTRUST invests in U.S. Treasury securities, written repurchase agreements, certain approved obligations of agencies of the U.S. government and commercial paper rated in the highest rating category. The district considers COLOTRUST funds, U.S. government securities and certificates of deposit with an original maturity of three months or less to be cash equivalents. Investments are reported at fair value (generally based on quoted market prices) except for the position in local government investment pools.

It is the policy of the district to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the district, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets and all funds of the district over which it exercises financial control. Investment activities are governed by §24-75-601, C.R.S.

Interfund Transactions

Transactions between funds that are representative of lending or borrowing arrangements result in interfund balances. Balances representing the current portion of interfund loans are reported as due to/from other funds, while advances to/from other funds represent the noncurrent portion of interfund loans. Another type of interfund transaction is a transfer, which occurs when resources of one fund are transferred to another fund. For the fiscal year ended June 30, 2016, the district reported both interfund transfers and interfund loans.

Receivables and Payables

Property taxes are levied on December 15 and are payable in full by April 30, or in two equal installments due February 28 and June 15. Taxes are considered past due on June 15. Personal property taxes that remain unpaid as of October 1 will be subject to distraint, seizure and sale to satisfy taxes due. Adams and Arapahoe counties bill and collect property taxes for all taxing entities in the counties. Property tax receipts collected by the counties on behalf of the district are remitted to the district in the subsequent month. A fee of 0.25 percent on General Fund collections is retained by both counties as compensation for collecting the taxes and is reflected as an expenditure in the General Fund.

In the governmental statements, which use the modified accrual basis of accounting, property taxes are reported as receivables and deferred inflows of resources when taxes are levied. Taxes received within 60 days after year-end are reported as revenue and as county treasurers' receivables. In the government-wide financial statements, which use the full accrual basis of accounting, property taxes are recognized as revenue for the full levy amount in the period for which they are levied. All property tax receivables are shown net of an allowance for doubtful accounts, calculated as 1.6 percent of the year's total levy amount.

For federal and state grants and entitlements, a receivable is established when related expenditures exceed receipts, and revenue is recognized to the extent of related expenditures when eligibility requirements are met. Grant revenues are recognized if they are collected within a one year period after the expenditures occur. Unearned federal and state grant and entitlement revenue is established when receipts exceed expenditures and all eligibility requirements have not been met.

Inventories

Inventories consist of expendable supplies held for consumption. Expenditures for supplies are recorded upon the release of these items to various schools and departments. Inventories for governmental activities are stated at cost as determined by the weighted average cost method. Expenses for food items are recorded when used. Inventories for food items are stated at cost as determined by the first-in, first-out method.

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Capital Assets

The primary government considers capital equipment and vehicles to be those items having a useful life greater than one year and having an original item value greater than \$5,000. Capital renovations are considered to be those items that significantly enhance the value of previously existing assets and have a project value greater than \$25,000. In addition, capital improvements are those items that add new functionality to existing assets and have a project value greater than \$10,000. All capital assets are recorded at either original cost or an estimated historical cost in the case of assets for which actual cost was not determinable. Intangible assets, such as purchased software licenses or internally generated software applications having a cost or development value of \$5,000 or more, are capitalized and amortized over a three- to five-year period. Donated assets have been recorded at acquisition value on the date of receipt. Expenditures that significantly enhance the value of an asset whether land, building, or equipment are capitalized according to the district's policies. However, expenditures for repairs, maintenance and expendable supplies are not capitalized.

Capital assets of the district are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building and site improvements/renovations	10-20
Vehicles	7-12
Equipment	5-12
Intangible assets-software and software development	3-5

Each component unit has established its own capital asset policy and method of depreciation. Please refer to the financial statements of the component units for more information.

Deferred Outflows/Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the district that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the district that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as deferred inflows of resources.

Deferred outflows of resources of the entity consist of a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Refer to Note 10 for information on deferred outflows of resources and deferred inflows of resources related to pensions.

Accrued Compensation

Salaries and benefits of certain contractually employed personnel are paid over a 12-month period (for example, from August to July) for both the district and its charter school component units, but are earned during a school year of approximately 10 months.

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Compensated Absences – Accumulated Unused Paid Leave and Vacation Pay

District policy allows employees to accumulate unused paid leave and vacation pay to specified limits. Upon retirement or termination of employment, employees with at least 10 years of service are entitled to be paid for a portion of their accumulated unused paid leave in excess of 30 days. Unused vacation leave is expected to be used in the year in which it was earned but may be accumulated and carried over to specified limits. Unused vacation is paid in full to specified limits upon an employee's retirement or termination of employment.

In the governmental funds, which use the modified accrual basis of accounting, only the amounts due at the end of the fiscal year are accrued as current-year expenditures. These amounts are shown as fund liabilities. The General Fund is used to liquidate the compensated absences liabilities of the governmental funds.

In the government-wide financial statements, the district has estimated a portion of the total unused vacation pay and paid leave liability as due within one year with the remainder of the liability recorded as a long-term liability.

Noncurrent Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Bond premiums and discounts are recognized as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

For financial reporting purposes, the district follows the requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; which states under certain circumstances for capital leases, the present value of future minimum lease payments should be shown as a liability and related assets should be capitalized in the basic financial statements. Capital leases held by the district have been renewed annually, and title to the related property has been acquired pursuant to the lease.

General obligation bonds are serviced from property taxes and other revenues of the Bond Redemption Debt Service Fund. Refunded bonds are serviced by irrevocable refunding escrow accounts established at the time of refunding.

The district's certificates of participation are recorded net of discounts. Lease payments are serviced from general revenues in the General Fund.

Accumulated unused vacation and paid leave for governmental funds are serviced from the General Fund.

Cost-Sharing Defined Benefit Pension Plans

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

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Fund Balances and Net Position

Fund balances are the excess of assets minus liabilities and are shown only in the governmental funds statements. Governmental funds balances are classified into five categories: restricted, committed, assigned, unassigned or nonspendable. Fund balance is reported as restricted when constraints placed on the use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assets that are required by outside sources to be used for a specific purpose are shown on the balance sheet as restricted assets. Any formal action, ordinance or resolution, of the Board of Education, the highest level of decision making authority, which places constraints on the use of funds to a specific purpose is categorized as committed fund balance. Actions to remove the constraints, regardless if they were imposed by an ordinance or a resolution, would require the same level of difficulty needed to place constraints on the use of funds to a specific purpose. Fund balance is reported as assigned when the board, or other authorized body or official, intends to use the funds for a specific purpose. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance is the residual classification for the General Fund and represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes and may only be reported in the General Fund.

The district does not have a policy for its use of unrestricted fund balance amounts, but considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balances could be used. When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, and then use unrestricted resources as they are needed.

Net position is the excess of assets minus liabilities and is shown in the government-wide and fiduciary fund financial statements. Net position includes the following three classifications: (a) net investment in capital assets which consists of capital assets, net of accumulated depreciation, and reduced by the outstanding amount of debt which was issued to acquire or construct the capital assets, (b) restricted net position report amounts legally segregated for a specific future use, and (c) remaining net position is reported as unrestricted.

Estimates

Preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Encumbrances

Outstanding encumbrances represent a commitment for the estimated amount of expenditures, which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year. Lapsed encumbrances are then reviewed by department supervisors to determine which will remain canceled and which will be reinstated and paid from the subsequent year's appropriations. Encumbrances are not considered expenditures until an actual liability is incurred.

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Legal Compliance – Article X, Section 20 of the Colorado Constitution (the 1992 Taxpayers’ Bill of Rights Amendment)

To comply with the TABOR amendment, the district has budgeted and continues to report an emergency reserve. Recognition of this year’s reserve of \$10,365,723 is shown as restricted fund balance in the General Fund. The district’s charter schools recorded \$1,082,573 in TABOR reserves related to their operations. The emergency reserve cannot be used for adverse economic conditions, revenue shortfalls, or district salary or fringe benefit increases. If at any time the board of education expends any money from the district emergency reserve, the board is required to restore the reserve to three percent of the amount budgeted to the General Fund as follows:

- If the board of education expends money from the district emergency reserve in a single fiscal year, the board shall restore the reserve within 36 months of the first draw of the money from the reserve, and
- If the board of education expends money from the district emergency reserve in two consecutive fiscal years, the board shall restore the reserve by the end of the fiscal year following the second fiscal year in which the board expended money from the reserve. The following table summarizes the calculation of this year’s three percent emergency reserve mandated by the TABOR amendment, as recorded, for the district and its charter schools.

TABOR Fund Balance Reserve for Emergencies

Qualifying revenues, all district funds		\$	443,092,194
Less excludable amounts:			
Federal Sources	\$	46,324,463	
Gifts		17,618	
Property Sales		80,177	
Bond Redemption		51,145,835	
Total excludable amounts			<u>97,568,093</u>
Revenues subject to TABOR			345,524,101
TABOR reserve percentage			3%
Amount reserved for emergencies:			
District			10,365,723
Charter schools			<u>1,082,573</u>
Total amount reserved for emergencies		\$	<u>11,448,296</u>

Another restriction within the TABOR amendment addresses long-term or multi-year leases. District management carefully considers any such arrangements to prevent any noncompliance with this amendment. Since passage of the TABOR amendment, long-term agreements are structured through escrow arrangements and annual agreements. The amendment is subject to judicial interpretation; however, district management believes it is within compliance with these limitations.

In the November 2001 general election, voters approved an exemption from TABOR revenue and spending limitations for the district.

Minimum Fund Balance/Cash Fund Emergency Policy

As designated in district policy, DA-Fiscal Management Goals/Priority Objectives, the superintendent is required to maintain a minimum General Fund or cash fund emergency reserve of 4.0 percent of current year General Fund revenues less the 3.0 percent restricted amount required by the Taxpayer Bill of Rights (TABOR). The policy does not specify the circumstances under which these funds can be used or the method of repayment, if the funds are used. For the current fiscal year, the 4.0 percent reserve total is \$13,820,964 less the district’s emergency reserve of \$10,365,723, or \$3,455,241. The fiscal management amount of \$3,455,241 is shown as an assigned fund balance on the Balance Sheet for Governmental Funds.

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Subsequent Year Expenditures

Budgets for each subsequent fiscal year are approved by the board of education. Some governmental funds have budgeted expenditures in excess of budgeted revenues; it is the intent of the district to utilize the ending fund balances from the prior fiscal year to provide for the excess expenditures. Of significance is the Building Fund, funded by the sale of general obligation bonds in 2008 and 2010. These funds are included in restricted fund balances that are restricted specifically for capital projects and improvements of district facilities. The Bond Redemption Fund has appropriated all of its fund balance for the purpose of scheduled payments of bond principal and interest and the defeasance of outstanding debt.

NOTE 3: DEPOSITS AND INVESTMENTS

Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments as of June 30, 2016, are classified in the financial statements as follows.

	Primary Government	Fiduciary Funds	Total	Charter Schools	Foundation
Cash and cash equivalents	\$ 71,406,619	\$ -	\$ 71,406,619	\$ 6,029,514	\$ 1,034,660
Cash with fiscal agent - restricted	-	-	-	50,015	-
Restricted cash & investments	54,564,638	-	54,564,638	4,892,526	-
Fiduciary funds	-	3,881,844	3,881,844	-	-
Total	<u>\$ 125,971,257</u>	<u>\$ 3,881,844</u>	<u>\$ 129,853,101</u>	<u>\$ 10,972,055</u>	<u>\$ 1,034,660</u>

Unspent proceeds of the 2008 and 2010 general obligation bonds in the Building Fund and the cash balances in the Bond Redemption and Capital Reserve Funds are restricted cash on the basic financial statements.

Deposits

The Colorado General Assembly passed the Public Deposit Protection Act (the PDPA) in 1975. The purpose of the PDPA is to protect all public funds held on deposit in financial institutions. In the event eligible banks or savings and loan institutions default, statutes provide for the expedited repayment of public deposits not covered by the Federal Deposit Insurance Corporation. The district has no custodial credit risk because all deposits are insured by the Federal Deposit Insurance Corporation or are held in PDPA-eligible institutions. The district's cash deposits had a carrying amount of \$50,589,846 and a corresponding bank balance of \$54,073,474. Of the bank balance, \$53,823,474 was uninsured but collateralized in accordance with provisions of the PDPA.

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Reconciliation of Deposits to Cash, Cash Equivalents and Investments

Primary Government and Fiduciary Funds

<u>Description</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking, money market and trust accounts	\$ 50,589,846	\$ 54,073,474
COLOTRUST	79,247,088	79,247,088
Cash on hand	16,167	-
Total	<u>\$ 129,853,101</u>	<u>\$ 133,320,562</u>

Component Units

Charter Schools

Checking and money market accounts - deposits	\$ 3,317,011	\$ 3,552,120
Cash on hand	2,000	-
Investments	7,653,044	7,653,044
Total cash, cash equivalents and investments	<u>\$ 10,972,055</u>	<u>\$ 11,205,164</u>

Investments

The district has deposits in six COLOTRUST accounts, in the amount of \$79,247,088, which are invested in overnight investment accounts and are rated AAAM by Standard & Poor's. Certain charter schools have deposits with Colorado Surplus Asset Fund Trust (CSAFE), a 2a7-like local government investment pool that is rated AAAM by Standard & Poor's.

The district's investment policy requires all investments to comply with federal, state and local statutes governing the investment of public funds.

Investments are subject to many different types of risk, including credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The district's money market investments and COLOTRUST are highly rated by Standard & Poor's, an indication of low credit risk. The district has no foreign currency risk. Concentration of credit risk exists when 5.0 percent or more of the primary government's total investments is concentrated in any one issuer. When investments are concentrated in one issuer, a heightened potential for loss exists. The district has no concentration of credit risk. In general, investments issued or guaranteed by the U.S. government and other pooled investments are excluded from the concentration of credit risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Overall credit risk is the chance that an issuer of an investment will not fulfill its obligations. To minimize overall credit risk, state law and district policies require that the district limit its investments to issuers which have received one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers.

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Investment balances for the charter schools are shown below:

Discretely Presented Component Units

Investment balances for charter schools:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Investments reported as cash and cash equivalents:			
CSAFE	\$ 5,822,140	AAAm	Standard & Poor's
COLOTRUST	1,227,511	AAAm	Standard & Poor's
Government agency securities	603,393	AA+	Standard & Poor's
Total investment accounts	<u>\$ 7,653,044</u>		

All of the \$603,393 in government agency securities noted above represents long-term investments having maturity dates ranging May 2021 through June 2027 and carry interest rates ranging from 2.59% to 3.25%.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The district's only investments with recurring measurements are its investments at COLOTRUST in the amount of \$79,247,088. These investments were valued using Level 2 inputs.

The district's charter schools have the following recurring measurements:

- U.S. government agency securities of \$603,393 valued using Level 1 inputs.
- Investments at COLOTRUST of \$1,227,511 valued using Level 2 inputs.

Charter school investments in CSAFE are valued using a net asset value per share basis and therefore are excluded from the fair value hierarchy.

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NOTE 4: RECEIVABLES, PAYABLES AND INTERFUND TRANSACTIONS

Receivables

Receivables for the district's individual major and nonmajor governmental funds, including allowances for uncollectible accounts and interfund receivables, are as follows:

	Governmental Funds					Total Governmental Funds
	General	Bond Redemption	Grants	Nutrition Services	Nonmajor Governmental	
Receivables:						
Property taxes, paid within 60 days of year-end	\$ 2,766,540	\$ 540,706	\$ -	\$ -	\$ -	\$ 3,307,246
Reimbursements for federal and state grants	-	-	8,011,152	147,433	116,225	8,274,810
Property taxes, due within one year	2,231,181	956,158	-	-	-	3,187,339
Interfund	4,880,465	-	-	-	-	4,880,465
Accounts	1,971,098	677	-	50,407	12,328	2,034,510
Gross receivables	11,849,284	1,497,541	8,011,152	197,840	128,553	21,684,370
Less allowance for uncollectibles	(1,601,951)	(686,825)	-	-	-	(2,288,776)
Net total receivables	<u>\$ 10,247,333</u>	<u>\$ 810,716</u>	<u>\$ 8,011,152</u>	<u>\$ 197,840</u>	<u>\$ 128,553</u>	<u>\$ 19,395,594</u>

Balances due to/from other funds are presented as interfund receivable and payable amounts on the balance sheet for governmental funds. Many federal and state grants operate on a reimbursement basis, causing the need for a short-term loan from the General Fund. Balance due to the General Fund from the Grants Fund at June 30, 2016 was \$4,880,465.

Interfund Transactions

Transfers are used to move unrestricted revenues from the fund that collects them to specific programs accounted for in other funds in accordance with budget authorizations. The General Fund transferred money to the Nutrition Services Fund, Pickens Post Secondary Fund, and Athletic Fund to provide subsidies for operations and transfer revenues related to programs offered by those specific funds. The Grants Fund transferred revenues received for the gifted and talented program to the General Fund. Transfers processed during the fiscal year ended June 30, 2016, were as follows:

Transfers out:	Transfers in:				Total
	General Fund	Nutrition Services Fund	Pickens Post Secondary	Athletic Fund	
General Fund	\$ -	\$ 44,980	\$ 54,018	\$ 337,750	\$ 436,748
Grants	35,104	-	-	-	35,104
Total	<u>\$ 35,104</u>	<u>\$ 44,980</u>	<u>\$ 54,018</u>	<u>\$ 337,750</u>	<u>\$ 471,852</u>

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NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the fiscal year ended June 30, 2016, follows:

	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 19,781,300	\$ 670,325	\$ -	\$ -	\$ 20,451,625
Construction in progress	32,131,578	13,147,827	-	(36,580,380)	8,699,025
Construction in progress - intangible assets	2,556,126	267,883	-	(2,422,545)	401,464
Total capital assets, not being depreciated	54,469,004	14,086,035	-	(39,002,925)	29,552,114
Capital assets, being depreciated:					
Buildings and site improvements	591,238,661	859,571	-	36,580,380	628,678,612
Machinery, equipment and vehicles	29,520,385	2,895,079	(1,984,960)	-	30,430,504
Intangible assets - software	3,203,019	-	-	2,422,545	5,625,564
Total capital assets, being depreciated	623,962,065	3,754,650	(1,984,960)	39,002,925	664,734,680
Less accumulated depreciation for:					
Building and site improvements	(272,563,622)	(19,273,647)	-	-	(291,837,269)
Machinery, equipment and vehicles	(24,727,068)	(1,997,495)	1,936,158	-	(24,788,405)
Intangible assets - software	(1,091,598)	(616,336)	-	-	(1,707,934)
Total accumulated depreciation	(298,382,288)	(21,887,478)	1,936,158	-	(318,333,608)
Total capital assets, being depreciated, net	325,579,777	(18,132,828)	(48,802)	39,002,925	346,401,072
Governmental activities capital assets, net	\$ 380,048,781	\$ (4,046,793)	\$ (48,802)	\$ -	\$ 375,953,186

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

Governmental activities:	
Instruction	\$ 15,142,690
Instructional staff support	395,647
General administration	178,231
Business administration	286,521
Operations and maintenance	3,466,749
Transportation	1,121,879
Personnel/data services/risk management	811,185
Food service operations	484,576
Total depreciation expense - governmental activities	<u>\$ 21,887,478</u>

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	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Discretely presented component units:				
Capital assets, not being depreciated:				
Land	\$ 2,002,609	\$ -	\$ -	\$ 2,002,609
Construction in progress	4,791,566	1,351,481	(4,791,566)	1,351,481
Total capital assets, not being depreciated	6,794,175	1,351,481	(4,791,566)	3,354,090
Capital assets, being depreciated:				
Buildings and site improvements	20,850,232	10,402,863	(338,815)	30,914,280
Machinery and equipment	1,431,214	224,444	-	1,655,658
Total capital assets, being depreciated	22,281,446	10,627,307	(338,815)	32,569,938
Less accumulated depreciation	5,075,345	810,809	(247,063)	5,639,091
Total capital assets, being depreciated, net	17,206,101	9,816,498	(91,752)	26,930,847
Total discretely presented component capital assets, net	\$ 24,000,276	\$ 11,167,979	\$ (4,883,318)	\$ 30,284,937

NOTE 6: NONCURRENT LIABILITIES

General Obligation Bonds

The district issues bonds to finance construction, renovation, and repair of schools and support site facilities. When market and interest rates are favorable, the district may refinance outstanding debt with new debt to reduce interest payments or restructure the debt service requirement of the Bond Redemption Fund. The bonds are serviced from property tax revenues. As of June 30, 2016, total general obligation bonds outstanding are \$310,700,000, total unamortized premium is \$30,722,429, total accreted interest is \$1,392,167. Management of the district believes it has complied with all significant financial bond covenants regarding its original bond issues and refunding bond issues. In general, bond covenants for each of the following issues include:

- The district will not take any action or omit to take any action that jeopardizes the federal and state tax-free status of the bonds or bond coupons to the bondholder.
- The district will provide annual financial information to each bond repository.
- The district will prepare and file an annual budget and annual financial report with the appropriate state agency.
- The district will comply with the continuing disclosure certificate which will be executed by the officers of the district in connection with the delivery of the bonds.

Material Events Disclosure for Municipal Secondary Market Disclosure

The insured ratings on the district's outstanding bonds are shown in the following table.

BOND INSURED RATING						
Issue	CUSIP	Insurer	Standard & Poor's Rating Change		Moody's Rating Change	
			Original	Current	Original	Current
General Obligation Bonds, Series 2003A	005482	Financial Security Assurance, Inc., acquired by Assured Guaranty Municipal Corp.	AAA	AA	Aaa	A2

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General Obligation Bonds

A description of each issue follows.

- In November 2002 the voters approved a referendum authorizing a total debt amount of \$225,000,000. In March 2003, the *2003A Series General Obligation Bonds* were issued with a face value of \$150,000,000. Current outstanding principal balance is \$1,670,000. These bonds started maturing on December 1, 2003, and will continue to mature through December 1, 2022. Interest is payable at rates from 4.5 percent to 5.25 percent. Remaining annual payments for principal and interest range from \$75,150 to \$1,707,575.
- In November 2008, the voters approved a referendum authorizing a total debt amount of \$215,000,000. In December 2008, the *2008 Series General Obligation Bonds* were issued with a face value of \$132,685,000. Current outstanding principal balance is \$16,980,000. Maturity dates began December 1, 2009, and will continue through December 1, 2020. Interest rates range from 4.0 percent to 5.75 percent. Remaining annual payments for principal and interest range from \$3,852,669 to \$3,898,825.
- In May 2010, the *2010 Series Refunding Bonds* were issued with a total face value of \$101,460,000. As of June 30, 2015, outstanding principal balance for the *2010 Series Refunding Bonds* was \$80,520,000. Maturity dates began December 1, 2010, and will continue through December 1, 2022. Interest rates range from 2.0 percent to 5.0 percent. Remaining annual payments for principal and interest range from \$693,600 to \$15,423,638.
- On September 15, 2010, the district issued \$38,000,000 in the *2010B Series General Obligation Bonds – Direct Pay Build America Bonds*. Current outstanding balance is \$34,180,000. These bonds began maturing on December 1, 2012, with the final principal payment due on December 1, 2028. The interest rate ranges from 2.723 percent to 5.312 percent. Remaining annual payments for principal and interest range from \$2,377,101 to \$10,534,144.
- On December 22, 2010, the district issued \$37,315,000 in the *2010D Series General Obligation Bonds – Direct Pay Build America Bonds*. Current outstanding balance is \$33,760,000. These bonds began maturing on December 1, 2014, with the final principal payment due on December 1, 2028. The interest rate ranges from 3.452 percent to 6.045 percent. Remaining annual payments for principal and interest range from \$3,578,169 to \$3,883,948.
- In February 2012, the *2012 Series Refunding Bonds* were issued with a total face value of \$149,535,000. Concurrently, the district issued capital appreciation bonds with an original principal amount of \$385,000. The capital appreciation bonds will accrete interest over the term of 10 years to the maturity date of December 1, 2022, to the redeemable amount of \$17,250,000. Total current outstanding principal balance for both types of bonds is \$143,590,000. Maturity dates began December 1, 2012, and will continue through December 1, 2028. Interest rates range from 2.0 percent to 5.0 percent. Remaining annual payments for principal and interest range from \$7,916,950 to \$27,458,625. As of June 30, 2016, accreted interest for the capital appreciation bonds was \$1,392,167.

The district is also contingently liable for the payment of refunded bond issues. See Note 9 on Commitments and Contingencies for more information.

Certificates of Participation

On March 27, 2014, the district sold certificates of participation (COP) with a par value of \$30,720,000. The COPs were sold at a discount of \$366,621. Annual lease and interest payments range from \$1,063,031 to \$2,701,481. Interest rates range from 2.0 percent to 4.25 percent. Maturity dates begin

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December 1, 2019 and will continue through December 1, 2033. The proceeds from the COPs were used to build a new P-8 school in the district.

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2016, was as follows:

<u>Issue</u>	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amount Due Within One Year
2003A General obligation bonds	\$ 1,670,000	\$ -	\$ -	\$ 1,670,000	\$ -
2008 General obligation bonds	19,960,000	-	2,980,000	16,980,000	3,100,000
2010 Series refunding bonds	91,770,000	-	11,250,000	80,520,000	11,790,000
2010B Build America Bonds	35,420,000	-	1,240,000	34,180,000	-
2010D Build America Bonds	35,565,000	-	1,805,000	33,760,000	1,260,000
2012 Refunding bonds	144,805,000	-	1,215,000	143,590,000	1,865,000
2012 Refunding bonds accreted interest	863,066	529,101	-	1,392,167	1,240,000
Subtotal general obligation debt	330,053,066	529,101	18,490,000	312,092,167	19,255,000
Premiums/(discounts) on GO debt	36,364,500	-	5,642,071	30,722,429	-
Subtotal general obligation debt, net	366,417,566	529,101	24,132,071	342,814,596	19,255,000
2014 Certificates of Participation	30,720,000	-	-	30,720,000	-
Premiums/(discounts) on COPs	(341,828)	-	(19,624)	(322,204)	-
Subtotal COPs	30,378,172	-	(19,624)	30,397,796	-
Total debt outstanding	396,795,738	529,101	24,112,447	373,212,392	19,255,000
Compensated absences:					
Unpaid vacation	3,754,646	918,155	719,600	3,953,201	698,439
Unpaid sick leave	6,129,653	939,657	785,061	6,284,249	1,074,816
Total compensated absences	9,884,299	1,857,812	1,504,661	10,237,450	1,773,255
Net pension liability	710,633,013	155,715,571	42,960,962	823,387,622	-
Total changes in noncurrent liabilities	\$ 1,117,313,050	\$ 158,102,484	\$ 68,578,070	\$ 1,206,837,464	\$ 21,028,255

Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the district has recorded the accrued liability for compensated absences in the accompanying basic financial statements. The following table summarizes total liabilities and current year activity for compensated absences. Per GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, the amount of \$556,233 recorded in the General Fund in the governmental statements represents the mature portion of total compensated absences liabilities.

Computation of Legal Debt Margin

Pursuant to state law, a school district has a limit of bonded indebtedness of the greater of 20 percent of its valuation for taxable property as it exists on the December 10 prior to the date of issuance or 6.0 percent of its statutory actual valuation of the taxable property in the district as of the December 10 prior to the date of issuance. Additionally, the limit on bonded indebtedness is increased to 25 percent of its valuation for taxable property of the district if such district qualifies as a "high growth" district. As of June 30, 2016, the district's debt limit is based on the 20 percent limit, unless the higher 6.0 percent limit is approved by voters of the district. The debt limit is only applicable at the time of issuance of bonds. Refunding bonds may be issued notwithstanding the debt limit because they are issued at a lower interest

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rate and would save the district money. The percentages and amounts used in the calculation on the next page are based on the December 2015 assessed value and the June 30, 2016 outstanding general obligation bonds payable.

Debt Limit Factors	Gross Assessed	Percentage of Assessed Valuation
Valuation - Adams County	\$ 742,099,960	
Valuation - Arapahoe County	1,426,071,395	
Total valuation	2,168,171,355	
Apply percentage	20.0%	
Legal debt limit	433,634,271	20.0%
Less general obligation bonds payable	312,092,167	14.4%
Debt margin	\$ 121,542,104	5.6%

Summary of Debt Service Requirements to Maturity

The following schedules reflects the debt service requirements of the district's long-term debt. The long-term debt is included in the governmental activities, as of June 30, 2016:

Date	General Obligation Debt	Total Interest	Total
2017	\$ 19,255,000	\$ 14,521,140	\$ 33,776,140
2018	20,075,000	13,671,806	33,746,806
2019	20,950,000	12,762,570	33,712,570
2020	21,895,000	11,778,632	33,673,632
2021	22,920,000	10,719,083	33,639,083
2022-2026	129,725,000	55,379,437	185,104,437
2027-2029	92,745,000	7,405,959	100,150,959
Total	327,565,000	\$ 126,238,627	\$ 453,803,627
Unaccrued interest on 2012 bonds	(15,472,833)		
Total outstanding principal	\$ 312,092,167		

Date	Certificates of Participation	Total Interest	Total
2017	\$ -	\$ 1,063,031	\$ 1,063,031
2018	-	1,063,031	1,063,031
2019	-	1,063,031	1,063,031
2020	1,655,000	1,046,481	2,701,481
2021	1,685,000	1,013,081	2,698,081
2022-2026	9,110,000	4,336,475	13,446,475
2027-2031	10,755,000	2,628,069	13,383,069
2032-2034	7,515,000	479,878	7,994,878
Total	\$ 30,720,000	\$ 12,693,077	\$ 43,413,077

On May 25, 2016, the Board of Education approved a master lease purchase agreement for the purpose of financing the costs of acquiring approximately 80 buses for school purposes and other essential need equipment in an amount not to exceed \$12.0 million over approximately a five year period. On September 1, 2016, the district financed 14 buses and 36 support vehicles in the amount of \$2.4 million dollars with an interest rate of 1.726 percent per year to be repaid over the next 10 years.

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Long-term Debt and Noncurrent Liabilities – Discretely Presented Component Units

Noncurrent Liabilities – Net Pension Liability

Net pension liability activity for the district's discretely presented component units for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Aurora Academy	\$ 5,759,360	\$ 1,126,600	\$ 351,355	\$ 6,534,605
Lotus School for Excellence	8,439,678	2,348,736	583,117	10,205,297
Global Village Academy	8,808,118	2,567,979	611,124	10,764,973
Vanguard Classical School	10,936,010	2,691,910	669,371	12,958,549
AXL Charter School	5,685,445	720,100	346,100	6,059,445
Total net pension liability	<u>\$ 39,628,611</u>	<u>\$ 9,455,325</u>	<u>\$ 2,561,067</u>	<u>\$ 46,522,869</u>

Bonds Payable – Aurora Academy

In June 2013, the Colorado Educational and Cultural Facilities Authority issued \$6,246,000 Charter School Refunding Bonds. Proceeds of the bonds were used by the Aurora Academy Building Corporation (the Corporation) to advance refund the 2004 bonds. Aurora Academy (the Academy) is obligated under a lease agreement to make monthly lease payments to the Corporation for the use of educational facilities. The Corporation is required to make equal loan payments to the trustee, for payment of the bonds. The bonds accrue in the amount of 3.21 percent per annum. Interest payments are due semi-annually on February 15 and August 15. Principal payments are due annually on February 15, through 2034.

Long-term debt activity for the year ended June 30, 2016, was as follows:

	July 1, 2015	Additions	Reductions	June 30, 2016	Due within one year
2013 refunding bonds	\$ 5,888,514	\$ -	\$ 227,554	\$ 5,660,960	\$ 235,085
Deferred premium	(363,751)	-	(19,663)	(344,088)	-
	<u>\$ 5,524,763</u>	<u>\$ -</u>	<u>\$ 207,891</u>	<u>\$ 5,316,872</u>	<u>\$ 235,085</u>

The debt payments under the bonds are as follows:

Fiscal year	Principal	Interest and fees	Total payment
2017	\$ 235,085	\$ 181,716	\$ 416,801
2018	242,867	174,170	417,037
2019	250,907	166,374	417,281
2020	259,212	158,320	417,532
2021	267,791	150,000	417,791
2022-2026	1,477,931	615,222	2,093,153
2027-2031	1,739,266	361,784	2,101,050
2032-2034	1,187,901	77,092	1,264,993
Totals	<u>\$ 5,660,960</u>	<u>\$ 1,884,678</u>	<u>\$ 7,545,638</u>

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Bonds Payable – Global Village Academy

In January 2011, the Public Finance Authority (the Authority) issued \$8,365,000 Charter School Revenue Bonds, Series 2011. Proceeds of the bonds were used in the acquisition of the land and to construct and equip a new educational facility. Global Village is obligated to make monthly lease payments to the Building Corporation (the Corporation), an internal service fund of Global Village, for use of the building. The building fund is required to make equal lease payments to the trustee, for payment of the bonds. Interest accrued at rates ranging from 7.5 percent to 8.5 percent. The lease matures in December 2040.

In December 2014, the Authority issued \$6,870,000 Charter School Revenue Bonds, Series 2014. Proceeds of the bonds were used to construct and equip a new educational facility. The School is obligated to make monthly lease payments to the Corporation for use of the building. The Corporation is required to make equal debt service payments to the trustee for payment of the bonds. Interest accrued at rates ranging from 5.47 percent to 7.5 percent. The lease matures in December 2045.

In June 2016, the Authority issued \$6,580,000 Charter School Revenue Bonds, Series 2016. Proceeds of the bonds were used to purchase, improve, and equip a new educational facility. The School is obligated to make monthly lease payments to the Corporation for use of the building. The Corporation is required to make equal debt service payments to the Trustee, for payment of the bonds. Interest accrued at rates ranging from 4.89 percent to 5.87 percent. The lease matures in December 2044.

As of June 30, 2016, long-term debt consisted of:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>Due within one year</u>
2011 Building loan	\$ 8,120,000	\$ -	\$ 100,000	\$ 8,020,000	\$ 105,000
2014 Building loan	6,870,000	-	35,000	6,835,000	95,000
2016 Building Loan	-	6,580,000	-	6,580,000	-
	<u>\$ 14,990,000</u>	<u>\$ 6,580,000</u>	<u>\$ 135,000</u>	<u>\$ 21,435,000</u>	<u>\$ 200,000</u>

The debt payments under the loans are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total payment</u>
2017	\$ 200,000	\$ 1,377,658	\$ 1,577,658
2018	325,000	1,370,462	1,695,462
2019	345,000	1,350,353	1,695,353
2020	365,000	1,328,976	1,693,976
2021	385,000	1,306,333	1,691,333
2022-2026	2,325,000	6,136,967	8,461,967
2027-2031	3,125,000	5,288,436	8,413,436
2032-2036	4,290,000	4,095,312	8,385,312
2037-2041	6,640,000	2,378,781	9,018,781
2042-2046	3,435,000	446,669	3,881,669
Totals	<u>\$ 21,435,000</u>	<u>\$ 25,079,947</u>	<u>\$ 46,514,947</u>

Notes Payable – AXL Charter School

On April 6, 2011, the AXL Building Corporation (the Corporation) entered into a loan agreement with the Charter Schools Development Corporation (CSDC) in the amount of \$875,000. Proceeds of the loan were used to construct improvements to the School's building. Monthly payments of \$10,578 are required under the loan agreement, with a balloon payment representing all unpaid principal and interest due at maturity. Interest accrues at 6.5% per annum. The loan maturity date has been extended to September 30, 2016.

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On July 9, 2014, the Corporation entered into a loan agreement with the Mile High Community Loan Fund (Mile High) in the amount of \$500,000. Loan proceeds were used for tenant improvements at the School's building. The Gates Family Foundation agreed to guarantee \$250,000 of the loan pursuant to a guaranty agreement with Mile High. Interest accrues on the outstanding balance of the loan at 7% per annum. Monthly interest-only payments are due through maturity. All principal and any accrued interest is due at maturity in September 2016.

In April 2015, the District loaned \$50,000 to the School and agreed to defer certain fees owed to the District. The School agreed to repay these amounts, totaling \$379,157, in monthly installments of \$10,532 from July 1, 2016 through June 30, 2018. The loan is non-interest bearing.

As of June 30, 2016, long-term debt consisted of:

	July 1, 2015	Additions	Reductions	June 30, 2016	Due within one year
CSDC Loan	\$ 609,361	\$ -	\$ 90,496	\$ 518,865	\$ 518,865
Mile High Loan	500,000	-	-	500,000	500,000
District Loan	379,157	-	126,386	252,771	126,386
	<u>\$ 1,488,518</u>	<u>\$ -</u>	<u>\$ 216,882</u>	<u>\$ 1,271,636</u>	<u>\$ 1,145,251</u>

The debt payments under the loans are as follows:

Fiscal year	Principal	Interest	Total payment
2017	\$ 1,145,251	\$ 15,724	\$ 1,160,975
2018	126,385	-	126,385
	<u>\$ 1,271,636</u>	<u>\$ 15,724</u>	<u>\$ 1,287,360</u>

The School is in the process of extending the maturity of the loans from the Charter Schools Development Corporation and the Mile High Community Loan Fund for an additional five years.

Notes Payable – Lotus School for Excellence

In October 2008, the Lotus School for Excellence Foundation obtained a mortgage payable from Self-Help Credit Union in the amount of \$4,901,110. The mortgage was obtained for the acquisition of the land educational facility. The original mortgage was due on July 1, 2013. The School refinanced the existing mortgage in July of 2013. The School increased its outstanding mortgage debt to Self-Help Credit Union by \$419,123 to provide additional funding to pay off the note payable.

The School is obligated to make monthly lease payments to the foundation for use of the building. The foundation is required to make monthly debt service payments in the amount of \$31,875 for payment of the mortgage debt through July 1, 2018. A balloon payment is due on July 1, 2018. The mortgage carries an interest rate of 5.38%.

As of June 30, 2016, long-term debt consisted of mortgages payable as follows:

	July 1, 2015	Additions	Reductions	June 30, 2016	Due within one year
Mortgage payable	\$ 4,516,183	\$ -	\$ 139,574	\$ 4,376,609	\$ 147,404

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The debt payments under the mortgage are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest and fees</u>	<u>Total payment</u>
2017	\$ 147,404	\$ 235,094	\$ 382,498
2018	155,744	226,754	382,498
2019	4,073,461	18,262	4,091,723
Totals	<u>\$ 4,376,609</u>	<u>\$ 480,110</u>	<u>\$ 4,856,719</u>

NOTE 7: SHORT-TERM DEBT

To meet short-term General Fund cash flow needs, the State of Colorado allows districts to participate in an Interest-Free Loan Program. During the fiscal year ended June 30, 2016, the district did not enter into any short-term borrowings through this program.

NOTE 8: RISK MANAGEMENT

The district is exposed to various risks of loss such as theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by a combination of risk retention programs, purchased insurance coverages from independent carriers, and by participating in two risk pools. Property and casualty losses, claims and purchased insurance protection are accounted for in the district's General Fund. Settled claims from these risks have not exceeded commercial coverage for each of the past three fiscal years, nor have there been any reductions in coverage.

The Colorado Governmental Immunity Act provides protection against several types of claims and establishes damage limits for claims for those that are not protected. These limits are \$350,000 per injury and \$990,000 per occurrence.

Self-insurance Programs and Purchased Insurance Coverages

The district self-insures the first \$25,000 of each property loss/claim and purchases insurance for any additional property loss/claim up to \$500,000,000. The district purchases other insurance policies for crime, cyber, fiduciary, foreign travel, pollution and student professional liability with varying deductibles and limits.

Joint School District Workers' Compensation Self-insurance Pool and Excess-of-Loss Self-insurance Pool

In 1986, the district joined other Colorado school districts to form the Joint School Districts' Workers' Compensation Self-Insurance Pool (JSD) with the purpose to control costs related to workers' compensation incidents. JSD is managed by an independent manager chosen by the pool's board of directors. Board membership consists of one member from each of four participating school districts. Each member's initial contribution and subsequent share of expenses and contributions is based on JSD's and respective member's payroll, projected losses, standard premiums, experience modifications, and other variable expenses as estimated by JSD management and approved by the JSD board. The district's share of expenses is reported in the district's basic financial statements. JSD has no current or long-term debt. Each member of JSD is responsible for the first \$100,000 of each loss. Losses between \$100,000 and \$450,000 are shared between the member districts and losses in excess of \$450,000 are reinsured for up to statutory limits. This pool is audited each year by Clifton Larson Allen LLP. Actuarial services are performed by Willis Towers Watson. Requests for JSD financial statements can be sent to Beecher Carlson, 8390 E. Crescent Parkway, Suite 200, Greenwood Village, Colorado 80111.

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The district self-insures the first \$150,000 of each liability loss/claim and purchases insurance for the next \$5,000,000 of each loss/claim. General liability, auto liability and errors and omissions coverage is purchased through the Excess-of-Loss Self Insurance Pool (ELSIP), a public entity risk pool. ELSIP is managed by an independent manager chosen by ELSIP's board of directors. The board is comprised of one member from each of three participating districts. Each member's initial and subsequent share of expenses is determined by its student enrollment, as approved by the board. This pool is audited each year by Clifton Larson Allen LLP. Provision for estimated insurance claims incurred but not reported includes components for each type of coverage in effect (see Note 9). Requests for ELSIP financial statements can be sent to OnPoint Underwriting, 8390 E. Crescent Parkway, Suite 200, Greenwood Village, Colorado 80111.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Operating Lease – Component Units

Aurora Academy

The operating lease agreement between the Academy and its building corporation is an annual lease with successive one-year renewal terms, subject to cancellation at the discretion of the Academy. Total lease expense to the Academy was \$422,464 during the year ended June 30, 2016.

AXL Charter School

In March 2015, the AXL Corporation amended its lease agreement with the landlord of the School's building and play area. The agreement requires monthly rent payments through June 30, 2018. In addition, the agreement allows for two renewal terms of five years each. The lease agreement also requires the Corporation to pay a pro rata portion of certain operating costs. In conjunction, the School has approved an amended lease agreement with the Corporation with similar terms. During the year ended June 30, 2016, the School paid \$559,823 under this lease agreement.

Global Village Academy

Global Village Academy (Global Village) entered into a non-cancellable operating lease for its building. This agreement requires monthly payments ranging from \$35,212 to \$50,453. The final payment is due July 31, 2017. However, in June 2016, the School purchased the building using proceeds from the 2016 bond issue. Total rent expense for the year ended June 30, 2016 for the lease was \$652,038.

Lotus School for Excellence

The operating lease agreement between Lotus and its Foundation is an annual lease. The total lease expense paid to the Lotus School for Excellence Foundation was \$399,138 during the year ended June 30, 2016.

On February 19, 2016, the Lotus entered into a lease agreement for modular classrooms. The lease required a one-time set up fee in the amount of \$16,300. Monthly lease payments in the amount of \$2,393 are due beginning in May 2016 through April 2019. Total rent expense for the year ended June 30, 2016 for the lease was \$4,786.

Vanguard Classical School

Vanguard Classical School (Vanguard) leases its office and school facilities under an operating lease with Ability Connection Colorado, a related party, which expires on June 30, 2018. Total lease expenditures for the fiscal year ended June 30, 2016 were \$2,414,242. In addition, Vanguard has an agreement with Ability Connection Colorado, for management services. Total payments related to management services were \$350,000 for the fiscal year ended June 30, 2016.

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Future Minimum Lease Payments

Fiscal year	AXL Charter School	Lotus School for Excellence	Vanguard Classical School	Total
2017	\$ 502,982	\$ 28,716	\$ 2,414,242	\$ 2,945,940
2018	502,982	28,716	2,414,242	2,945,940
2019	-	23,930	-	23,930
Total	<u>\$ 1,005,964</u>	<u>\$ 81,362</u>	<u>\$ 4,828,484</u>	<u>\$ 5,915,810</u>

Construction Commitments

As of June 30, 2016, the district had various commitments for the acquisition and construction of capital projects. Resources in the Building and Capital Reserve Capital Projects Funds are restricted for construction commitments. The following table provides a detail of significant commitments:

Project Description	Project to Date Expenditures	Commitments at June 30, 2016
Mrachek MS - Cafeteria Addition & Whole Bldg Remodel	\$ 1,097,275	\$ 1,786,907
Modular Classrooms	6,441,400	1,471,779
Phone & Voice-over IP - Districtwide	229,613	997,982
Vista Peak - P-12 Campus & Addition	69,573,477	788,214
Montview ES - Building Renewal & Roof Replacement	553,159	600,886
Gateway HS - HVAC & Mech Repairs, Roof Repairs	6,437,752	347,023
Dartmouth ES - Building Renewal & Mechanical Replacement	445,327	292,637
Rangeview HS - Kitchen Remodel & Building Renewal	1,970,744	192,226
Dalton ES - Building Renewal & Recirculation System	206,496	102,477
Lighting Upgrades-Districtwide Improvements	2,075,690	43,881
Tollgate ES-Whole Bldg Remodel & Building Renewal	8,272,376	24,946
Facilities Complex-Yard Expansion & Roof Replacement	864,563	8,000
Pickens Tech-Roof Repairs & Building	1,772,857	7,347
Controls, Lighting, & Equipment-Districtwide Improvements	1,040,399	3,622
VA Court ES - Two Classroom & Kitchen Addition	1,708,703	1,753
Technology Equipment Renewal-Districtwide	8,827,010	1,350
District Stadium Lighting Upgrade	2,281	59,044
Dartmouth Mechanical Replacement	765,857	1,059,823
Pickens Remodel	1,547,118	1,266,010
Jenzabar Software	267,883	21,422
All Other Projects	348,245,042	416
Total	<u>\$ 462,345,022</u>	<u>\$ 9,077,745</u>

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Refunded and Defeased Bonds

At various dates in prior years, the district has placed proceeds from refunding bond issues and the district cash contributions in irrevocable refunding escrow accounts. The monies deposited in the escrow accounts are invested in U.S. Treasury obligations that, together with interest earned thereon, should provide amounts sufficient for payment of all principal and interest on refunded bond issues and the refinanced capital lease obligation on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded obligations appears remote. The escrow accounts and the following refunded obligations are not included in the district's basic financial statements, even though the district is contingently liable for these amounts. The following table provides a detail of contingently liable amounts as of June 30, 2016:

	Outstanding principal balance
Series 1996C General Obligation Bonds	\$ 2,930,000
Series 2006 General Obligation Bonds	58,215,000
Series 2008 General Obligation Bonds	91,705,000
	<u>\$ 152,850,000</u>

Grants

The district has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead grantor agencies to request reimbursement for disallowed expenditures. District management believes disallowances, if any, would not materially affect the overall financial position or results of operations of the district.

Litigation

Certain lawsuits are presently pending against the district. The district and its legal counsel believe that any liability resulting from such lawsuits would not materially affect the overall financial position or results of operations of the district.

Insurance Claims

Liabilities for retained risk claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities for claims incurred but not reported are estimated by applying industry-published loss development standards to current outstanding claims. In addition, incurred claims in the table below include loss amounts that develop into actual payments within the 60-day accrual period. Actual payments can vary from the original estimated amount. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Unpaid claims, beginning of the year	\$ 297,596	\$ 212,228
Incurred claims, including changes in IBNR	1,078,934	858,764
Claim payments	(777,153)	(773,396)
Unpaid claims, end of year	<u>\$ 599,377</u>	<u>\$ 297,596</u>

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NOTE 10: DEFINED BENEFIT PENSION PLAN RETIREMENT PLAN

General Information about the Pension Plan

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2.0 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2.0 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2.0 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

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

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

	For the years ended December 31	
	2015	2016
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	-1.02%	-1.02%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.50%
Total Employer Contribution Rate to the SDTF ¹	17.33%	18.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the district is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the district were \$42,960,962 for the year ended June 30, 2016

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

At June 30, 2016, the district reported a liability of \$823,387,622 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The district proportion of the net pension liability was based on the district's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the districts proportion was 5.38 percent, which was an increase of 0.14 percentage points from its proportion measured as of December 31, 2014.

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For the year ended June 30, 2016, the district recognized pension expense of \$91,464,627. At June 30, 2016, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,872,933	\$ 34,294
Changes of assumptions or other inputs	-	11,635,901
Net difference between projected and actual earnings on pension plan investments	70,011,044	-
Changes in proportional share	21,067,927	-
Contributions subsequent to the measurement date	22,186,307	N/A
Total	<u>\$ 124,138,211</u>	<u>\$ 11,670,195</u>

\$22,186,307 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Fiscal Year Ended June 30,	Amount
2017	\$ 27,810,708
2018	26,478,667
2019	21,635,710
2020	14,356,624
	<u>\$ 90,281,709</u>

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

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

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Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - o Valuation of the full survivor benefit without any reduction for possible remarriage.
 - o Reflection of the employer match on separation benefits for all eligible years.
 - o Reflection of one year of service eligibility for survivor annuity benefit.
 - o Refinement of the 18 month annual increase timing.
 - o Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - o Recognition of merit salary increases in the first projection year.
 - o Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - o Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - o Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

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

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

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

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Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases, finances by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

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

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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 1,067,351,004	\$ 823,387,622	\$ 620,455,600

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

Relevant Charter School Pension Information

The below table summarizes charter school information as it relates to pensions after the implementation of GASB 68:

	Net pension liability	Deferred outflows of resources	Deferred inflows of resources	Contributions made during the fiscal year	Pension Expense
Aurora Academy	\$ 6,534,605	\$ 880,536	\$ 92,617	\$ 351,355	\$ 721,507
Lotus School for Excellence	10,205,297	2,017,230	144,644	583,117	1,354,229
Global Village Academy	10,764,973	2,561,944	152,576	611,124	1,673,563
Vanguard Classical School	12,958,549	4,372,531	183,642	669,371	2,806,780
AXL Charter School	6,059,445	1,103,141	314,898	346,100	700,898
Total	<u>\$ 46,522,869</u>	<u>\$ 10,935,382</u>	<u>\$ 888,377</u>	<u>\$ 2,561,067</u>	<u>\$ 7,256,977</u>

For more detailed information, please refer to separately issued statements for each school.

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

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

Funding Policy – The district is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the district are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ended June 30, 2016, 2015 and 2014 the district contributions to the HCTF were \$2,470,953, \$2,307,382 and \$2,169,418, respectively, equal to their required contributions for each year.

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NOTE 12: DEFINED CONTRIBUTION PENSION PLAN & DEFERRED COMPENSATION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$2,130,965.

Deferred Compensation Plan

Plan Description – Employees may participate in the state of Colorado's 457(b) eligible deferred compensation benefit plan. Plan participation is voluntary and contributions are separate from others made to PERA. The plan uses a third-party administrator, and all costs of administration and funding are borne by the plan participants. The plan is subject to the Colorado State Deferred Compensation Program, as defined in §24-10-102, C.R.S., and its governing board. The state's governing board has full authority to make changes to the plan. PERA issues a publicly available annual financial report for the 457(b) Plan. That report may be obtained online at www.copera.org or by writing to Colorado PERA at (303) 832-9550 or (800) 759-PERA (7372).

Funding Policy – The deferred compensation plan is funded by voluntary member contributions up to the maximum limit set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$551,142.

In addition, employees may contribute to a tax-sheltered annuity in accordance with district policies and regulations, an Internal Revenue Code 403(b) defined contribution plan, administered by the district.

NOTE 13: AURORA PUBLIC SCHOOLS FOUNDATION NET ASSETS

Temporarily restricted net assets are restricted to program services, which include specific grants, scholarships and special projects, as indicated by the donor. In addition, some temporarily restricted net assets are restricted due to time restrictions, which include contributions received for special events. As of June 30, 2016, the amount restricted for these purposes was \$824,154. Temporarily restricted net assets are categorized as:

Scholarships and endowed scholarships	\$	417,753
Educator grants and classroom initiatives		6,717
Future centers		339,164
Special projects		520
Special events - Pathways to Success Gala		60,000
Total	\$	<u>824,154</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2016

In 1995, the foundation received a bequest of \$100,000. The bequest agreement states that the amount to be used by the foundation is not to exceed the annual interest earned. The principal amount is to remain intact. Additionally, the bequest agreement specifies that contributions to the fund in excess of the \$100,000 are to be used for scholarship purposes and are thus temporarily restricted. The earnings on the principal amount are to be used to help women who have overcome obstacles in their lives and are determined to change their direction and better themselves by pursuing a course of education or training that will help them become self-reliant. The net assets of the endowment fund as of June 30, 2016 were \$100,000.

NOTE 14: RELATED-PARTY TRANSACTIONS

The district provides administrative and other services to its five charter schools, shown as discretely presented component units. The amount of charges for services, in accordance with governing state statutes, for the fiscal year ended June 30, 2016 was \$3,078,058, which have been recorded in the district's financial statements.

As discussed in Note 6, during the fiscal year ended June 30, 2015, the district entered into an agreement with AXL Charter School (AXL) to defer AXL's payment in relation to the charges for services explained above. The agreement allows for payment by AXL in increments starting in fiscal year 2016 through fiscal year 2018. Amount due from AXL is included in other receivables on the district's financial statements.

NOTE 15: IMPLEMENTATION OF NEW ACCOUNTING STANDARD

The district implemented Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (Statement No. 72), which generally requires state and local governments to measure certain assets and liabilities at fair value using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for all financial statement users about the impact of fair value measurements on a government's financial position. The implementation of Statement No. 72 had no effect on net position, however it did change the requirements for information disclosed in the footnotes.

Required Supplementary Information

This section presents the budgetary comparison schedules for the General Fund and the Grants and Nutrition Services Funds, the major special revenue funds. It also includes schedules regarding the district's proportionate share of PERA's net pension liability and their annual contributions.

Budgetary Comparisons

General Fund

All activities of the district are reported in the General Fund unless there is a legal or contractual requirement to use another fund. Most instructional and administrative expenditures are processed through the General Fund. Primary revenue sources are local property taxes and state aid.

Grants Fund

This fund is used to account for revenues and expenditures related to federal, state and local grants.

Nutrition Services Fund

Nutrition Services operates the school lunch and breakfast programs and serves nutritious meals to district students and adults. In addition, summer meal programs, after school snack programs, nutrition education and in-service programs are offered.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Property	\$ 94,476,910	\$ 99,325,264	\$ 99,073,917	\$ (251,347)
Specific ownership	7,500,000	9,500,000	10,611,885	1,111,885
Tuition	811,500	786,500	1,078,744	292,244
Net earnings on investments	1,185,000	1,185,000	1,263,729	78,729
Rental of buildings	750,000	750,000	958,461	208,461
Gifts and grants	-	-	15,921	15,921
Charges for services	2,200,000	2,200,000	2,992,794	792,794
Cash in lieu of land dedication	-	-	1,990,884	1,990,884
Other	4,201,709	4,201,709	4,298,979	97,270
State sources:				-
State equalization	218,151,070	205,573,892	209,551,552	3,977,660
Vocational education	1,000,000	1,000,000	1,244,500	244,500
Special education	7,100,000	8,005,502	8,236,298	230,796
English Language Proficiency Act	5,251,143	5,773,912	5,684,558	(89,354)
Transportation	1,500,000	1,540,094	1,607,630	67,536
READ Act	2,568,955	3,334,528	3,334,528	-
Gifted and talented	360,000	383,248	383,248	-
Federal	125,000	125,000	146,960	21,960
Total revenues	<u>347,181,287</u>	<u>343,684,649</u>	<u>352,474,588</u>	<u>8,789,939</u>
EXPENDITURES				
Current:				
Instruction	221,951,241	209,966,356	204,436,613	5,529,743
Pupil support	17,775,996	18,188,851	19,605,908	(1,417,057)
Instructional staff support	17,136,729	16,703,871	17,785,523	(1,081,652)
General administration	8,312,285	8,637,304	4,728,324	3,908,980
School administration	31,764,005	31,171,315	33,539,515	(2,368,200)
Business administration	5,991,694	5,520,149	4,933,196	586,953
Operations and maintenance	35,578,271	34,645,680	33,283,315	1,362,365
Transportation	8,738,663	8,501,042	11,526,689	(3,025,647)
Personnel/data/risk management	17,245,230	16,092,936	16,417,484	(324,548)
Other support services	2,777,794	2,495,016	5,448,368	(2,953,352)
Facilities acquisition	3,372,350	4,287,837	3,287,200	1,000,637
Debt service	1,252,015	1,063,031	1,063,031	-
Contingencies	20,709,726	31,863,428	-	31,863,428
Total expenditures	<u>392,605,999</u>	<u>389,136,816</u>	<u>356,055,166</u>	<u>33,081,650</u>
Excess (deficiency) of revenues over (under) expenditures	(45,424,712)	(45,452,167)	(3,580,578)	41,871,589
OTHER FINANCING SOURCES (USES)				
Transfers in	140,739	65,557	35,104	(30,453)
Transfers out	(846,999)	(337,750)	(436,748)	(98,998)
Total other financing sources (uses)	<u>(706,260)</u>	<u>(272,193)</u>	<u>(401,644)</u>	<u>(129,451)</u>
Net change in fund balance	<u>\$ (46,130,972)</u>	<u>\$ (45,724,360)</u>	<u>(3,982,222)</u>	<u>\$ 41,742,138</u>
Fund balance - July 1, 2015			45,724,361	
Fund balance - June 30, 2016			<u>\$ 41,742,139</u>	

The notes to the required supplementary information are an integral part of this statement.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Grants Fund
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Gifts and grants	\$ 1,102,653	\$ 1,597,771	\$ 1,067,442	\$ (530,329)
State:				
State grants	5,305,516	4,775,161	3,042,229	(1,732,932)
Federal grants	30,195,067	33,888,653	27,262,965	(6,625,688)
Total revenues	<u>36,603,236</u>	<u>40,261,585</u>	<u>31,372,636</u>	<u>(8,888,949)</u>
EXPENDITURES				
Current:				
Instruction	17,827,378	16,956,364	14,950,802	2,005,562
Pupil support	4,241,918	5,745,804	5,046,899	698,905
Instructional staff support	6,329,977	9,382,095	6,988,456	2,393,639
General administration	1,709,328	1,964,239	1,721,629	242,610
School administration	112,300	376,235	214,397	161,838
Business administration	-	-	7,218	(7,218)
Operations and maintenance	47,669	51,445	53,327	(1,882)
Transportation services	-	-	3,172	(3,172)
Personnel/data/risk management	1,795,240	2,015,847	456,056	1,559,791
Other support services	876,405	1,044,862	728,598	316,264
Facilities acquisition and improvements	3,794,928	2,659,137	1,166,978	1,492,159
Total expenditures	<u>36,735,143</u>	<u>40,196,028</u>	<u>31,337,532</u>	<u>8,858,496</u>
Excess (deficiency) of revenues over (under) expenditures	(131,907)	65,557	35,104	(30,453)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	(80,000)	(65,557)	(35,104)	30,453
Total other financing sources	<u>(80,000)</u>	<u>(65,557)</u>	<u>(35,104)</u>	<u>30,453</u>
Net change in fund balance	<u>\$ (211,907)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance - July 1, 2015			-	
Fund balance - June 30, 2016			<u>\$ -</u>	

The notes to the required supplementary information are an integral part of this statement.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues and Expenses Compared to Budget
Budget and Actual
Special Revenue Fund - Nutrition Services Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local				
Charges for services	\$ 2,363,756	\$ 2,363,756	\$ 1,364,430	\$ (999,326)
Other	17,481	17,481	679	(16,802)
Earnings on investments	-	-	976	976
State:				
State grants	203,597	203,597	281,619	78,022
Federal grants	16,303,822	16,303,822	14,533,241	(1,770,581)
Total revenues	<u>18,888,656</u>	<u>18,888,656</u>	<u>16,180,945</u>	<u>(2,707,711)</u>
EXPENDITURES				
Current:				
Food service operations	19,473,887	19,473,887	16,572,946	2,900,941
Contingencies	-	3,025,255	-	3,025,255
Total expenditures	<u>19,473,887</u>	<u>22,499,142</u>	<u>16,572,946</u>	<u>5,926,196</u>
Excess (deficiency) of revenues over (under) expenditures	(585,231)	(3,610,486)	(392,001)	3,218,485
OTHER FINANCING SOURCES				
Transfers in	500,000	-	44,980	44,980
Total other financing sources	<u>500,000</u>	<u>-</u>	<u>44,980</u>	<u>44,980</u>
Net change in fund balance	<u>\$ (85,231)</u>	<u>\$ (3,610,486)</u>	<u>(347,021)</u>	<u>\$ 3,263,465</u>
Fund balance - July 1, 2015			3,610,486	
Fund balance - June 30, 2016			<u>\$ 3,263,465</u>	

The notes to the required supplementary information are an integral part of this statement.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's Proportionate Share of the Net Pension Liability
PERA - School Division Trust Fund
For the Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	5.38%	5.24%
District's proportionate share of the net pension liability	\$ 823,387,622	\$ 710,633,013
District's covered-employee payroll	\$ 234,613,404	\$ 219,654,425
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	350.96%	323.52%
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.84%

Note 1: Information above is presented as of the measurement date

Note 2: Information is not currently available for years prior to 2014; additional years will be displayed as they become available

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's Contributions
PERA - School Division Trust Fund
For the Year Ended June 30, 2016**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 42,960,962	\$ 38,200,248
Contributions in relation to the contractually required contribution	<u>(42,960,962)</u>	<u>(38,200,248)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 242,250,288	\$ 226,217,490
Contributions as a percentage of covered-employee payroll	17.73%	16.89%

Note 1: Information above is presented as of the district's fiscal year

Note 2: Information is not currently available for years prior to 2015; additional years will be displayed as they become available

Notes to the Required Supplementary Information

Budgetary Information

The district follows these procedures in establishing the budgetary data reflected in the financial statements.

- i. Per §22-44-105, C.R.S., legally adopted budgets are required for all funds. During May, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July. Budgets include estimated expenditures and the means of financing them.
- ii. Public hearings are conducted by the board of education to obtain taxpayer comments.
- iii. Prior to June 30th, the budget is adopted by formal resolution of the board of education, and the district issues a separate budget document.
- iv. Authorizations to transfer budgeted amounts between Colorado Department of Education defined function groups or budget transfers, which change the total fund appropriation, must be approved by the board of education. The superintendent of schools must approve all other line item budget transfers. Actual expenditures and operating transfers out may not legally exceed appropriations at the individual fund level. Budgetary control is maintained at the supervisory department level.
- v. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- vi. Budget amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year.
- vii. Appropriations for all funds lapse at fiscal year-end.

Supplementary Information

This section presents the major and nonmajor fund financial statements. These statements show a more detailed look at the funds.

Major Governmental Funds

Bond Redemption Fund

This fund is used to account for property tax revenues and expenditures related to general long-term debt principal, interest, and related costs.

Building Fund

This fund is used to account for expenditures related to major construction, repair, or remodel of district sites. Funding for these projects was provided by the sale of the 2008 and the 2010 General Obligation Bonds.

Capital Reserve Fund

This fund is used to account for expenditures related to the construction of the new P-8 school located on the APS Community Campus. Funding for this project was provided by the sale of the 2014 certificates of participation on March 27, 2014.

Nonmajor Governmental Funds

Athletic Fund

This fund is used to account for activities of the middle school intramural program and high school interscholastic athletic program. Financing is provided through a general fund subsidy and user fees.

Medicaid Fund

In 1997, the Colorado Legislature enacted legislation authorizing school districts to receive and encumber Medicaid reimbursements. This fund is used to account for Medicaid reimbursements which support local school health and related services. Funding also is intended to increase access to preventative and primary care services for low-income, under-insured and uninsured school aged children.

Pickens Post-Secondary Fund

This fund is used to account for the tuition-based activities of the Pickens Post-Secondary Fund. Pickens Technical College provides vocational programs offered for post-secondary credit under the standards established by the state board for community college and occupational education.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund - Bond Redemption Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Property taxes	\$ 35,811,536	\$ 42,373,298	\$ 42,451,921	\$ 78,623
Earnings on investments	8,000	11,899	34,900	23,001
Total revenues	35,819,536	42,385,197	42,486,821	101,624
EXPENDITURES				
Current:				
General administration	-	-	24,000	(24,000)
Debt service:				
Principal	18,490,000	18,490,000	18,490,000	-
Interest	15,313,807	15,313,807	15,313,807	-
Contingency	30,970,363	37,037,549	-	37,037,549
Total expenditures	64,774,170	70,841,356	33,827,807	37,013,549
Excess (deficiency) of revenues over (under) expenditures	\$ (28,954,634)	\$ (28,456,159)	8,659,014	\$ 37,115,173
Fund balance - July 1, 2015			28,456,159	
Fund balance - June 30, 2016			\$ 37,115,173	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund - Building Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Earnings on investments	\$ 100,000	\$ 23,000	\$ 55,403	\$ 32,403
Total revenues	100,000	23,000	55,403	32,403
EXPENDITURES				
Current:				
Business administration	-	-	18,638	(18,638)
Personnel/data/risk management	-	-	66,020	(66,020)
Capital outlay:				
Facilities acquisition and improvements	8,100,000	18,692,000	5,666,972	13,025,028
Total expenditures	8,100,000	18,692,000	5,751,630	12,940,370
Excess (deficiency) of revenues over (under) expenditures	\$ (8,000,000)	\$ (18,669,000)	(5,696,227)	\$ 12,972,773
Fund balance - July 1, 2015			18,669,045	
Fund balance - June 30, 2016			\$ 12,972,818	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund - Capital Reserve Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Earnings on investments	\$ -	\$ -	\$ 3,156	\$ 3,156
Other	-	-	58,783	58,783
Total revenues	-	-	61,939	61,939
EXPENDITURES				
Current:				
General administration	-	750,000	-	750,000
Facilities acquisition and improvements	9,000,000	7,225,000	5,924,839	1,300,161
Total expenditures	9,000,000	7,975,000	5,924,839	2,050,161
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (9,000,000)</u>	<u>\$ (7,975,000)</u>	(5,862,900)	<u>\$ 2,112,100</u>
Fund balance - July 1, 2015			7,974,739	
Fund balance - June 30, 2016			<u>\$ 2,111,839</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

	Special Revenue			Total Nonmajor Governmental Funds
	Athletic	Medicaid	Pickens Post- Secondary	
ASSETS				
Cash and cash equivalents	\$ 121,825	\$ 7,599,502	\$ 2,231,853	\$ 9,953,180
Receivables - grants	-	116,225	-	116,225
Receivables - other	2,454	911	8,963	12,328
Prepaid items	-	22,000	89,010	111,010
Total assets	<u>\$ 124,279</u>	<u>\$ 7,738,638</u>	<u>\$ 2,329,826</u>	<u>\$ 10,192,743</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 24,181	\$ 118,325	\$ 1,420,945	\$ 1,563,451
Accrued compensation	-	150,423	188,013	338,436
Unearned revenue	-	-	4,399	4,399
Total liabilities	<u>24,181</u>	<u>268,748</u>	<u>1,613,357</u>	<u>1,906,286</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	22,000	89,010	111,010
Restricted for:				
Medicaid	-	7,447,890	-	7,447,890
Student fees	-	-	627,459	627,459
Assigned to:				
Athletic activity	100,098	-	-	100,098
Total fund balances	<u>100,098</u>	<u>7,469,890</u>	<u>716,469</u>	<u>8,286,457</u>
Total liabilities and fund balances	<u>\$ 124,279</u>	<u>\$ 7,738,638</u>	<u>\$ 2,329,826</u>	<u>\$ 10,192,743</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016**

	Special Revenue			Total Nonmajor Governmental Funds
	Athletic	Medicaid	Pickens Post- Secondary	
REVENUES				
Local:				
Pupil activities	\$ 394,933	\$ -	\$ 1,845,756	\$ 2,240,689
Tuition	-	-	1,766,122	1,766,122
Activity fees	-	-	85,047	85,047
Gifts and grants	-	100	17,018	17,118
Other	5,690	-	459	6,149
Medicaid reimbursements	-	4,381,297	-	4,381,297
Total revenues	<u>400,623</u>	<u>4,381,397</u>	<u>3,714,402</u>	<u>8,496,422</u>
EXPENDITURES - CURRENT				
Instruction	784,475	-	3,074,934	3,859,409
Pupil support	-	3,202,122	205,166	3,407,288
Instructional staff support	-	-	695,985	695,985
General administration	-	-	5,962	5,962
School administration	-	-	59,479	59,479
Business administration	-	-	55,645	55,645
Other support services	-	-	64,200	64,200
Facilities acquisition and improvements	-	-	1,547,426	1,547,426
Total expenditures	<u>784,475</u>	<u>3,202,122</u>	<u>5,708,797</u>	<u>9,695,394</u>
Excess (deficiency) of revenues over (under) expenditures	(383,852)	1,179,275	(1,994,395)	(1,198,972)
OTHER FINANCING SOURCES				
Transfers in:				
General fund	337,750	-	54,018	391,768
Total other financing sources	<u>337,750</u>	<u>-</u>	<u>54,018</u>	<u>391,768</u>
Net change in fund balances	(46,102)	1,179,275	(1,940,377)	(807,204)
Fund balances - July 1, 2015	146,200	6,290,615	2,656,846	9,093,661
Fund balances - June 30, 2016	<u>\$ 100,098</u>	<u>\$ 7,469,890</u>	<u>\$ 716,469</u>	<u>\$ 8,286,457</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Athletic Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Activity fees	\$ 302,950	\$ 302,950	\$ 394,933	\$ 91,983
Other	-	-	5,690	5,690
Total revenues	<u>302,950</u>	<u>302,950</u>	<u>400,623</u>	<u>97,673</u>
EXPENDITURES				
Current:				
Instruction	824,251	786,900	784,475	2,425
Total expenditures	<u>824,251</u>	<u>786,900</u>	<u>784,475</u>	<u>2,425</u>
Excess (deficiency) of revenues over (under) expenditures	(521,301)	(483,950)	(383,852)	100,098
OTHER FINANCING SOURCES				
Transfers in:				
General fund	337,750	337,750	337,750	-
Total other financing sources	<u>337,750</u>	<u>337,750</u>	<u>337,750</u>	<u>-</u>
Net change in fund balance	<u>\$ (183,551)</u>	<u>\$ (146,200)</u>	(46,102)	<u>\$ 100,098</u>
Fund balance - July 1, 2015			146,200	
Fund balance - June 30, 2016			<u>\$ 100,098</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Medicaid Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Medicaid reimbursements	\$ 2,000,000	\$ 2,000,000	\$ 4,381,297	\$ 2,381,297
Gifts and grants	-	-	100	100
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>4,381,397</u>	<u>2,381,397</u>
EXPENDITURES				
Current:				
Pupil support	6,327,829	8,290,615	3,202,122	5,088,493
Total expenditures	<u>6,327,829</u>	<u>8,290,615</u>	<u>3,202,122</u>	<u>5,088,493</u>
Net change in fund balance	<u>\$ (4,327,829)</u>	<u>\$ (6,290,615)</u>	<u>1,179,275</u>	<u>\$ 7,469,890</u>
Fund balance - July 1, 2015			6,290,615	
Fund balance - June 30, 2016			<u>\$ 7,469,890</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Pickens Post-Secondary Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Pupil activities	\$ 1,300,000	\$ 1,300,000	\$ 1,845,756	\$ 545,756
Tuition	2,510,417	2,510,417	1,766,122	(744,295)
Activity fees	60,000	60,000	85,047	25,047
Donations and grants	-	-	17,018	17,018
Other	2,500	2,500	459	(2,041)
Total revenues	<u>3,872,917</u>	<u>3,872,917</u>	<u>3,714,402</u>	<u>(158,515)</u>
EXPENDITURES				
Current:				
Instruction	2,335,932	2,316,832	3,074,934	(758,102)
Pupil support	120,499	120,499	205,166	(84,667)
Instructional staff support	111,589	130,689	695,985	(565,296)
General administration	-	-	5,962	(5,962)
School administration	5,015,541	3,942,067	59,479	3,882,588
Business administration	19,676	19,676	55,645	(35,969)
Other support services	-	-	64,200	(64,200)
Facilities acquisition and improvements	-	-	1,547,426	(1,547,426)
Total expenditures	<u>7,603,237</u>	<u>6,529,763</u>	<u>5,708,797</u>	<u>820,966</u>
Excess (deficiency) of revenues over (under) expenditures	(3,730,320)	(2,656,846)	(1,994,395)	(662,451)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund	-	-	54,018	54,018
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>54,018</u>	<u>54,018</u>
Net change in fund balance	<u>\$ (3,730,320)</u>	<u>\$ (2,656,846)</u>	<u>(1,940,377)</u>	<u>\$ (608,433)</u>
Fund balance - July 1, 2015			2,656,846	
Fund balance - June 30, 2016			<u>\$ 716,469</u>	

AGENCY FUND

Pupil Activity Fund - Non-Subsidized Fund

This fund is used to account for monies received and expended by schools through student activity accounts. The district handles these monies strictly in a fiduciary capacity.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Changes in Assets and Liabilities
Fiduciary Fund - Agency Fund
For the Year Ended June 30, 2016**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Cash and cash equivalents	\$ 1,423,146	\$ 3,064,008	\$ 3,025,030	\$ 1,462,124
Accounts receivable	58,743	26,458	59,366	25,835
Total	<u>\$ 1,481,889</u>	<u>\$ 3,090,466</u>	<u>\$ 3,084,396</u>	<u>\$ 1,487,959</u>
LIABILITIES				
Accounts payable	\$ 24,244	\$ 48,753	\$ 27,094	\$ 45,903
Due to student groups	1,457,645	2,658,007	2,673,596	1,442,056
Total	<u>\$ 1,481,889</u>	<u>\$ 2,706,760</u>	<u>\$ 2,700,690</u>	<u>\$ 1,487,959</u>

Supplementary Schedules – Nonmajor Component Units

Charter Schools

Aurora Academy

The Academy began operations with the district on July 1, 2000. The school serves students in kindergarten through eighth grades.

Lotus School for Excellence

Lotus began operations with the district on July 1, 2006. The school serves students in kindergarten through twelfth grades.

Global Village Academy

GVA began operations with the district on July 1, 2007. The school serves students in kindergarten through eighth grades.

Vanguard Classical School

Vanguard began operations with the district on July 1, 2007. Vanguard completed the construction of their new campus, Vanguard East, during the fiscal year ended June 30, 2015. The school operates two campuses and serves students in kindergarten through eleventh grades.

AXL Charter School

AXL began operations with the district on July 1, 2008. AXL serves students in preschool through eighth grades.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Statement of Net Position
Component Units - Charter Schools
June 30, 2016**

	Aurora Academy	Lotus School for Excellence	Global Village Academy	Vanguard Classical School	AXL Charter School	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,453,826	1,533,230	\$ 2,138,746	\$ 746,568	\$ 157,144	\$ 6,029,514
Cash with fiscal agent	-	-	-	-	50,015	50,015
Receivables (net of allowance for uncollectibles)	16,705	56,420	1,347	271,169	3,544	349,185
Other assets	-	-	1,859	-	20,000	21,859
Due from other governments	-	19,850	4,109	-	170,015	193,974
Prepaid items	4,798	600	225,030	2,150	-	232,578
Total current assets	<u>1,475,329</u>	<u>1,610,100</u>	<u>2,371,091</u>	<u>1,019,887</u>	<u>400,718</u>	<u>6,877,125</u>
Noncurrent assets:						
Restricted: Cash and cash equivalents	-	284,187	3,886,199	50,000	-	4,220,386
Restricted: Investments	672,140	-	-	-	-	672,140
Capital assets (net of accumulated depreciation):						
Land	310,000	590,820	1,101,789	-	-	2,002,609
Buildings and improvements	5,115,466	5,375,959	14,834,195	-	824,428	26,150,048
Equipment and vehicles	203,567	510,421	51,649	-	15,162	780,799
Construction in progress	-	174,641	1,176,840	-	-	1,351,481
Total noncurrent assets	<u>6,301,173</u>	<u>6,936,028</u>	<u>21,050,672</u>	<u>50,000</u>	<u>839,590</u>	<u>35,177,463</u>
Total assets	<u>7,776,502</u>	<u>8,546,128</u>	<u>23,421,763</u>	<u>1,069,887</u>	<u>1,240,308</u>	<u>42,054,588</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension	880,536	2,017,230	2,561,944	4,372,531	1,103,141	10,935,382
LIABILITIES						
Current liabilities:						
Accounts payable and other current liabilities	42,737	185,183	1,156,958	229,932	76,316	1,691,126
Accrued salaries and benefits	141,932	241,269	437,576	437,647	171,945	1,430,369
Unearned revenue	-	10,102	23,156	-	15,551	48,809
Accrued interest payable	68,144	-	43,343	-	-	111,487
Noncurrent liabilities, due within one year						
General obligation bonds	235,085	-	200,000	-	-	435,085
Loans and mortgages payable	-	147,404	-	-	1,145,251	1,292,655
Total current liabilities	<u>487,898</u>	<u>583,958</u>	<u>1,861,033</u>	<u>667,579</u>	<u>1,409,063</u>	<u>5,009,531</u>
Noncurrent liabilities, due beyond one year						
General obligation bonds	5,081,787	-	21,235,000	-	-	26,316,787
Net pension liability	6,534,605	10,205,297	10,764,973	12,958,549	6,059,445	46,522,869
Loans and mortgages payable	-	4,229,205	-	-	126,385	4,355,590
Total noncurrent liabilities	<u>11,616,392</u>	<u>14,434,502</u>	<u>31,999,973</u>	<u>12,958,549</u>	<u>6,185,830</u>	<u>77,195,246</u>
Total liabilities	<u>12,104,290</u>	<u>15,018,460</u>	<u>33,861,006</u>	<u>13,626,128</u>	<u>7,594,893</u>	<u>82,204,777</u>
DEFERRED INFLOWS OF RESOURCES						
Pension	92,617	144,644	152,576	183,642	314,898	888,377
NET POSITION						
Net investment in capital assets	984,301	2,559,419	(427,671)	-	(179,275)	2,936,774
Restricted for:						
TABOR emergency reserve	132,000	224,000	293,694	301,879	131,000	1,082,573
Restricted for legal contingency	-	-	-	50,000	-	50,000
Unrestricted (deficit)	(4,656,170)	(7,383,165)	(7,895,898)	(8,719,231)	(5,518,067)	(34,172,531)
Total net position (deficit)	<u>\$ (3,539,869)</u>	<u>(4,599,746)</u>	<u>\$ (8,029,875)</u>	<u>\$ (8,367,352)</u>	<u>\$ (5,566,342)</u>	<u>\$ (30,103,184)</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Statement of Activities
Component Units - Charter Schools
For the Year Ended June 30, 2016**

	Aurora Academy	Lotus School for Excellence	Global Village Academy	Vanguard Classical School	AXL Charter School	Total
Expenses						
Governmental activities	\$ 4,670,932	\$ 7,675,003	\$ 11,020,997	\$ 11,785,029	\$ 4,478,454	\$ 39,630,415
Total expenses	<u>4,670,932</u>	<u>7,675,003</u>	<u>11,020,997</u>	<u>11,785,029</u>	<u>4,478,454</u>	<u>39,630,415</u>
Program revenues						
Charges for services	82,708	394,895	189,981	490,083	58,132	1,215,799
Operating grants and contributions	138,555	328,318	341,109	438,898	128,284	1,375,164
Capital grants and contributions	152,351	212,196	283,720	289,330	133,511	1,071,108
Total program revenues	<u>373,614</u>	<u>935,409</u>	<u>814,810</u>	<u>1,218,311</u>	<u>319,927</u>	<u>3,662,071</u>
Net expenses	(4,297,318)	(6,739,594)	(10,206,187)	(10,566,718)	(4,158,527)	(35,968,344)
General revenues:						
School finance act, unrestricted	3,956,367	6,186,926	8,102,438	8,273,166	3,833,458	30,352,355
Earnings on investments	47,422	5,397	13,898	186	-	66,903
Other	332,444	489,180	645,707	582,737	283,298	2,333,366
Total general revenues	<u>4,336,233</u>	<u>6,681,503</u>	<u>8,762,043</u>	<u>8,856,089</u>	<u>4,116,756</u>	<u>32,752,624</u>
Change in net assets	38,915	(58,091)	(1,444,144)	(1,710,629)	(41,771)	(3,215,720)
Net position (deficit) - July 1, 2015	<u>(3,578,784)</u>	<u>(4,541,655)</u>	<u>(6,585,731)</u>	<u>(6,656,723)</u>	<u>(5,524,571)</u>	<u>(26,887,464)</u>
Net position (deficit) - June 30, 2016	<u>\$ (3,539,869)</u>	<u>\$ (4,599,746)</u>	<u>\$ (8,029,875)</u>	<u>\$ (8,367,352)</u>	<u>\$ (5,566,342)</u>	<u>\$ (30,103,184)</u>

Colorado Department of Education

Auditors Integrity Report

District: 0180 - ADAMS-ARAPAHOE 28J

Fiscal Year 2015-16

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number		Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental		+		-	=
10	General Fund	43,863,328	338,602,771	343,136,273	39,329,826
18	Risk Mgmt Sub-Fund of General Fund	673,838	6,539,964	6,013,801	1,200,000
19	Colorado Preschool Program Fund	1,187,196	6,930,210	6,905,093	1,212,313
Sub- Total		45,724,361	352,072,945	356,055,167	41,742,139
11	Charter School Fund	3,960,093	36,150,685	35,252,972	4,857,806
20,26-29	Special Revenue Fund	9,093,661	8,888,190	9,695,394	8,286,457
21	Food Service Spec Revenue Fund	3,610,486	16,225,926	16,572,947	3,263,465
22	Govt Designated-Purpose Grants Fund	0	31,337,532	31,337,532	0
23	Pupil Activity Special Revenue Fund	0	0	0	0
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	28,456,159	42,486,821	33,827,807	37,115,173
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	18,669,045	55,403	5,751,629	12,972,818
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	7,974,739	61,939	5,924,839	2,111,839
Totals		117,488,545	487,279,439	494,418,286	110,349,698
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	514,561	338,543	338,028	515,076
Totals		514,561	338,543	338,028	515,076
Fiduciary					
70	Other Trust and Agency Funds	2,080,154	1,288,811	1,176,464	2,192,501
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	1,457,645	2,658,007	2,673,596	1,442,056
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	846,143	785,329	501,907	1,129,565
Totals		4,383,942	4,732,147	4,351,967	4,764,121

FINAL

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

10/28/16

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STATISTICAL SECTION (UNAUDITED)

Detailed information about the Aurora Public School's comprehensive annual financial report is presented in the Statistical Section as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the district's overall financial health.

Contents	Page
Financial Trends	105
<i>These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.</i>	
Revenue Capacity	112
<i>These schedules contain information to help the reader assess one of the district's most significant local revenue sources, the property tax.</i>	
Debt Capacity	117
<i>These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	121
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</i>	
Operating Information	123
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to services the district provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Links provided as specific source references are original links which may have expired or are no longer valid.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Net Position by Component
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Governmental activities:										
Net investment in capital assets	\$ 51,933,637	\$ 39,261,156	\$ 37,790,848	\$ 33,429,885	\$ 33,167,595	\$ 42,927,651	\$ 42,911,327	\$ 37,449,664	\$ 18,748,887	\$ 24,061,345
Restricted	37,005,175	46,777,649	53,581,617	55,863,770	52,828,573	48,653,480	41,867,572	46,083,688	50,648,446	57,065,755
Unrestricted (deficit)	6,869,321	(2,156,403)	4,735,804	15,211,548	13,020,245	6,764,197	17,179,763	22,608,607	(615,197,910)	(668,057,787)
Total governmental activities net position	95,808,133	83,882,402	96,108,269	104,505,203	99,016,413	98,345,328	101,958,662	106,141,959	(545,800,577)	(586,930,687)
Business-type activity:										
Net investment in capital assets	2,962,060	3,803,746	3,481,458	3,482,060	3,020,069	3,076,190	2,850,056	2,587,332	-	-
Unrestricted	1,577,997	434,054	880,641	1,473,740	2,382,319	2,961,131	3,912,633	4,082,459	-	-
Total business-type activity net position	4,540,057	4,237,800	4,362,099	4,955,800	5,402,388	6,037,321	6,762,689	6,669,791	-	-
Primary government:										
Net investment in capital assets	54,895,697	43,064,902	41,272,306	36,911,945	36,187,664	46,003,841	45,761,383	40,036,996	18,748,887	24,061,345
Restricted	37,005,175	46,777,649	53,581,617	55,863,770	52,828,573	48,653,480	41,867,572	46,083,688	50,648,446	57,065,755
Unrestricted	8,447,318	(1,722,349)	5,616,445	16,685,288	15,402,564	9,725,328	21,092,396	26,691,066	(615,197,910)	(668,057,787)
Total primary government net position	<u>\$ 100,348,190</u>	<u>\$ 88,120,202</u>	<u>\$ 100,470,368</u>	<u>\$ 109,461,003</u>	<u>\$ 104,418,801</u>	<u>\$ 104,382,649</u>	<u>\$ 108,721,351</u>	<u>\$ 112,811,750</u>	<u>\$ (545,800,577)</u>	<u>\$ (586,930,687)</u>

- Note 1: This schedule consolidates data from the government-wide financial statements that utilize the full accrual basis of accounting.
- Note 2: During 2013-14, the district adopted GASB 65 which resulted in a restatement for bond issue costs from prior accounting guidance. Prior year and earlier have not been restated for the adoption of GASB 65 because it is impractical to do so.
- Note 3: In previous years the business-type activity of the district was comprised wholly of the Nutrition Services Fund. During fiscal year 2014-15, the Nutrition Services Fund type was changed to a Special Revenue Fund as required by the Colorado Department of Education, which is reported with the governmental activities of the district. As such, the district no longer reports any business-type activities.
- Note 4: During 2014-15, the district adopted GASB 68. Prior year and earlier have not been restated for the adoption of GASB 68 because it is impractical to do so.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Expenses, Program Revenues and Net (Expense)/Revenue
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
EXPENSES										
Governmental activities:										
Instruction	\$ 167,773,168	\$ 180,213,628	\$ 182,393,324	\$ 193,911,779	\$ 202,199,950	\$ 192,168,046	\$ 200,510,721	\$ 214,719,376	\$ 244,552,029	\$ 267,967,412
Supporting services	100,142,890	110,293,149	113,750,907	123,362,890	126,335,810	124,507,646	130,921,536	142,859,860	183,829,425	210,162,350
Interest	11,231,072	10,631,235	12,456,044	16,443,696	18,230,747	18,109,635	15,802,312	15,983,970	15,552,211	14,960,302
Total governmental activities expense	279,147,130	301,138,012	308,600,275	333,718,365	346,766,507	334,785,327	347,234,569	373,563,206	443,933,665	493,090,064
Business-type activity:										
Nutrition services	9,346,073	10,547,596	11,259,353	11,950,678	12,786,627	13,853,942	14,263,076	15,662,854	-	-
Total primary government expenses	\$ 288,493,203	\$ 311,685,608	\$ 319,859,628	\$ 345,669,043	\$ 359,553,134	\$ 348,639,269	\$ 361,497,645	\$ 389,226,060	\$ 443,933,665	\$ 493,090,064
PROGRAM REVENUES										
Governmental activities:										
Charges for services--instruction programs	\$ 4,659,152	\$ 5,190,875	\$ 5,021,263	\$ 5,379,157	\$ 4,159,206	\$ 4,410,749	\$ 6,090,007	\$ 5,943,567	\$ 5,929,784	\$ 6,215,052
Charges for services--other programs	401,083	393,312	539,973	489,795	590,997	3,603,248	3,876,927	4,018,397	5,892,764	5,436,096
Operating grants and contributions	23,469,672	25,556,082	28,361,940	38,810,999	51,668,968	39,139,140	31,675,763	36,117,378	51,189,828	55,215,023
Capital grants and contributions	-	-	-	143,475	-	166,213	88,872	3,339,536	1,094,341	1,637,303
Total governmental activities	28,529,907	31,140,269	33,923,176	44,823,426	56,419,171	47,319,350	41,731,569	49,418,878	64,106,717	68,503,474
Business-type activity:										
Charges for services	2,326,163	2,573,984	2,501,625	2,414,144	2,072,301	1,818,918	1,667,562	1,762,922	-	-
Operating grants and contributions	6,648,507	7,477,799	8,615,275	9,782,484	10,927,351	12,080,741	12,871,935	13,446,481	-	-
Capital grants and contributions	-	-	-	-	-	365,883	226,322	126,065	-	-
Total business-type activities program revenues	8,974,670	10,051,783	11,116,900	12,196,628	12,999,652	14,265,542	14,765,819	15,335,468	-	-
Total primary government program revenues	\$ 37,504,577	\$ 41,192,052	\$ 45,040,076	\$ 57,020,054	\$ 69,418,823	\$ 61,584,892	\$ 56,497,388	\$ 64,754,346	\$ 64,106,717	\$ 68,503,474
Net (expense) / revenue:										
Governmental activities	\$ (250,617,223)	\$ (269,997,743)	\$ (274,677,099)	\$ (288,894,939)	\$ (290,347,336)	\$ (287,465,977)	\$ (305,503,000)	\$ (324,144,328)	\$ (379,826,948)	\$ (424,586,590)
Business-type activity	(371,403)	(495,813)	(142,453)	245,950	213,025	411,600	502,743	(327,386)	-	-
Total primary government net expense	\$ (250,988,626)	\$ (270,493,556)	\$ (274,819,552)	\$ (288,648,989)	\$ (290,134,311)	\$ (287,054,377)	\$ (305,000,257)	\$ (324,471,714)	\$ (379,826,948)	\$ (424,586,590)

Note 1: This schedule consolidates data from the government-wide financial statements that utilize the full accrual basis of accounting.

Note 2: In previous years the business-type activity of the district was comprised wholly of the Nutrition Services Fund. During fiscal year 2014-15, the Nutrition Services Fund type was changed to a Special Revenue Fund as required by the Colorado Department of Education, which is reported with the governmental activities of the district. As such, the district no longer reports any business-type activities.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
General Revenues and Total Change in Net Position
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-2016
Net (expense) / revenue										
Governmental activities	\$ (250,617,223)	\$ (269,997,743)	\$ (274,677,099)	\$ (288,894,939)	\$ (290,347,336)	\$ (287,465,977)	\$ (305,503,000)	\$ (324,144,328)	\$ (379,826,948)	\$ (424,586,590)
Business-type activity	(371,403)	(495,813)	(142,453)	245,950	213,025	411,600	502,743	(327,386)	-	-
Total primary government net expense	<u>\$ (250,988,626)</u>	<u>\$ (270,493,556)</u>	<u>\$ (274,819,552)</u>	<u>\$ (288,648,989)</u>	<u>\$ (290,134,311)</u>	<u>\$ (287,054,377)</u>	<u>\$ (305,000,257)</u>	<u>\$ (324,471,714)</u>	<u>\$ (379,826,948)</u>	<u>\$ (424,586,590)</u>
General revenue and other changes in net position										
Governmental activities:										
Property taxes, levied for debt service and general fund use	\$ 85,956,923	\$ 89,975,816	\$ 106,211,791	\$ 100,562,807	\$ 99,205,175	\$ 98,179,499	\$ 118,272,529	\$ 126,979,836	\$ 128,152,396	\$ 152,056,002
School Finance Act, unrestricted	161,330,886	164,793,972	179,625,227	196,305,280	184,315,463	186,512,042	189,279,789	202,302,003	226,238,914	230,042,314
Earnings on investments	5,731,043	3,302,224	1,065,948	542,743	1,337,908	2,103,351	1,564,016	1,382,892	1,317,941	1,358,164
Amortization on premiums of debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	(118,957)	-	-	-	-	-	-
Total governmental activities	<u>253,018,852</u>	<u>258,072,012</u>	<u>286,902,966</u>	<u>297,291,873</u>	<u>284,858,546</u>	<u>286,794,892</u>	<u>309,116,334</u>	<u>330,664,731</u>	<u>355,709,251</u>	<u>383,456,480</u>
Business-type activity:										
School finance act, unrestricted	174,614	193,470	266,752	228,794	233,524	222,631	221,280	233,307	-	-
Earnings on investments	17,563	86	-	-	39	702	1,345	1,181	-	-
Transfers in (out)	-	-	-	118,957	-	-	-	-	-	-
Total business-type activity	<u>192,177</u>	<u>193,556</u>	<u>266,752</u>	<u>347,751</u>	<u>233,563</u>	<u>223,333</u>	<u>222,625</u>	<u>234,488</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 253,211,029</u>	<u>\$ 258,265,568</u>	<u>\$ 287,169,718</u>	<u>\$ 297,639,624</u>	<u>\$ 285,092,109</u>	<u>\$ 287,018,225</u>	<u>\$ 309,338,959</u>	<u>\$ 330,899,219</u>	<u>\$ 355,709,251</u>	<u>\$ 383,456,480</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 2,401,628	\$ (11,925,731)	\$ 12,225,867	\$ 8,396,934	\$ (5,488,790)	\$ (671,085)	\$ 3,613,334	\$ 6,520,403	\$ (24,117,697)	\$ (41,130,110)
Business-type activity	(179,226)	(302,257)	124,299	593,701	446,588	634,933	725,368	(92,898)	-	-
Total primary government	<u>\$ 2,222,402</u>	<u>\$ (12,227,988)</u>	<u>\$ 12,350,166</u>	<u>\$ 8,990,635</u>	<u>\$ (5,042,202)</u>	<u>\$ (36,152)</u>	<u>\$ 4,338,702</u>	<u>\$ 6,427,505</u>	<u>\$ (24,117,697)</u>	<u>\$ (41,130,110)</u>

Note 1: This schedule consolidates data from the government-wide financial statements that utilize the full accrual basis of accounting.

Note 2: In previous years the business-type activity of the district was comprised wholly of the Nutrition Services Fund. During fiscal year 2014-15, the Nutrition Services Fund type was changed to a Special Revenue Fund as required by the Colorado Department of Education, which is reported with the governmental activities of the district. As such, the district no longer reports any business-type activities.

Note 3: During 2014-15, the district adopted GASB 68. Prior year and earlier have not been restated for the adoption of GASB 68 because it is impractical to do so.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General Fund:										
Reserved	\$ 8,678,098	\$ 8,221,037	\$ 9,241,000	\$ 9,225,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,558,900	2,117,325	9,254,067	15,464,116	-	-	-	-	-	-
Nonspendable	-	-	-	-	713,068	541,202	844,142	956,096	488,776	712,565
Restricted	-	-	-	-	8,485,563	8,906,833	9,410,824	10,633,656	13,195,211	11,875,233
Committed	-	-	-	-	-	-	-	200,000	150,000	150,000
Assigned	-	-	-	-	8,342,351	5,198,722	11,065,431	5,124,285	5,010,250	14,420,987
Unassigned	-	-	-	-	11,535,759	19,658,022	21,239,172	27,554,136	26,880,124	14,583,354
Total General Fund	<u>\$ 24,236,998</u>	<u>\$ 10,338,362</u>	<u>\$ 18,495,067</u>	<u>\$ 24,689,614</u>	<u>\$ 29,076,741</u>	<u>\$ 34,304,779</u>	<u>\$ 42,559,569</u>	<u>\$ 44,468,173</u>	<u>\$ 45,724,361</u>	<u>\$ 41,742,139</u>
All other governmental funds:										
Reserved:										
Debt service fund	\$ 28,864,952	\$ 37,921,217	\$ 43,618,552	\$ 45,117,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	240,961	722,081	863,600	1,327,818	-	-	-	-	-	-
Capital projects funds	46,100,539	10,802,989	122,601,684	67,499,474	-	-	-	-	-	-
Special revenue funds	710	-	-	-	-	-	-	-	-	-
Unreserved:										
Capital projects funds	2,206,633	-	-	-	-	-	-	-	-	-
Special revenue funds	2,244,670	3,846,745	2,766,193	4,641,013	-	-	-	-	-	-
Nonspendable:										
Capital projects funds	-	-	-	-	71,399	17,613	18,476	36,637	7,150	19,470
Special revenue funds	-	-	-	-	16,472	1,556	35,487	14,896	1,078,950	874,829
Restricted:										
Debt service fund	-	-	-	-	38,787,680	32,915,324	25,580,904	27,026,348	28,456,159	37,115,173
Capital projects funds	-	-	-	-	98,539,530	64,930,491	41,348,894	54,730,547	26,636,634	15,065,187
Special revenue funds	-	-	-	-	3,657,249	5,369,605	6,844,276	8,423,522	8,946,826	8,075,349
Assigned:										
Special revenue funds	-	-	-	-	221,094	209,553	215,106	183,226	2,678,371	2,599,744
Total all other governmental funds	<u>\$ 79,658,465</u>	<u>\$ 53,293,032</u>	<u>\$ 169,850,029</u>	<u>\$ 118,585,312</u>	<u>\$ 141,293,424</u>	<u>\$ 103,444,142</u>	<u>\$ 74,043,143</u>	<u>\$ 90,415,176</u>	<u>\$ 67,804,090</u>	<u>\$ 63,749,752</u>

Note 1: This schedule consolidates data from the governmental statements that utilize the modified accrual basis of accounting.

Note 2: During 2010-11, the district adopted GASB 54 which resulted in categorization changes in fund balances from prior accounting guidance.

Prior year fund balances have not been restated for the adoption of GASB 54 because it is impractical to do so.

Note 3: In 2014-15, due to a change in mandatory state reporting, the Nutrition Services Fund has been reclassified from a Proprietary Enterprise Fund to a Special Revenue Governmental Fund.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Governmental Funds Revenues
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
REVENUES										
Local:										
Property taxes	\$ 78,965,328	\$ 83,579,936	\$ 98,679,986	\$ 93,140,054	\$ 93,757,967	\$ 93,217,984	\$ 110,417,023	\$ 119,122,682	\$ 119,346,751	\$ 141,525,838
Specific ownership	7,070,036	6,814,594	6,798,670	6,439,029	5,964,705	6,064,227	7,226,264	8,602,454	9,573,329	10,611,885
Pupil activities	631,883	746,735	950,534	1,303,362	538,576	318,376	1,287,529	1,002,578	1,310,229	2,240,689
Tuition	3,794,584	4,131,071	4,119,287	3,990,124	3,496,730	4,010,256	3,331,886	3,669,401	3,526,516	2,844,866
Activity fees	232,685	245,248	19,263	85,671	123,900	82,117	69,566	81,428	94,408	85,047
Gifts and grants	126,996	793,900	185,427	1,095,446	879,222	1,110,662	920,043	2,724,845	888,309	1,100,481
Charges for services	-	-	-	-	-	-	-	-	4,539,735	4,357,224
Miscellaneous	2,473,883	2,678,609	3,836,772	5,726,665	7,167,889	10,437,100	8,945,422	7,985,265	4,354,389	4,364,590
Cash in lieu of land	78,674	95,536	-	-	69,043	-	-	-	-	1,990,884
Rental of buildings	401,083	393,312	479,973	489,795	590,997	631,362	664,567	749,426	890,042	958,461
Earnings on investments	5,731,043	3,305,158	1,065,948	542,743	1,337,908	2,103,351	1,564,016	1,382,892	1,317,941	1,358,164
State:										
State equalization	151,647,798	154,928,032	167,618,102	183,613,246	171,105,158	174,250,943	176,096,107	188,528,803	207,645,277	209,551,552
Vocational education	1,523,716	1,900,773	2,121,480	2,679,302	2,038,203	1,512,579	1,199,952	1,149,410	1,358,220	1,244,500
Special education	5,115,644	5,512,476	5,677,912	5,741,823	5,794,566	5,913,906	6,256,618	7,379,370	7,780,271	8,236,298
Grants	1,123,903	666,279	1,334,352	1,463,120	2,192,518	1,587,070	2,065,537	2,825,669	3,072,535	3,323,848
Transportation	1,167,818	1,285,690	1,305,549	1,444,152	1,543,329	1,535,221	1,584,602	1,378,735	1,574,762	1,607,630
Other	752,007	1,000,953	1,128,061	1,380,274	1,641,689	1,712,323	2,076,973	3,865,685	7,880,384	9,402,334
Federal grants	20,790,119	21,988,037	24,279,281	31,914,868	43,599,656	29,173,684	28,223,704	30,278,398	45,223,446	46,324,463
Total revenues	\$ 281,627,200	\$ 290,066,339	\$ 319,600,597	\$ 341,049,674	\$ 341,842,056	\$ 333,661,161	\$ 351,929,809	\$ 380,727,041	\$ 420,376,544	\$ 451,128,754

Note 1: This schedule consolidates data from the governmental statements that utilize the modified accrual basis of accounting.

Note 2: In 2014-15, due to a change in mandatory state reporting, the Nutrition Services Fund has been reclassified from a Proprietary Enterprise Fund to a Special Revenue Governmental Fund.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
EXPENDITURES										
Current:										
Instruction	\$ 158,901,485	\$ 166,820,691	\$ 171,552,082	\$ 182,819,808	\$ 191,034,861	\$ 181,045,409	\$ 187,441,212	\$ 201,282,554	\$ 212,727,383	\$ 223,246,824
Pupil support	12,992,148	15,371,829	16,885,854	18,748,962	19,861,627	20,775,669	19,891,912	22,831,103	24,883,559	28,060,095
Instructional staff support	10,918,552	12,008,372	12,250,368	17,810,458	15,164,483	12,958,694	17,094,519	17,763,843	22,696,647	25,469,964
General administration	4,493,739	4,249,643	5,648,503	6,869,843	7,013,002	6,743,639	6,115,692	7,435,008	7,041,855	6,479,915
School administration	17,595,642	19,014,371	19,507,919	21,078,998	20,940,842	21,702,964	22,567,078	25,933,697	30,309,562	33,813,391
Business administration	2,930,426	3,315,453	4,205,540	3,341,494	3,755,036	3,439,245	3,728,727	3,920,191	4,724,303	5,014,697
Operations and maintenance	23,904,954	25,283,471	25,862,576	26,717,967	27,749,692	28,516,294	29,059,977	30,918,559	32,585,359	33,336,642
Transportation	5,782,111	6,285,898	6,355,179	6,563,155	6,482,994	6,976,633	6,798,149	8,462,985	7,963,135	11,529,861
Personnel/data services/risk management	11,764,643	10,417,384	11,475,863	12,875,007	13,254,387	12,018,288	14,014,045	13,518,540	14,849,390	16,939,560
Other support services	3,958,878	4,242,843	3,955,118	3,248,684	3,740,034	3,310,410	3,292,260	3,278,385	3,271,478	6,241,166
Food service operations	-	-	-	-	-	-	-	-	16,918,407	16,572,946
Facilities acquisition and improvements	40,515,310	43,720,470	28,521,476	60,972,241	55,027,820	36,919,306	27,571,549	23,323,361	33,178,873	17,593,415
Debt service:										
Principal	9,255,000	8,323,065	8,658,016	10,050,000	13,880,000	14,755,000	18,290,000	17,310,000	15,795,000	18,490,000
Interest	11,249,427	10,846,762	13,709,259	14,562,469	18,545,120	16,965,596	17,210,901	16,572,811	19,353,754	16,376,838
Other	31,090	500	500	665,025	661,814	1,103,342	-	-	-	-
Total expenditures	\$ 314,293,405	\$ 329,900,752	\$ 328,588,253	\$ 386,324,111	\$ 397,111,712	\$ 367,230,489	\$ 373,076,021	\$ 392,551,037	\$ 446,298,705	\$ 459,165,314
Deficiency of revenues under expenditures	\$ (32,666,205)	\$ (39,834,413)	\$ (8,987,656)	\$ (45,274,437)	\$ (55,269,656)	\$ (33,569,328)	\$ (21,146,212)	\$ (11,823,996)	\$ (25,922,161)	\$ (8,036,560)
Debt service as a percentage of noncapital expenditures (2)	7.2%	6.2%	7.0%	7.4%	9.2%	9.9%	10.5%	9.1%	8.5%	7.9%

Note 1: This schedule consolidates data from the governmental statements that utilize the modified accrual basis of accounting.

Note 2: Revised percentages from 2001 to 2010 to reflect change in noncapital expenditures.

Note 3: In 2014-15, due to a change in mandatory state reporting, the Nutrition Services Fund has been reclassified from a Proprietary Enterprise Fund to a Special Revenue Governmental Fund.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Other Financing Sources (Uses) and Net Change in Fund Balances
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11 (2)	2011-12	2012-13	2013-14	2014-15	2015-16
Deficiency of revenues under expenditures	\$ (32,666,205)	\$ (39,834,413)	\$ (8,987,656)	\$ (45,274,437)	\$ (55,269,656)	\$ (33,569,328)	\$ (21,146,212)	\$ (11,823,996)	\$ (25,922,161)	\$ (8,036,560)
OTHER FINANCING SOURCES (USES)										
Transfers in:										
General fund	1,133,011	1,250,381	1,013,559	6,790,688	3,913,525	307,750	321,895	302,750	316,750	436,748
Print Services fund	-	-	-	-	-	-	-	-	83,094	-
Grants fund	-	-	-	-	-	-	-	-	-	35,104
Nonmajor governmental funds	-	-	-	-	329,778	-	-	-	-	-
Transfers out:										
General fund	(387,845)	-	-	-	-	-	-	-	-	(35,104)
Capital Reserve fund	-	-	-	(5,648,842)	-	-	-	-	-	-
Print Services fund	-	(429,656)	(443,942)	(460,258)	(460,258)	(155,258)	-	-	-	-
Grants fund	(44,354)	(44,354)	(44,354)	(44,354)	(44,354)	(8,000)	(22,145)	(3,000)	(3,000)	-
Nutrition Services fund	-	-	-	-	-	-	-	-	-	(44,980)
Nonmajor governmental funds	(867,905)	(1,206,027)	(969,205)	(1,097,492)	(3,869,171)	(299,750)	(299,750)	(299,750)	(313,750)	(391,768)
Proceeds-sale of land and buildings	-	-	-	-	-	-	-	-	-	-
Flood related costs	-	-	-	-	-	-	-	(248,751)	-	-
Capital leases	-	-	383,600	-	-	-	-	-	-	-
Certificates of Participation	-	-	-	-	-	-	-	30,353,387	-	-
General obligation debt:										
Debt issued	-	-	132,685,000	104,105,000	82,315,000	149,920,000	-	-	-	-
Premium on debt issued	-	-	1,076,700	12,928,909	180,375	41,507,938	-	-	-	-
Payment to escrow agent	-	-	-	(116,369,384)	-	(190,324,596)	-	-	-	-
Total other financing sources (uses)	<u>(167,093)</u>	<u>(429,656)</u>	<u>133,701,358</u>	<u>204,267</u>	<u>82,364,895</u>	<u>948,084</u>	<u>-</u>	<u>30,104,636</u>	<u>83,094</u>	<u>-</u>
Net change in fund balances	(32,833,298)	(40,264,069)	124,713,702	(45,070,170)	27,095,239	(32,621,244)	(21,146,212)	18,280,640	(25,839,067)	(8,036,560)
Fund balance - beginning	136,728,761	103,895,463	63,631,394	188,345,096	143,274,926	170,370,165	137,748,921	116,602,709	134,883,349	113,528,451
Restatement for addition of blended component unit and Nutrition Services Fund	-	-	-	-	-	-	-	-	4,484,169	-
Fund balance as restated	<u>136,728,761</u>	<u>103,895,463</u>	<u>63,631,394</u>	<u>188,345,096</u>	<u>143,274,926</u>	<u>170,370,165</u>	<u>137,748,921</u>	<u>116,602,709</u>	<u>139,367,518</u>	<u>113,528,451</u>
Fund balance - ending	<u>\$ 103,895,463</u>	<u>\$ 63,631,394</u>	<u>\$ 188,345,096</u>	<u>\$ 143,274,926</u>	<u>\$ 170,370,165</u>	<u>\$ 137,748,921</u>	<u>\$ 116,602,709</u>	<u>\$ 134,883,349</u>	<u>\$ 113,528,451</u>	<u>\$ 105,491,891</u>

Note 1: This schedule consolidates data from the governmental statements that utilize the modified accrual basis of accounting.

Note 2: For 2010-11, restatement nets to zero.

Note 3: In previous years the district reported Nutrition Services as an Enterprise Fund, however during fiscal year 2014-15, the Nutrition Services Fund type was changed to a Special Revenue Fund, as required by the Colorado Department of Education, which is reported with the governmental funds.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended	Calendar Year Property Assessed	Vacant	Residential	Commercial	Industrial	Agricultural	Natural Resources	Oil and Gas	State Assessed	Less: Tax Exempt Property	Preliminary Taxable Assessed Value (1)	Net Final Assessed Value (2)	Estimated Actual Value (3)	Total Direct Rate
2007	2006													
	Adams County	23,263,700	127,499,960	294,063,050	30,507,980	350,780	6,850	-	52,167,870	810,980	527,049,210	527,416,580	2,981,808,148	45.745
	Arapahoe County	41,786,970	728,120,300	375,363,410	667,280	697,580	200,190	-	68,795,790	4,642,950	1,210,988,570	1,209,704,960	10,586,369,492	45.745
2008	2007													
	Adams County	25,549,970	121,023,150	323,734,730	33,642,220	368,150	6,850	-	57,438,230	831,540	560,931,760	561,883,210	3,043,422,939	45.530
	Arapahoe County	47,685,390	739,767,670	418,022,070	1,146,070	926,870	146,420	-	77,302,800	5,371,130	1,279,626,160	1,278,649,960	11,169,390,973	45.530
2009	2008													
	Adams County	22,072,060	121,469,220	349,881,440	34,201,490	367,390	6,850	-	59,905,990	1,662,950	586,241,490	588,411,040	3,141,415,713	53.248
	Arapahoe County	44,304,810	747,628,290	410,246,950	1,057,620	918,660	106,140	-	82,493,320	-	1,286,755,790	1,286,791,600	11,254,154,437	53.248
2010	2009													
	Adams County	19,932,590	101,660,180	374,528,040	35,132,720	369,910	6,850	-	63,914,530	3,716,430	591,828,390	589,086,380	2,968,242,291	53.455
	Arapahoe County	45,899,370	602,845,380	457,629,710	988,020	1,535,160	98,820	-	78,952,390	-	1,187,948,850	1,188,567,000	9,592,517,416	53.455
2011	2010													
	Adams County	20,234,160	101,379,810	378,215,670	25,195,650	368,730	6,850	12,840	61,096,920	4,553,030	581,957,600	582,610,230	2,948,870,018	53.919
	Arapahoe County	42,956,840	604,788,620	451,913,640	923,030	1,534,580	84,070	-	80,892,200	2,326,032	1,180,766,948	1,181,663,978	9,594,600,201	53.919
2012	2011													
	Adams County	17,357,370	98,975,050	379,220,690	24,482,780	417,380	6,850	3,560	73,538,110	8,453,960	585,547,830	587,775,780	2,960,035,078	54.159
	Arapahoe County	44,222,920	605,869,840	421,734,590	784,590	1,618,260	74,520	-	91,347,100	7,468,023	1,158,183,797	1,156,966,417	9,536,099,225	54.159
2013	2012													
	Adams County	16,780,790	98,829,760	385,141,060	27,016,480	415,960	6,850	-	77,698,700	10,009,240	595,880,360	603,144,390	3,016,881,990	63.830
	Arapahoe County	39,032,100	607,176,850	422,819,600	818,030	1,202,240	66,450	-	95,014,040	12,469,796	1,153,659,514	1,154,302,984	9,557,043,406	63.830
2014	2013													
	Adams County	18,543,640	97,420,170	423,439,750	27,070,710	497,920	6,850	-	80,898,110	8,910,730	638,966,420	638,689,320	3,121,680,731	67.323
	Arapahoe County	38,627,120	580,864,860	424,799,960	781,480	1,344,680	64,760	-	103,174,120	8,994,205	1,140,662,775	1,140,272,345	9,256,172,425	67.323
2015	2014													
	Adams County	14,670,700	97,336,700	441,699,880	27,140,930	518,020	6,850	-	81,017,420	8,264,580	654,125,920	655,619,390	3,176,799,850	67.635
	Arapahoe County	34,841,823	585,996,161	417,510,623	722,902	1,469,695	29,898	7,075	104,619,348	9,438,637	1,135,758,888	1,133,168,613	9,280,422,797	67.635
2016	2015													
	Adams County	15,236,290	122,634,720	489,363,360	35,573,180	616,870	6,850	11,140	79,802,290	10,280,820	732,963,880	731,819,140	3,677,723,278	66.648
	Arapahoe County	37,228,951	828,838,969	460,286,489	646,496	1,716,538	29,898	7,806,696	93,866,710	-	1,430,420,747	1,426,071,395	12,448,836,334	66.648

Note 1: Final taxable assessed values by category are not available until December each year, so preliminary taxable assessed values are presented as of August.

Source: <https://www.colorado.gov/pacific/dola/annual-reports>

Note 2: Final assessed values may not agree in total with the August preliminary taxable values. Final assessed values provided by county assessors' office.

Source: www.co.arapahoe.co.us/ www.co.adams.co.us/

Note 3: County assessors have provided actual valuations in accordance with C.R.S. 39-5-128(1).

Source: <http://www.co.arapahoe.co.us/Departments/AS/index.asp> www.co.adams.co.us/

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)**

	Year Taxes Are Payable (4)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Aurora Public Schools Rates (1)										
General fund	46.648	47.635	47.323	47.580	39.159	38.919	38.455	38.248	30.530	30.745
Debt service fund	20.000	20.000	20.000	16.250	15.000	15.000	15.000	15.000	15.000	15.000
Total (2)	66.648	67.635	67.323	63.830	54.159	53.919	53.455	53.248	45.530	45.745
Arapahoe County	14.856	16.950	17.130	17.150	17.316	15.949	15.672	15.609	16.083	16.083
Adams County	26.817	27.042	26.815	26.903	26.806	26.883	26.824	26.809	26.899	26.974
City of Aurora	8.569	8.886	10.290	10.290	10.653	10.595	10.494	10.664	10.701	10.867
Urban Drainage & Flood Control	0.553	0.632	0.608	0.599	0.566	0.523	0.508	0.528	0.542	0.542
Arapahoe County total	90.626	94.103	95.351	91.869	82.694	80.986	80.129	80.049	72.856	73.237
Adams County total	102.587	104.195	105.036	101.622	92.184	91.920	91.281	91.249	83.672	84.128
Overlapping tax entities (3)										
ACC Metropolitan District	37.000	37.000	37.000	37.000	35.000	35.000	31.000	31.000	27.000	27.000
Adonea Metro District No. 2	74.000	74.000	61.000	61.000	61.000	61.000	61.000	56.000	56.000	56.000
Airways Business Center	34.500	34.500	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000
Arapahoe County Law Enforcement	4.982	4.982	4.982	4.982	4.982	4.982	4.982	4.982	4.982	4.982
Arapahoe Library District	5.916	4.794	4.861	4.903	4.981	4.869	4.783	4.827	4.893	4.893
Aurora CentreTech Metropolitan District	39.000	39.000	42.000	42.190	42.190	37.190	37.190	37.190	37.190	37.190
Bennett Fire Protection District	8.907	8.907	8.907	8.907	8.907	8.907	8.907	8.907	6.257	6.257
Cherry Hills City Metro District	56.000	56.000	56.000	56.000	56.000	56.000	56.000	56.000	56.000	-
Central Adams Water & Sanitation	90.000	-	90.000	90.000	90.000	60.000	60.000	60.000	60.000	60.000
Colorado Science Technology Park Metropolitan District No. 1	50.000	-	50.000	50.000	50.000	50.000	-	-	-	-
Colorado Science Technology Park Metropolitan District No. 2	60.000	-	60.000	60.000	60.000	60.000	60.000	60.000	-	-
Colorado Science Technology Park Metropolitan District No. 3	50.000	-	50.000	50.000	50.000	50.000	-	-	-	-
Conservatory Metro District	71.800	71.800	71.800	71.800	71.800	71.800	71.800	52.009	52.059	52.059
Cross Creek Metropolitan District No. 2	66.000	68.500	71.000	71.000	61.000	61.000	61.000	61.000	56.000	56.000
Cunningham Fire Protection District	14.676	14.623	14.714	14.772	14.765	14.620	14.636	14.620	14.623	14.623
Eastgate Commercial Metro District	-	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	-
Eastern Hills Metropolitan District No. 2	70.000	70.000	-	-	-	-	52.061	52.061	52.061	-
Eastern Hills Metropolitan District No. 3	-	-	-	-	-	-	52.061	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 4	-	-	-	-	-	-	52.061	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 5	-	-	-	-	-	-	52.061	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 6	70.000	-	-	-	-	-	52.061	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 7	-	-	-	-	-	-	52.061	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 8	-	-	-	-	-	-	52.061	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 9	70.000	70.000	70.000	70.000	-	-	-	-	-	-

Note 1: Tax levies from overlapping tax entities continue on the following page.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Direct and Overlapping Property Tax Rates, continued
Last Ten Fiscal Years
(Unaudited)**

	Year Taxes Are Payable (4)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Overlapping tax entities (3)										
Eastpark 70 Metropolitan District	31.000	31.000	31.000	31.000	31.000	31.000	31.000	31.000	31.000	31.000
First Creek Ranch Metropolitan District	90.000	90.000	90.000	90.000	90.000	60.000	60.000	60.000	60.000	60.000
Fitzsimons Village Metro District No. 2	51.000	41.000	41.000	41.000	41.000	41.000	40.000	40.000	40.000	-
Flat Rock Metropolitan District No. 8	-	52.061	52.061	52.061	52.061	52.061	52.061	-	-	-
Green Valley Ranch Metro District No. 1	52.061	60.000	-	60.000	-	-	60.000	-	-	-
Havana Business Improvement District	-	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	-
Heather Gardens Metropolitan District	-	25.812	25.300	23.928	24.750	24.600	10.500	9.571	8.065	8.065
Himalaya Water & Sanitation District	4.500	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Horizon Metro District No. 2	5.000	-	-	-	-	-	16.000	16.000	-	-
Horizon Metro District No. 3	-	-	-	-	-	-	30.000	30.000	-	-
Iliff Commons Metro District No. 2	51.000	-	-	-	-	-	-	-	-	-
Iliff Commons Metro District No. 3	50.000	-	20.000	20.000	20.000	20.000	20.000	20.000	20.000	-
Murphy Creek Metro District No. 2	36.000	36.000	36.000	36.000	36.000	36.000	36.000	36.000	36.000	36.000
Murphy Creek Metro District No. 3	48.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944	45.000	45.000
Murphy Creek Metro District No.4	48.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944	-	-
Park 70 Metropolitan District	37.000	37.000	37.000	37.000	37.000	37.000	37.000	36.000	36.000	36.000
Rangeview Library District (5)	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.504	3.659
Sable-Altura Fire Protection District	17.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000
Sand Creek Metropolitan District	33.500	55.500	35.500	34.250	32.750	30.000	27.000	26.000	25.750	25.500
Second Creek Ranch District	90.000	90.000	90.000	90.000	90.000	60.000	60.000	60.000	60.000	60.000
Singletree Metro District	48.944	48.944	48.944	48.944	48.944	48.944	48.944	-	-	-
Sterling Hills Metropolitan District	19.000	23.000	-	23.000	23.000	23.000	23.000	18.500	24.000	24.000
Sterling Hills West Metropolitan District	62.465	65.965	-	65.965	65.965	65.965	65.965	57.000	47.600	47.600
Tower Metropolitan District	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Traditions Metro District No. 2	52.060	52.060	52.060	52.060	52.060	52.060	52.060	52.060	52.060	52.060
Urban Drainage & Flood Control-Adams	0.553	0.632	0.608	0.599	0.566	0.523	0.508	0.528	0.507	-
Urban Drainage & Flood Control-South Platte	0.058	0.068	0.064	0.058	0.057	0.053	0.061	0.063	0.066	0.066
Velocity Metro District No. 1	9.000	5.000	5.000	5.000	5.000	-	-	-	-	-
Velocity Metro District No. 2	9.000	5.000	5.000	5.000	5.000	-	-	-	-	-
Velocity Metro District No. 3	9.000	5.000	5.000	5.000	5.000	-	-	-	-	-
Velocity Metro District No. 4	9.000	5.000	5.000	5.000	5.000	-	-	-	-	-
Velocity Metro District No. 5	9.000	5.000	5.000	5.000	5.000	-	-	-	-	-
Velocity Metro District No. 6	9.000	40.000	5.000	5.000	5.000	-	-	-	-	-
Velocity Metro District No. 7	9.000	5.000	5.000	5.000	5.000	-	-	-	-	-
Velocity Metro District No. 8	9.000	5.000	5.000	5.000	5.000	-	-	-	-	-
Velocity Metro District No. 9	9.000	5.000	5.000	5.000	5.000	-	-	-	-	-
Westerly Creek Metropolitan District	56.619	55.986	55.769	55.311	-	-	-	-	-	-
WH Metropolitan District No. 1	-	-	-	-	-	13.000	50.000	50.000	50.000	50.000

Note 2: APS Total Rate information updated as of June 30, 2016.

Source: Aurora Public Schools Budget Office.

Note 3: Includes only those entities with overlapping rates in existence at December 31, 2015.

Source: <http://www.co.arapahoe.co.us/DocumentCenter/View/52>

Contact Source: Adams County assessor's office.

Note 4: Year taxes are actually collected. Based on rates established during the prior year.

Note 5: Previously reported as Adams County Library.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Principal Property Taxpayers
Current Year and Ten Years Ago
(Unaudited)**

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	Fiscal Year 2015-16			Fiscal Year 2006-07		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
<u>Taxpayer</u>						
Public Service of Colorado (1)	\$ 85,303,050	1	4.8%	\$ 35,200,000	1	2.1%
Cellco Partnership	18,842,300	2	1.1%	-	-	-
QWEST Corp (2)	18,142,380	3	1.0%	15,974,000	4	0.9%
Colorado Interstate Gas Co	17,221,900	4	1.0%	9,061,100	8	0.5%
WGR Asset Holding Co. LLC	16,722,800	5	0.9%	-	-	-
CPT Operating Partnership	12,282,130	6	0.7%	-	-	-
Western A South CO LLC	10,830,190	7	1.0%	-	-	-
MCI Communications SVCS INC	8,731,610	8	0.5%	-	-	-
DCT Peak ADC LLC	8,700,000	9	0.5%	-	-	-
Dillon Companies INC	8,358,560	10	0.5%	-	-	-
Blue Spruce Enegry Center LLC	-	-	-	27,869,300	2	1.6%
Columbia Healthone LLC	-	-	-	18,060,270	3	1.0%
Verizon FKA Airtouch Comm	-	-	-	11,787,890	5	0.7%
Weingarten/Miller/Aurora II	-	-	-	10,921,400	6	0.6%
Pro Logis	-	-	-	10,104,230	7	0.6%
NRFC Denver Holding LLC	-	-	-	7,540,000	9	0.5%
Medical Center of Aurora, The	-	-	-	7,287,700	10	0.4%
	<u>\$ 205,134,920</u>		<u>12.0%</u>	<u>\$ 153,805,890</u>		<u>8.9%</u>

Source: Adams County and Arapahoe County assessors' offices.

Note 1: Taxpayer locations in Adams and Arapahoe Counties are combined.

Note 2: QWEST Corp acquired by CenturyLink, Inc. April 2011.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Calendar Year		Taxes Levied for the Calendar Year	Tax Collections for Calendar Year Tax Levied (2)	Percentage of Original Levy	Collections in Subsequent Years (3)	Total Tax Collections (4)	Percent of Total Tax Collections to Levy	Outstanding Delinquent Taxes (5)	Outstanding Delinquent Taxes as a Percent of Current Levy
2007		79,464,624	79,031,758	99.5%	(52,400)	78,979,358	99.4%	432,866	0.5%
2008		83,799,475	83,519,188	99.7%	(268,822)	83,250,366	99.3%	280,287	0.3%
2009		99,850,790	99,341,305	99.5%	(130,742)	99,210,563	99.4%	509,485	0.5%
2010		95,024,461	93,818,365	98.7%	(393,652)	93,424,713	98.3%	1,206,096	1.3%
2011		95,127,681	94,074,556	98.9%	(890,452)	93,184,104	98.0%	1,053,125	1.1%
2012		94,493,845	93,146,223	98.6%	(359,842)	92,786,381	98.2%	1,347,622	1.4%
2013		112,177,682	110,388,173	98.4%	(397,437)	109,990,736	98.1%	1,789,509	1.6%
2014		119,765,878	117,656,320	98.2%	234,120	117,890,440	98.4%	2,109,558	1.8%
2015	(6)	120,984,677	119,906,691	99.1%	(115,953)	119,790,738	99.0%	1,077,986	0.9%
2016	(1)	143,048,512	139,861,173	97.8%	(119,732)	139,741,441	97.7%	3,187,339	2.2%

Note 1: Collection figures beginning with calendar year 2016 represent those collections received for January through August due to the implementation of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Note 2: Property tax collections provided by County Treasurers' offices.

Note 3: Negative amounts occurred when refunds or other "forgiveness" of delinquent taxes exceeded delinquent tax collections.

Note 4: Amounts shown prior to 2016 represent levies and collections during calendar year January-December. Tax revenues reported in the basic financial statements reflect a July-June fiscal basis.

Note 5: Represents delinquent taxes due at the end of the year on taxes levied for that year.

Note 6: Amounts adjusted represent actual collections during the entire calendar year.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year (3)				
	2006-07	2007-08	2008-09	2009-10	2010-11 (4)
General obligation bonds	\$ 221,230,000	\$ 212,925,000	\$ 336,955,000	\$ 326,959,982	\$ 407,638,786
Certificates of Participation	-	-	-	-	-
Capital leases	-	-	300,320	229,891	156,447
Total debt outstanding	<u>\$ 221,230,000</u>	<u>\$ 212,925,000</u>	<u>\$ 337,255,320</u>	<u>\$ 327,189,873</u>	<u>\$ 407,795,233</u>
Total debt outstanding as a percentage of:					
Personal income (1, 2, & 3):					
Adams County	0.5%	0.3%	0.4%	0.3%	0.1%
Arapahoe County	3.5%	2.3%	2.4%	1.9%	0.6%
Per capita outstanding debt	\$ 1,126	\$ 1,040	\$ 1,752	\$ 1,552	\$ 1,975

	Fiscal Year (3)				
	2011-12	2012-13 (5)	2013-14	2014-15 (6)	2015-16
General obligation bonds	\$ 396,319,623	\$ 411,408,484	\$ 389,226,526	\$ 366,417,566	\$ 342,814,596
Certificates of Participation	-	-	30,353,387	30,378,172	30,397,796
Capital leases	79,862	-	-	-	-
Total debt outstanding	<u>\$ 396,399,485</u>	<u>\$ 411,408,484</u>	<u>\$ 419,579,913</u>	<u>\$ 396,795,738</u>	<u>\$ 373,212,392</u>
Total debt outstanding as a percentage of:					
Personal income (1, 2, & 3):					
Adams County	0.1%	0.4%	0.4%	0.4%	-
Arapahoe County	0.6%	0.3%	0.3%	0.6%	-
Per capita outstanding debt	\$ 1,843	\$ 1,897	\$ 1,908	\$ 1,799	\$ 1,623

Note 1: Personal income for each county was based on population estimates provided by district planning office and personal income population data provided by the United States Census Bureau.

Source: <http://www.bea.gov/regional/bearfacts/action.cfm?geoType=4&fips=08005&areatype=08005>

Note 2: Data reported prior to 2007-08 is based on population statistics as of 2007-08. Prior period data was not available in this format.

Note 3: This schedule consolidates data from the governmental statements that utilize the modified accrual basis of accounting.

Note 4: General obligation bonds total debt consist of: 2010 refunding accreted interest of \$253,545, 2010 refunding deferred charges of \$5,633,146, premiums of GOBs of \$20,233,387, Build America Bonds \$75,315,000, 2010 series refunding bonds \$99,615,000 and general obligation bonds \$200,410,000.

Note 5: Fiscal year 2013 amounts restated due to the implementation of GASB 65. All other prior years were not restated as it is impractical to do so.

Note 6: Personal income data for 2015-16 was not available at time of printing.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
General Bonded Debt
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year (1)				
	2006-07	2007-08	2008-09	2009-10	2010-11 (2)
General obligation bonds	\$ 221,230,000	\$ 212,925,000	\$ 336,955,000	\$ 326,959,982	\$ 407,638,786
Net assets restricted for debt service	(29,581,768)	(38,503,454)	(44,324,735)	(46,094,814)	(39,613,185)
Total net general bonded debt	<u>\$ 191,648,232</u>	<u>\$ 174,421,546</u>	<u>\$ 292,630,265</u>	<u>\$ 280,865,168</u>	<u>\$ 368,025,601</u>
Total net general bonded debt outstanding as a percentage of:					
Estimated actual property value	1.4%	1.2%	2.0%	2.2%	2.9%
Final assessed property value	11.0%	9.5%	15.6%	15.8%	20.9%
Per capita outstanding debt	\$ 975	\$ 852	\$ 1,750	\$ 1,332	\$ 1,783

	Fiscal Year (1)				
	2011-12	2012-13 (3)	2013-14	2014-15	2015-16
General obligation bonds	\$ 396,319,623	\$ 411,408,484	\$ 389,226,526	\$ 366,417,566	\$ 342,814,596
Net assets restricted for debt service	(33,431,806)	(25,580,904)	(27,026,348)	(28,456,159)	(37,115,173)
Total net general bonded debt	<u>\$ 362,887,817</u>	<u>\$ 385,827,580</u>	<u>\$ 362,200,178</u>	<u>\$ 337,961,407</u>	<u>\$ 305,699,423</u>
Total net general bonded debt outstanding as a percentage of:					
Estimated actual property value	2.9%	3.1%	2.9%	2.7%	1.9%
Final assessed property value	20.8%	22.0%	20.4%	19.0%	14.2%
Per capita outstanding debt	\$ 1,687	\$ 1,779	\$ 1,647	\$ 1,537	\$ 1,330

Note 1: This schedule consolidates data from the governmental statements that utilize the modified accrual basis of accounting.

Note 2: General obligation bonds total debt consist of: 2010 refunding accreted interest of \$253,545, 2010 refunding deferred charges of \$5,633,146, premiums of GOBs of \$20,233,387, Build America Bonds \$75,315,000, 2010 series refunding bonds \$99,615,000 and general obligation bonds \$200,410,000.

Note 3: Fiscal year 2013 amounts restated due to the implementation of GASB 65. All other prior years were not restated as it is impractical to do so.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(Unaudited)**

Jurisdiction (1)	General Obligation Debt	Bonds	Notes Payable	Capital Leases	Certificates of Participation	Other	Gross Debt Outstanding (2)	Percentage Applicable to Aurora Public Schools (3)	Amount Applicable to Aurora Public Schools
Direct:									
Aurora Public Schools	\$ 342,814,596	\$ -	\$ -	\$ -	\$ 30,397,796	\$ -	\$ 373,212,392	100.00%	\$ 373,212,392
Overlapping:									
ACC Metropolitan District	1,945,000	-	-	-	-	-	1,945,000	100.00%	1,945,000
Adams County	-	-	-	-	196,015,605	2,800,000	198,815,605	100.00%	198,815,605
Adonea Metro District No.2	13,465,000	9,005,000	-	-	-	-	22,470,000	100.00%	22,470,000
Airways Business Center	1,845,000	-	-	-	-	-	1,845,000	100.00%	1,845,000
Arapahoe County	-	-	-	16,287,344	26,792,005	-	43,079,349	100.00%	43,079,349
Arapahoe Library District	-	-	-	-	9,645,000	-	9,645,000	0.66%	63,657
Aurora CentreTech Metropolitan District	925,000	-	-	-	-	-	925,000	100.00%	925,000
Aurora Singletree Metropolitan	8,065,000	-	-	-	-	-	8,065,000	100.00%	8,065,000
Bennet Fire Protection District	-	-	-	693,048	-	-	693,048	20.00%	138,610
City of Aurora	-	-	-	4,328,472	105,175,000	-	109,503,472	100.00%	109,503,472
Colorado Science & Tech Metropolitan District	17,315,856	-	-	-	-	-	17,315,856	100.00%	17,315,856
Conservatory Metro District	22,900,000	-	-	-	-	-	22,900,000	100.00%	22,900,000
Cross Creek Metropolitan District No.2	10,130,000	5,000,000	-	-	-	-	15,130,000	100.00%	15,130,000
Cunningham Fire Protection District	-	-	-	1,596,599	-	-	1,596,599	100.00%	1,596,599
Eastpark 70 Metropolitan District	8,380,000	-	-	-	-	-	8,380,000	100.00%	8,380,000
Fitzsimons Village Metropolitan District No.1	16,100,000	-	-	-	-	-	16,100,000	100.00%	16,100,000
Fitzsimons Village Metropolitan District No.3	5,055,000	-	-	-	-	-	5,055,000	100.00%	5,055,000
Heather Gardens Metropolitan District	8,985,000	-	-	-	-	-	8,985,000	59.12%	5,311,932
Himalaya Water & Sanitation District	4,385,000	-	-	-	-	-	4,385,000	100.00%	4,385,000
Iliff Commons Metro District No. 2	2,310,000	-	-	-	-	-	2,310,000	100.00%	2,310,000
Murphy Creek Metro District No.3	27,600,000	-	-	-	-	-	27,600,000	100.00%	27,600,000
Park 70 Metropolitan District	10,150,000	-	-	-	-	-	10,150,000	100.00%	10,150,000
Rangeview Library District	-	-	-	-	32,920,000	-	32,920,000	100.00%	32,920,000
Regional Transportation District	-	2,013,220,000	-	-	1,230,860,000	774,625,000	4,018,705,000	14.58%	585,927,189
Sable Altura Fire Protection District	3,935,000	-	-	-	-	-	3,935,000	71.69%	2,821,002
Sand Creek Metropolitan District	63,945,000	-	-	-	-	-	63,945,000	77.82%	49,762,000
Sterling Hills Metropolitan District	975,000	-	-	-	-	-	975,000	100.00%	975,000
Sterling Hills West Metropolitan District	12,505,000	-	-	-	-	-	12,505,000	100.00%	12,505,000
Tower Metropolitan District	13,145,000	-	-	-	-	-	13,145,000	100.00%	13,145,000
Traditions Metropolitan District No.2	13,365,000	-	-	-	-	-	13,365,000	100.00%	13,365,000
Total overlapping debt	267,425,856	2,027,225,000	-	22,905,463	1,601,407,610	777,425,000	4,696,388,929		1,234,505,270
Total direct and overlapping debt	\$ 610,240,452	\$ 2,027,225,000	\$ -	\$ 22,905,463	\$ 1,631,805,406	\$ 777,425,000	\$ 5,069,601,321		\$ 1,607,717,662

Note 1: Source information provided by individual jurisdictions. Overlapping governments without debt are not shown.
Note 2: Represents total debt, as reported by the various government districts.
Note 3: Percentages based on geographical estimates. Arapahoe Library District percentage based on assessed values.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended	Gross Certified Assessed Valuation (1)	Debt Limitation (20% of Assessed)	High Growth Debt Limitation (25% of Assessed Value)	Gross Bonded Debt Outstanding (2)	Percent of Legal Debt Incurred	Legal Debt Margin	Debt Service Funds Available (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2007	1,742,575,470	348,515,094	-	221,230,000	63.48%	127,285,094	28,864,952	192,365,048	11.04%	979
2008	1,846,735,840	369,347,168	-	212,925,000	57.65%	156,422,168	37,921,217	175,003,783	9.48%	855
2009	1,876,865,590	375,373,118	-	336,955,000	89.77%	38,418,118	43,618,552	293,336,448	15.63%	1,523
2010	1,781,369,810	356,273,962	-	326,959,982	91.77%	29,313,980	45,117,007	281,842,975	15.82%	1,337
2011	1,771,153,270	-	442,788,318	395,593,545	89.34%	47,194,773	38,787,680	356,805,865	20.15%	1,728
2012	1,760,664,180	-	440,166,045	381,220,733	86.61%	58,945,312	32,915,324	348,305,409	19.78%	1,619
2013	1,779,926,410	355,985,282	-	363,588,793	102.14%	(7,603,511)	25,580,904	338,007,889	18.99%	1,559
2014	1,796,866,600	359,373,320	-	347,219,955	96.62%	12,153,365	27,026,348	320,193,607	17.82%	1,456
2015	1,806,491,220	361,298,244	-	330,053,066	91.35%	31,245,178	28,456,159	301,596,907	16.70%	1,367
2016	2,168,171,355	433,634,271	-	312,092,167	71.97%	121,542,104	37,115,173	274,976,994	12.68%	1,196

Source: CAFR Notes to Basic Financial Statements: Noncurrent Liabilities.

Note 1: Represents gross amount which includes the tax increment district.

Note 2: Represents general obligation bonds.

Note 3: This schedule consolidates data from the governmental statements that utilize the modified accrual basis of accounting.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	District Population Estimate (1)	Per Capita Income		Personal Income		Unemployment Rate (3)	October Funded Pupil Count (4)	Charter School Funded Pupil Count (4)	High School Graduates (5)
		Adams County (2)	Arapahoe County (2)	Adams County (2)	Arapahoe County (2)				
2006-07	196,475	29,783	49,458	12,272,985	26,420,892	5.3%	30,571	1,066	1,439
2007-08	204,638	30,351	50,947	12,772,840	27,679,930	4.8%	29,915	1,575	1,405
2008-09	192,547	32,588	50,727	13,999,767	28,121,738	9.4%	30,815	2,174	1,360
2009-10	210,850	31,727	48,480	13,991,470	27,408,457	8.4%	31,698	2,517	1,175
2010-11	206,430	32,666	47,704	14,493,196	27,426,356	9.7%	32,661	2,905	1,371
2011-12	215,096	33,061	48,989	14,925,051	28,656,232	9.0%	33,190	3,362	1,573
2012-13	216,839	34,695	51,163	15,945,588	30,469,784	8.5%	33,518	3,581	1,691
2013-14	219,954	35,334	52,437	16,578,475	31,832,963	7.1%	35,022	3,155	1,489
2014-15	220,556	35,385	56,294	17,010,005	34,835,883	5.6%	35,272	3,715	1,457
2015-16	229,905	-	-	-	-	3.6%	36,061	4,076	-

Note 1: Population data were obtained from the U.S. Census data.

Source: <http://factfinder2.census.gov/>

Note 2: The data for Adams and Arapahoe counties obtained from the Bureau of Economic Analysis. Data for 2016 not available at the time of print.

Source: <http://www.bea.gov/index.htm>

Note 3: Source is the City of Aurora's Comprehensive Annual Financial Report.

Note 4: Funded pupil count provided by Colorado Department of Education official October first enrollment data, excludes charter schools.

Note 5: High school graduate counts obtained from Colorado Department of Education. Data for 2016 graduates not available at the time of print.

Source: <http://www.cde.state.co.us/cdereval/gradcurrent>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Principal Employers
Current Year and Ten Years Ago
(Unaudited)**

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of workforce</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of workforce</u>
Buckley Air Force Base	11,000	1	21.8%	12,817	1	36.6%
University of Colorado - Medical Campus	8,140	2	16.1%	3,300	4	9.4%
Aurora Public Schools	6,090	3	12.1%	3,786	3	10.8%
University of Colorado - Hospital	5,860	4	11.6%	1,458	9	4.2%
Children's Hospital	5,740	5	11.4%	-	-	0.0%
City of Aurora	3,960	6	7.9%	3,826	2	11.0%
Cherry Creek Schools	3,900	7	7.7%	2,736	5	7.8%
Raytheon	2,360	8	4.7%	2,600	6	7.4%
HealthONE	1,690	9	3.4%	1,380	10	4.0%
Kaiser Permanente	1,680	10	3.3%	1,493	8	4.3%
ADT Security Systems	-		-	1,585	7	4.5%
Total Employees	50,420		100.0%	34,981		100.0%

Source: <http://www.auroraedc.com/Facts-Figures/Largest-Employers.aspx>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Full-time Equivalent District Employees by Type
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10 (2)	2010-11 (2)	2011-12 (2)	2012-13 (2)	2013-14	2014-15	2015-16
Administrative:										
Principals	46.00	46.00	46.00	47.00	47.00	48.00	48.00	47.00	49.00	50.00
Assistant principals	43.00	45.00	36.00	39.00	32.00	36.00	39.34	45.34	57.00	58.00
Other	60.00	66.50	63.50	35.00	36.00	31.25	32.25	33.25	39.00	44.00
Total administration	149.00	157.50	145.50	121.00	115.00	115.25	119.59	125.59	145.00	152.00
Instruction:										
Elementary school teachers	714.96	709.52	668.45	674.50	766.77	746.91	738.64	781.75	799.98	837.69
K-8 Teachers (1)	-	-	-	86.90	115.75	140.30	148.95	163.32	164.62	170.88
Middle school teachers	334.66	325.14	338.62	340.77	345.55	336.77	368.03	392.02	397.53	415.34
High school teachers	358.19	369.02	363.30	399.08	386.18	369.97	382.72	426.72	441.02	460.54
Other teachers	315.91	284.74	253.81	138.63	137.60	119.10	124.38	147.75	148.21	187.69
Educational assistants	458.24	454.32	431.01	434.42	411.48	403.67	396.94	420.64	446.62	497.31
Community liaison	3.50	3.64	4.51	3.00	21.38	22.31	23.13	24.81	31.00	28.31
Other	28.61	29.27	24.12	2.00	3.00	2.00	3.00	2.50	3.00	5.00
Total instruction	2,214.07	2,175.65	2,083.81	2,079.30	2,187.71	2,141.03	2,185.79	2,359.51	2,431.98	2,602.76
Pupil services:										
Dean of students	24.00	26.00	23.00	27.50	25.50	30.00	29.80	35.80	37.80	42.00
Counselors	37.50	38.80	37.00	34.50	35.60	36.00	36.10	43.10	44.95	56.90
Health professionals	68.76	68.98	71.55	52.93	53.13	56.59	58.36	57.01	56.50	58.53
Media specialists	11.00	6.50	10.00	14.54	12.73	14.16	11.36	11.06	11.00	8.64
Social/psychology workers	39.20	39.40	39.60	41.20	43.80	43.60	48.30	53.20	59.60	65.80
Other	13.60	30.00	31.70	137.38	130.88	138.59	153.28	175.71	174.28	198.00
Total pupil services	194.06	209.68	212.85	308.05	301.64	318.94	337.20	375.88	384.13	429.87
Other support:										
Clerical/secretarial	234.10	231.73	267.11	270.94	266.66	263.06	268.47	283.63	281.19	284.26
Custodial	175.89	193.89	193.89	181.63	176.75	177.38	173.50	164.25	163.13	170.38
Other	353.02	354.16	343.24	264.69	263.63	280.94	280.99	311.69	310.85	333.99
Total other support	763.01	779.78	804.24	717.26	707.04	721.38	722.96	759.57	755.17	788.63
Total	3,320.14	3,322.61	3,246.40	3,225.61	3,311.39	3,296.60	3,365.54	3,620.55	3,716.28	3,973.26

Source: Aurora Public Schools Human Resources Department. Represents General Fund budgeted FTE. Does not include Colorado Preschool Program, Risk Management, or Special Programs.

Note 1: K-8 Teachers counted as elementary or middle school teachers prior to 2008-09.

Note 2: Numbers revised based on updated data beginning fiscal year 2009-10 and forward.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Operating Statistics
Last Ten Fiscal Years
(Unaudited)

General Fund Expenditures	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15 (4)	2015-16
Instruction	\$ 140,605,783	\$ 148,010,692	\$ 152,048,858	\$ 158,925,409	\$ 166,416,407	\$ 161,022,676	\$ 169,613,315	\$ 182,903,162	\$ 194,331,144	\$ 204,436,613
Pupil services	11,730,010	13,803,829	14,059,246	15,408,721	15,566,161	15,753,141	14,359,872	16,196,570	17,075,917	19,605,908
Instructional services	7,942,937	8,960,780	8,859,315	12,034,331	10,018,711	9,430,944	11,172,413	11,996,057	15,628,538	17,785,523
General administration	3,559,886	3,479,357	3,890,777	4,241,098	5,628,662	5,519,543	4,954,686	5,237,806	5,652,784	4,728,324
School administration	17,374,886	18,565,913	19,224,010	20,817,836	20,700,354	21,277,592	22,044,077	25,635,355	29,932,093	33,539,515
Business administration	2,871,689	3,297,557	3,392,558	3,305,557	3,197,358	3,309,787	3,673,137	3,801,929	4,607,375	4,933,196
Operations and maintenance	23,629,932	24,807,883	25,344,722	26,306,026	27,749,692	28,516,294	29,044,242	30,918,559	32,529,804	33,283,315
Pupil transportation	5,782,111	6,284,143	6,353,741	6,562,780	6,482,994	6,976,633	6,789,957	8,459,834	7,962,099	11,526,689
Personnel data services	10,861,372	9,237,655	10,341,148	10,616,133	11,020,431	9,160,531	12,042,212	11,634,798	13,627,503	16,417,484
Other support services	882,714	792,713	594,896	856,800	2,322,955	2,343,063	2,449,196	2,377,324	2,269,592	5,448,368
Total operating expenditures (1)	\$ 225,241,320	\$ 237,240,522	\$ 244,109,271	\$ 259,074,691	\$ 269,103,725	\$ 263,310,204	\$ 276,143,107	\$ 299,161,394	\$ 323,616,849	\$ 351,704,935
Funded pupil count (2)	30,571	29,915	30,815	31,698	32,661	33,190	33,518	35,022	35,272	36,061
Cost per pupil, per basis of accounting										
modified accrual basis	\$ 7,368	\$ 7,930	\$ 7,922	\$ 8,173	\$ 8,239	\$ 7,933	\$ 8,239	\$ 8,542	\$ 9,175	\$ 9,753
Percentage change	12.06%	7.64%	-0.11%	3.17%	0.81%	-3.71%	3.85%	3.68%	7.41%	6.30%
Total operating expenditures per governmental statement of activities (3)	\$ 279,147,130	\$ 301,138,012	\$ 308,600,275	\$ 333,718,365	\$ 346,766,507	\$ 334,785,327	\$ 347,234,569	\$ 373,563,206	\$ 443,933,665	\$ 493,090,064
Cost per pupil, per basis of accounting										
full accrual basis	\$ 9,131	\$ 10,066	\$ 10,015	\$ 10,528	\$ 10,617	\$ 10,087	\$ 10,360	\$ 10,667	\$ 12,586	\$ 13,674
Percentage change	3.87%	10.24%	-0.52%	5.13%	0.85%	-4.99%	2.70%	2.96%	17.99%	8.64%
Percentage of students receiving free or reduced-price meals (4)	54.0%	56.0%	59.6%	61.3%	65.2%	65.5%	60.3%	68.0%	69.4%	66.0%

Note 1: General Fund operating expenditures exclude debt service and facilities acquisition and improvements program expenditures.

Note 2: Funded pupil count provided by Colorado Department of Education official October first enrollment data; excludes charter schools.

Source: Colorado Department of Education Data Summary Report.

Note 3: Source: CAFR Statement of Activities.

Note 4: Percentage of current students receiving free or reduced-price meals data obtained from CDE website.

Note 5: During 2014-15, the district adopted GASB 68. Prior year and earlier have not been restated for the adoption of GASB 68 because it is impractical to do so.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Teacher Salaries
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
Average Teacher Salaries (1)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Aurora Public Schools	\$ 51,303	\$ 52,293	\$ 53,910	\$ 53,807	\$ 52,009	\$ 51,479	\$ 51,479	\$ 52,928	\$ 48,704	\$ 54,230
State of Colorado	45,831	48,485	49,183	49,228	49,046	49,118	49,118	49,606	48,277	51,204
Teaching staff (2) (4) (5)	1,832	1,886	1,864	1,908	1,941	1,977	2,012	2,093	2,432	2,603
Pupil-teacher ratio (4)	19	18	19	19	20	20	20	19	19	19

Salary grades

Educational Classification	Base Salary (3)						Average Salary in Each Range (3)					
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
BA	\$ 37,295	\$ 37,295	\$ 37,854	\$ 38,422	\$ 39,286	\$ 39,286	\$ 45,234	\$ 44,352	\$ 45,566	\$ 45,921	\$ 47,084	\$ 46,104
BA + 15 hours	38,362	38,672	39,937	39,521	40,410	40,410	49,615	48,473	52,491	53,699	55,245	54,597
BA + 30 hours	39,416	39,416	40,007	40,607	41,521	41,521	51,566	51,003	53,376	54,352	55,645	56,409
BA + 45 hours	40,480	40,480	41,087	41,703	42,641	42,641	55,059	53,995	55,587	56,352	58,328	58,961
MA	41,556	41,556	42,179	42,812	43,775	43,775	54,199	52,967	55,185	56,560	58,295	57,209
MA + 15 hours	42,612	42,612	43,251	43,900	44,888	44,888	62,107	60,808	64,798	65,035	66,907	66,159
MA + 30 hours	43,669	43,669	44,324	44,989	46,001	46,001	67,182	65,726	66,776	68,259	69,868	67,748
MA + 45 hours	44,739	44,739	45,410	46,091	47,128	47,128	70,829	69,335	71,120	71,771	73,431	72,883
MA + 60 hours	45,799	45,799	46,486	47,183	48,245	48,245	73,054	71,441	74,548	75,166	72,473	71,727
MA + 75 hours	46,859	46,859	47,562	48,275	49,361	49,361	78,956	77,449	79,622	81,085	81,618	81,371
PhD	47,923	47,923	48,642	49,372	50,483	50,483	69,600	68,335	69,488	71,851	70,621	67,572

Note 1: Data obtained from Colorado Department of Education website.

Source: <http://www.cde.state.co.us/cdereval/1-averagesalariesforteacherspdf>

Note 2: Represents full-time, licensed classroom teachers as quantified by Colorado Department of Education, includes Charter Schools.

Note 3: Data provided by district Human Resources Department.

Note 4: Data provided has been updated based upon CDE data changes.

Note 5: Beginning in 2015, the teaching staff includes the full-time equivalent for total instruction, as provided by the district Human Resources Department.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
School Building Information
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year (1)									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Elementary Schools (3)										
Number of sites	32	32	29	29	28	28	28	28	28	28
Square feet	1,492,111	1,559,970	1,500,272	1,452,607	1,455,915	1,506,085	1,522,641	1,529,800	1,532,729	1,534,745
Capacity	16,530	16,055	14,240	14,277	13,764	16,164	16,377	16,764	16,764	16,764
Enrollment	14,220	14,809	14,079	14,301	14,175	13,830	14,271	14,517	15,242	14,561
K-8 Schools (3) (4) (5) (6)										
Number of sites	2	2	4	4	6	6	6	6	6	7
Square feet	152,144	230,244	278,244	278,244	430,541	431,981	444,077	451,853	451,853	557,925
Capacity	1,352	1,352	2,291	2,314	3,753	3,828	3,928	4,428	4,428	5,204
Enrollment	1,184	1,085	2,065	2,382	3,271	3,835	3,817	3,957	4,170	4,776
Middle Schools										
Number of sites	7	7	7	7	7	7	7	7	7	7
Square feet	828,395	843,557	844,997	844,997	842,117	846,898	848,338	854,068	854,098	855,538
Capacity	7,814	7,814	7,814	7,814	6,738	8,057	8,257	8,507	8,507	8,557
Enrollment	6,343	6,536	5,953	5,817	5,745	6,042	6,153	6,479	6,637	6,548
High Schools										
Number of sites	5	5	5	5	5	6	6	6	6	6
Square feet	1,006,213	1,069,938	1,069,938	1,083,679	1,083,679	1,300,011	1,300,011	1,300,011	1,300,011	1,302,891
Capacity	7,238	7,640	7,843	7,843	8,043	9,768	9,718	9,681	9,681	9,781
Enrollment	8,236	8,177	8,337	8,499	8,397	8,444	8,646	9,003	9,379	9,577
Technical Schools										
Number of sites	1	1	1	1	1	1	1	1	1	1
Square feet	41,593	172,486	172,486	172,486	172,486	172,486	172,486	172,486	172,486	172,486
Capacity (2)	402	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Enrollment	393	1,283	1,544	1,507	1,596	1,348	1,328	1,292	1,216	1,510
Total										
Number of sites	47	47	46	46	47	48	48	48	48	49
Square feet	3,520,456	3,876,195	3,865,937	3,832,013	3,984,738	4,257,461	4,287,553	4,308,218	4,311,177	4,423,585
Capacity	33,336	34,711	34,038	34,098	34,148	39,667	40,130	41,230	41,230	42,156
Enrollment	30,376	31,890	31,978	32,506	33,184	33,499	34,215	35,248	36,644	36,972

Note 1: Student count based on actual enrollment.

Source: Aurora Public Schools Construction Management provided square footage amounts (includes mobile units).

Source: Aurora Public Schools Division of Support Services Planning Department provided all other information for statement.

Note 2: Actual capacity varies depending on available programs. Capacity numbers listed are standard averages for years ended 2008 to 2010.

Source: Pickens Technical College - student services.

Note 3: 2009-10 adjusted to actual.

Note 4: 2010-11, 2011-12 K-8 schools consist of five K-8s and one K-9.

Note 5: 2012-13 The one K-9 school was converted to a K-8 resulting in six K-8's

Note 6: Edna and John W. Mosley P-8 Opened for the 2015-16 School Year.

REPORTS REQUIRED BY UNIFORM GUIDANCE

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	2015-16 Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Colorado Department of Education:			
School Breakfast Program	10.553	4553	\$ 4,080,763
National School Lunch Program	10.555	4555	9,255,774
Special Milk Program for Children	10.556	4556	10,857
Summer Food Service Program for Children	10.559	4559	<u>124,414</u>
Passed through Colorado Department Human Services:			
Donated Commodities	10.555	4555	<u>974,082</u>
Child Nutrition Cluster Subtotal			14,445,890
Child and Adult Care Food Program	10.558	4558	71,852
Team Nutrition	10.574	4574	<u>15,500</u>
U.S. Department of Agriculture Total			<u>14,533,242</u>
<u>U.S. Department of Education</u>			
Direct:			
Indian Education - Grants to Local Education Agencies	84.060	4060	<u>9,261</u>
Federal Supplementary Educational Opportunity Grants	84.007	5007	25,386
Federal Work-Study Program	84.033	5033	13,721
Federal Pell Grant Program	84.063	5063	<u>937,320</u>
Student Financial Assistance Subtotal			<u>976,427</u>
Passed through Colorado Department of Education:			
Special Education - Grants to States	84.027	4027	8,855,055
Special Education - Preschool Grants	84.173	4173	<u>234,585</u>
Special Education Cluster Subtotal			<u>9,089,640</u>

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2016

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	2015-16 Federal Expenditures
Passed through Colorado Department of Education (continued):			
Title I Grants to Local Educational Agencies	84.010	4010, 5010 & 7010	10,578,377
Title I Part C Education of Migrant Children	84.011	4011	1,273,284
Career and Technical Education - Basic Grants to States	84.048	5048 & 6048	545,639
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	5126 & 6126	152,532
Education for Homeless Children and Youth	84.196	5196	34,848
Charter Schools	84.282	5282	289,527
Twenty-First Century Community Learning Centers	84.287	5287	589,212
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330	5330	46,060
Colorado Graduation Pathways: Competitive Grant High School Graduation Initiative	84.360	5360 & 6360 4365 & 5365 & 6365 & 7365	28,842
English Language Acquisition Grants	84.365	6365 & 7365	1,156,621
Title II Part A Improving Teacher Quality State Grants	84.367	4367	1,038,884
School Improvement Grants	84.377	7377	894,110
Education Jobs Fund	84.410	4410	610
Race to the Top - Early Childhood Readiness Assessment	84.412	5412	27,745
U.S. Department of Education Total			26,731,619
<u>U.S. Department of Health and Human Services</u>			
Passed through Colorado Department of Education:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	7243	531,956
U.S. Department of Health and Human Services Total			531,956
<u>U.S. Department of Homeland Security</u>			
Passed through Colorado Department of Public Safety			
Disaster Recovery - Public Assistance	97.036	9036	25,151
U.S. Department of Homeland Security Total			25,151
<u>Other Federal Assistance</u>			
Direct from U.S. Department of Defense:			
Air Force Jr. ROTC	12.000	N/A	121,809
Other Federal Assistance Total			121,809
Total Expenditures of Federal Awards			\$ 41,943,777

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2016. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB A-87 or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The District provided no federal awards to subrecipients.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance with
Government Auditing Standards**

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2016. Our report includes a reference to other auditors who audited the financial statements of Aurora Academy, Global Village Academy, Lotus School for Excellence, Vanguard Classical School and AXL Academy, as described in our report on the District's financial statements. This report does not include the results of other auditor's testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of AXL Academy, a component unit included in the financial statements of the aggregate discretely presented component units, was not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado

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

Compliance and Other Matters

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

We noted certain matters that we reported to the District's management in a separate letter dated November 4, 2016.

Purpose of this Report

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

BKD, LLP

Denver, Colorado
November 4, 2016

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

BKD, LLP

Denver, Colorado
November 4, 2016

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I – Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:
Significant deficiency(ies)? ☐ Yes ☒ None reported
Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
Significant deficiency(ies)? ☐ Yes ☒ None reported
Material weakness(es)? ☐ Yes ☒ No

5. The opinion(s) expressed in the independent auditor's report on compliance for major federal awards was (were):
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2016**

7. The District's major programs were:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Entities
84.011	Title I Part C Education of Migrant Children

8. The threshold used to distinguish between Type A and Type B programs was \$1,258,313.
9. The District qualified as a low-risk auditee? ☒ Yes ☐ No

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2016

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2016

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.



Division of Finance
Accounting Department
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SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Reference Number	Summary of Findings	Status
2015-001	Response: The district has implemented its procedures for a separate, detailed review of program reports and has ensured that the second review is performed and that documentation of that review is maintained according to grant requirements.	Corrective action taken
2015-002	Response: The district's Grants, Accounting, Exceptional Student Services, Nutrition Services, Human Resources and Information Technology Departments implemented automated processes to ensure that federal grant time certifications are properly processed and approved.	Corrective action taken
2015-003	Response: The district performed a proactive review of procurement policies and suspension/debarment policies in December 2013 in anticipation of the new Uniform Guidance for federal grants. Procurement policies have been implemented to clearly specify thresholds for grant-funded purchases. Policies were implemented to clearly state that district-allowed exemptions do not apply to federally-funded purchases.	Corrective action taken

**REPORT ON STATE-FUNDED
STUDENT FINANCIAL
ASSISTANCE PROGRAMS**

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 30, 2016**

Introduction

Pickens Technical College (the College), part of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the District) is a state-supported institution of higher education located in Aurora, Colorado.

The financial and compliance audits of the various state-funded student financial assistance programs at the College for the year ended June 30, 2016 were directed toward the objectives and criteria set forth in the College's financial aid policies and those contained in the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE).

Description of State-Funded Student Financial Assistance Programs

The various state-funded student financial assistance programs at the College include the Colorado Student Grant Program, the Colorado Work-Study Program, the Colorado Merit Program, and the Colorado Technical Education (CTE) Grant Program.

The state-funded student financial assistance awards made by the College were \$407,608 during the fiscal year ended June 30, 2016.

The College's Financial Aid Specialist is responsible for administration of these programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the College in federal and state financial aid programs. The College's Executive Director is responsible for the programs' financial management, general ledger accounting, payments, and collections.

In addition to the state-funded student financial assistance awards made during the year, the College obtained authorizations to award federal student financial aid of \$937,320 in the Federal Pell Grant Program; \$25,386 in the Federal Supplemental Educational Opportunity Grants Program; and \$19,263 in the Federal Work-Study Program.

During the year ended June 30, 2016, the College was authorized to award Colorado student financial aid funds of \$364,772 in the Colorado Student Grant Program, \$13,000 in the Colorado Work-Study Program, \$14,323 in the Colorado Merit Program, and \$15,913 in the CTE Grant Program.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 30, 2016

Report Summary

Purpose and Scope of Audit

Our audit of the state-funded student assistance programs was performed in accordance with the financial compliance elements of “*Standards for Audits of Governmental Organizations, Programs, Activities, and Functions*” issued by the Comptroller General of the United States, as revised through 2004. The purpose of the audit was to formulate an opinion on the statement of student aid program allocations, expenditures and reversions for the fiscal year ended June 30, 2016 and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements, and Governing Board directives which were set forth in the handbook.

Our examination included:

- Expressing an opinion on the statement of allocations, expenditures and reversions of the state-funded student financial assistance programs.
- Evaluation of the policies, procedures and practices used to administer these programs.
- Determination of compliance with applicable sections of Colorado Revised Statutes 23-3.3 et.seq and approved Governing Board Policies.

Summary of Current Year Comments

The audit covered the period July 1, 2015 through June 30, 2016, and fieldwork was performed during the period July 25, 2016 through October 7, 2016, at the District’s Finance Office.

The audit report for the year ended June 30, 2016 contains no findings related to state-funded student financial assistance programs.

Summary of Progress in Implementing Prior Audit Recommendations

There were no matters noted in the audit report for the year ended June 30, 2014.

Independent Auditor's Report on the Statement of Allocations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora, Colorado

Report on the Financial Statements

We have audited the accompanying statement of allocations, expenditures and reversions of the state-funded student financial assistance programs (the Statement) of Pickens Technical College (the College), part of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the District) for the year ended June 30, 2016, and the related notes to the Statement, in accordance with the requirements of *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

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

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado

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

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the allocations, expenditures and reversions of the state-funded student financial assistance programs of Pickens Technical College for the year ended June 30, 2016, pursuant to the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education, and in conformity with the provisions of the College's policies.

Emphasis of Matter

As described in the notes to the statement of allocations, expenditures and reversions of the state-funded student financial assistance programs of Pickens Technical College (the Statement), the Statement was prepared in accordance with the format as set forth in the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education (CDHE), and in conformity with the College's policies for the purpose of complying with the requirements of the state-funded student financial assistance programs. The Statement is a summary of cash activity of the state-funded student financial assistance programs with the exception of the Colorado Work-Study Program and does not present certain transactions that would be included in the Statement of the state-funded student assistance programs if it was presented on the accrual basis of accounting, as prescribed by accounting principles generally accepted in the United States of America. Accordingly, the accompanying Statement is not intended to, and does not, present the financial position, changes in financial position or cash flows of the College in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

This report is intended solely for the information and use of the Board of Education, management of Pickens Technical College, management of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, the CDHE, and the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Denver, Colorado
November 4, 2016

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
**Statement of Allocations, Expenditures and Reversions of the
State-Funded Student Financial Assistance Programs**
Year Ended June 30, 2016

	Colorado Student Grant Program	Colorado Merit	Colorado Work-Study	Colorado Technical Education Grant	Total Colorado Financial Aid
Allocations					
Original	\$ 364,772	\$ 14,323	\$ 25,000	\$ 15,913	\$ 420,008
Allocation adjustment	-	-	(12,000)	-	(12,000)
Total Allocations	364,772	14,323	13,000	15,913	408,008
Expenditures	364,772	14,323	12,600	15,913	407,608
Reversions to State General Fund	\$ -	\$ -	\$ 400	\$ -	\$ 400

See Notes to Statement of Allocations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
**Notes to Statement of Allocations, Expenditures and Reversions
of the State-Funded Student Financial Assistance Programs**
Year Ended June 30, 2016

Note 1: Summary of Significant Accounting Policies

The College's accounting system is structured and administered in accordance with the accounting principles promulgated by the Governmental Accounting Standards Board.

The statement of allocations, expenditures and reversions of the state-funded student assistance programs of Pickens Technical College have been prepared in accordance with the format as set forth in the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education and in conformity with the College's policies.

All student aid is expensed on a cash basis, except for the Colorado Work-Study Program (CWS). The CWS is on the accrual basis in that the expense is recognized when the services are performed.

Note 2: Other – Required Statements, Comments and Recommendations

The College's packaging priority for need-based financial aid applicants is required to give the highest priority to the neediest students. Students with the lowest expected family contribution and the earliest date of filing a completed application are given top priority for available funds. Priority is not given on the basis of new or continuing student status but on the date the application is completed. The student catalog further outlines additional eligibility requirements set forth for specific federal and state assistance programs, including U.S. citizenship, Colorado residency and meeting satisfactory academic progress guidelines.

The College's policies do not allow the transfer of funds between programs.

Note 3: Contingent Liabilities

The state-funded student financial assistance program is subject to periodic program reviews. If disallowances should occur as a result of the program reviews, the College would be required to repay the disallowed amounts.

Independent Auditor's Report on Compliance For Each State-Funded Student Assistance Program and Report on Internal Control Over Compliance

Board of Education
Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora, Colorado

Report on Compliance for Each State Funded Student Assistance Program

We have audited Pickens Technical College's (the College), part of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the District), compliance with the types of compliance requirements described in the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE) that could have a direct and material effect on each of the College's state-funded student financial assistance programs for the year ended June 30, 2016. The College's state-funded student financial assistance programs are identified in the accompanying statement of allocations, expenditures and reversions.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, terms and conditions of its state awards and College policies applicable to its state-funded student financial assistance programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's state-funded student financial assistance programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the CDHE. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state-funded student financial assistance program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each state-funded student financial assistance program. However, our audit does not provide a legal determination of the College's compliance with those requirements.

Opinion on Each State-Funded Student Financial Assistance Program

In our opinion, Pickens Technical College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its state-funded student financial assistance programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above and College policies applicable to state-funded student financial assistance programs. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each state-funded student financial assistance program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the audit requirements of the CDHE, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of CDHE and College policies. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
November 4, 2016