

2016-17



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, 2017



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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, 2017

BOARD OF EDUCATION

Amber Drevon, President

Dan Jorgensen, Ph.D., Vice President

Barbara J. Yamrick, Treasurer

Monica Colbert, Secretary

Cathy Wildman, Director

Eric D. Nelson, Director

JulieMarie Shepherd Macklin, Ph.D., Director

Superintendent
D. Rico Munn

Prepared by:

Brett J. Johnson, Chief Financial Officer

Gina M. Lanier, Controller

Thomas G. McNish, Senior Accountant

Jerrid M. Haywood, Grant Accountant

Theresa M. Larson, Accountant

Donna L. McClary, Accountant

Teresa E. Smith, 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, 2017**

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COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
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INTRODUCTORY SECTION



GOVERNING BOARD OF EDUCATION FUNCTION AND COMPOSITION

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

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
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November 8, 2017

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, 2017, 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, 2017. 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 six charter schools. In school year 2016-17, the district employed 2,548 licensed employees.

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.

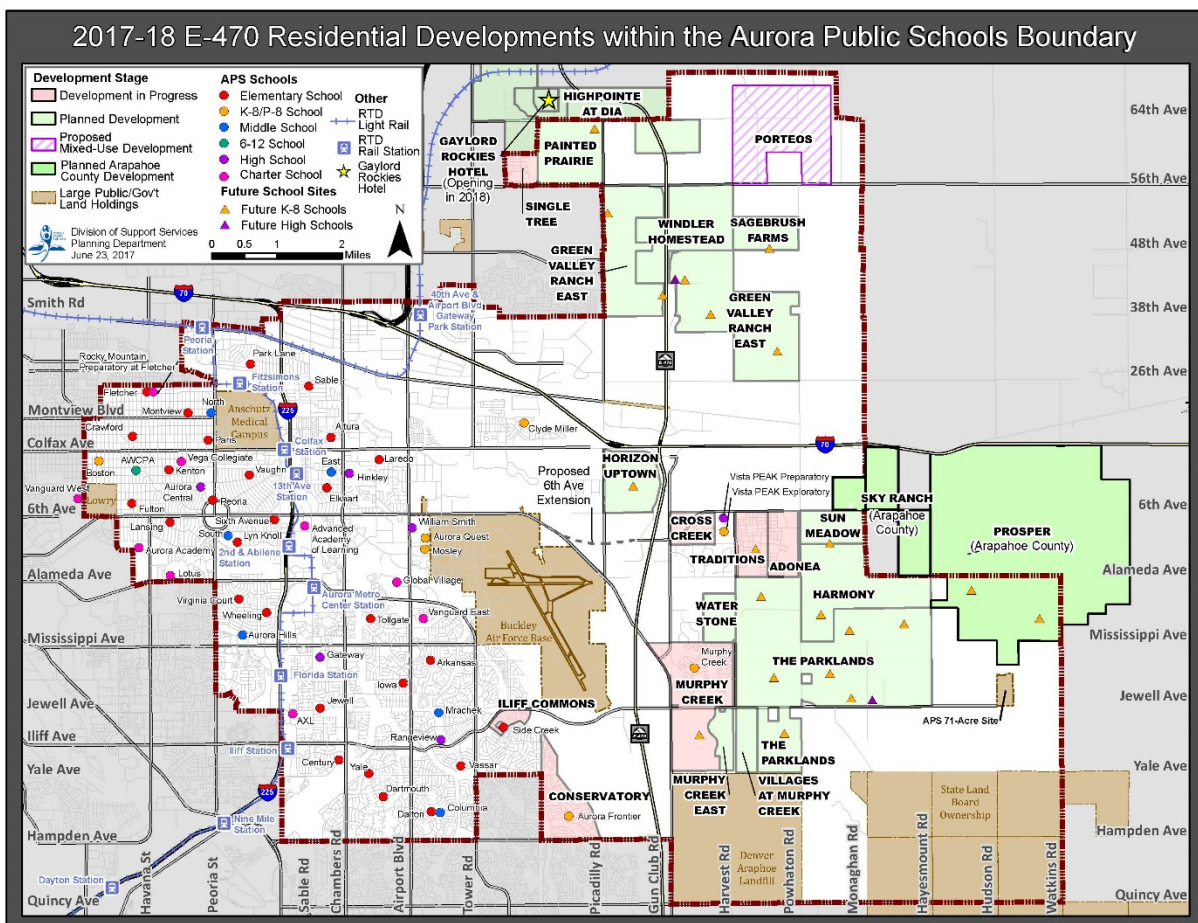
The transportation department travels over 1.3 million miles annually, transporting over 9,650 general education students and over 785 special needs students to and from school each day. This requires 58 general education buses and 51 special needs buses to accomplish this daily transportation service. In total, 140 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 seven component units: the Aurora Public Schools Education Foundation and six charter schools - Aurora Academy, Lotus School for Excellence, Global Village Academy, Vanguard Classical School, AXL Charter School and Rocky Mountain Preparatory School at Fletcher.

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 361,000 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 109,298 people, however 168,912 employees are located in the city. City demographics indicate that 37.1 percent are college graduates. Median household income is \$53,011, and the median age is 33.6. 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 of 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 \$1.1 million, from \$41.7 million to \$40.6 million. Total fund balance in the General Fund is 11.5 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, including accreted interest, as of June 30, 2017, is \$491.8 million. During 2016-17, \$19.2 million from the district's bond program authorized in 2016 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 will benefit from various projects funded from the 2016 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 2016-17. For 2017-18, the negative factor is estimated to reduce funding available to public education by \$830.7 million statewide. During 2016-17, Aurora received \$7,702 per pupil (post-rescission), \$106 more than the prior year. If sufficient revenue were

available in Colorado's General Fund, APS would receive \$8,704 per pupil, or over \$40 million more in state per pupil funding.

Considering reductions in state per pupil funding as a result of the negative factor and fewer 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 2017-18, state per pupil funding is expected to increase by \$218, from \$7,702 to \$7,920. Along with the per pupil increase, the 2017-18 budget was developed based on a projected decrease of 372 funded pupils. The reduction of funded pupils results in decreased state funding of \$2.9 million. The increase in per pupil funding 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 six charter schools operating in 2016-17: Aurora Academy, Lotus School for Excellence, Global Village Academy, Vanguard Classical School, AXL Charter School and Rocky Mountain Preparatory School at Fletcher.

Local Property Tax Support

Property taxes collected during the 2016-17 fiscal period were based on assessed valuations which increased by \$28.3 million, from \$2.146 billion in 2015-16 to \$2.174 billion in 2016-17.

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 SAT scores, both measures of academic achievement, are below state average. In 2016-17, eleven schools moved off the accountability clock and six schools moved onto the state's accountability clock, bringing the district's total to fourteen. 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.

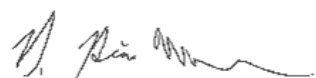
APS, like every other school district in the nation, does not have unlimited time or resources. This reality demands that we be focused, creative, and above all else, strategic. Our students, families and community deserve better schools and higher achievement. This belief fuels our reform work. It also 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, 2016. This was the 33rd 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



Brett Johnson
Chief Financial Officer

AURORA PUBLIC SCHOOLS 2016-17 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, 2016

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, 2017, 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, AXL Academy, or Rocky Mountain Preparatory School, all of which are included as discretely presented component units, which represent 96.90 percent of total assets and 95.00 percent of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2017. 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, AXL Academy, or Rocky Mountain Preparatory School. 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, 2017, 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

Supplemental and Other 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, Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures Report, and 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*, as well as other information including the introductory and statistical sections, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as defined above 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information as defined above 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 8, 2017, 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 8, 2017



**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, 2017

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, 2017. 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 the basic financial statements, the required supplementary information, supplementary information, and the statistical section to further enhance their understanding of the district's financial performance.

Financial Highlights

On the statement of net position, assets and deferred outflows were less than the district's liabilities and deferred inflows, resulting in a net position deficit of \$844.7 million. Total assets increased by \$197.3 million, deferred outflows of resources increased by \$499.5 million, total liabilities increased by \$958.5 million and deferred inflows of resources decreased by \$3.9 million.

On the statement of activities, general revenues totaling \$392.5 million accounted for 84.1 percent of all revenues of the primary government. Program revenues provided \$74.0 million, or 15.9 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, increased by \$179.7 million due to the 2017 issuance of \$200.0 million in new general obligation bonds, \$3.6 million in refunded general obligation bonds, \$0.8 in interest accretion and \$24.7 in scheduled principal payments, leaving \$491.8 million outstanding.

Governmental funds reported combined ending fund balances of \$299.3 million, an increase of \$193.8 million from the prior year. Unassigned fund balance of \$18.2 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 \$265.2 million; fund balance amounts assigned by district management for various operations totaled \$14.3 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.

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.

**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, 2017

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.

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.

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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 and 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, 2017, assets and deferred outflows were less than liabilities and deferred inflows. As required by accounting standard, GASB 68, the district has recorded a noncurrent liability of \$1.6 billion for its net pension liability. The district 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 Colorado Public Employees' Retirement Association (PERA). During 2017, the total net position decreased from a deficit of \$586.9 million to a deficit of \$844.7 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, increased by \$2.0 million, from \$376.0 million to \$378.0 million due to increased depreciation of \$23.5 million which offset the \$25.5 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 \$297.8 million, an increase of \$193.9 million over the previous year. The increase is due in large part to the issuance of \$200.0 million in general obligation bonds approved by voters in November 2016. Nondepreciable capital assets increased by \$19.9 million due to an increase in construction in progress related to bond projects.

Current liabilities increased by approximately 25.2 percent due to a combination of items. Accounts payable increased by \$0.4 million due to increased construction related invoices. Accrued compensation increased by \$0.5 million due to a half year general salary increase of 1.2 percent. Unearned revenue increased by \$0.4 million due the advance funding for the School Turnaround Leaders grant. Accrued interest and bonds payable increased by \$12.7 million due to the addition of the 2017A general obligation bonds approved by voters in November 2016. Noncurrent liabilities were increased by recording the net pension liability of \$1.6 billion required by GASB Statement No. 68.

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 \$10.9 million.

Net position for governmental activities decreased by \$257.8 million. Expenses for governmental activities increased by \$231.2 million primarily due to the \$222.5 million additional pension expense recorded related to GASB 68. The charts on the next page illustrate the impact by program area in both 2016-17 and 2015-16. When removing the impact, total expenses increase by \$8.7 million. Of that increase, Instruction and Pupil Support expenses offset to an increase of \$2.5 million. This is primarily due to the increased cost of substitute employees resulting from a new program that dramatically increased fill rates. Personnel/data/risk management increased by \$2.8 million. This is primarily attributable to an increase in required grant funding set aside for supplemental education services through No Child Left Behind

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(NCLB). Interest on long-term debt increased by \$2.4 million and bond issuance costs increased by \$1.3 million due to newly issued general obligation bonds in 2017.

Impact of Pension Expense Allocation by Program
Governmental Activities
Fiscal Year 2016-2017

	Program Expenses	Allocated Pension Expense	Difference
Instruction	\$ 387,982,826	\$ 157,832,142	\$ 230,150,684
Pupil support	65,751,003	27,638,221	38,112,782
Instructional staff support	40,046,191	15,190,153	24,856,038
General administration	11,017,449	3,158,661	7,858,788
School administration	59,817,951	26,219,036	33,598,915
Business administration	7,318,971	3,286,666	4,032,305
Operations & maintenance	52,019,388	14,759,319	37,260,069
Transportation	16,901,585	6,293,113	10,608,472
Personnel/data/risk mgmt	29,199,643	8,538,815	20,660,828
Other support services	11,955,507	1,764,739	10,190,768
Food service operations	23,652,945	6,297,964	17,354,981
Interest on long-term debit	17,363,928	-	17,363,928
Bond issuance costs	1,287,557	-	1,287,557
Total	<u>\$ 724,314,944</u>	<u>\$ 270,978,829</u>	<u>\$ 453,336,115</u>

Impact of Pension Expense Allocation by Program
Governmental Activities
Fiscal Year 2015-2016

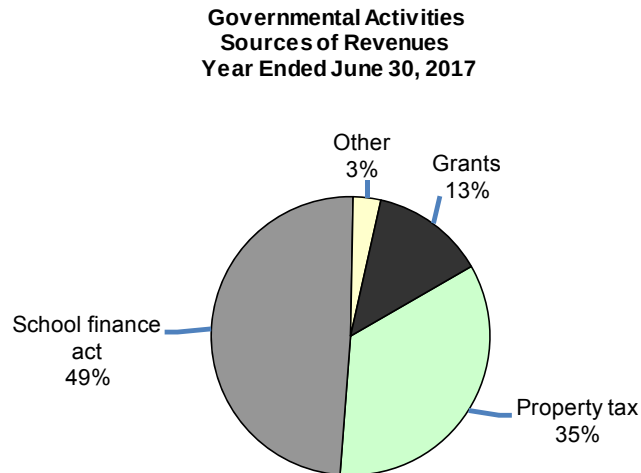
	Program Expenses	Allocated Pension Expense	Difference
Instruction	\$ 267,967,412	\$ 29,639,838	\$ 238,327,574
Pupil support	30,955,920	3,544,434	27,411,486
Instructional staff support	28,239,638	2,642,345	25,597,293
General administration	7,231,965	585,805	6,646,160
School administration	38,531,908	4,718,516	33,813,392
Business administration	5,830,127	627,757	5,202,370
Operations & maintenance	38,990,148	2,692,470	36,297,678
Transportation	12,512,885	1,179,759	11,333,126
Personnel/data/risk mgmt	19,329,460	1,494,205	17,835,255
Other support services	10,389,896	251,171	10,138,725
Food service operations	18,150,403	1,127,364	17,023,039
Interest on long-term debit	14,960,302	-	14,960,302
Total	<u>\$ 493,090,064</u>	<u>\$ 48,503,664</u>	<u>\$ 444,586,400</u>

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Property tax revenue increased by \$9.1 million in 2016-17 due to the increase to the bond mill levy from 20 mills to 23 mills. The state's budget balancing factor, the negative factor, remained at the same level as the prior year. In 2016-17, the district's total program funding was reduced by 11.5 percent, or \$40.0 million, compared to a reduction of 11.8 percent, or \$40.9 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 \$8,704 per pupil, compared to \$7,702 per pupil actually received in 2016-2017.

The cost of governmental activities after program revenues are applied was \$650.4 million in 2016-17 and \$424.6 million in 2015-16. This cost represents the district's expenses funded by general revenues, such as property taxes and school finance act revenue. General revenue support for governmental activities was 54.2 percent in 2016-17, and 77.8 percent in 2015-16.

As shown in the following graph, school finance act and property tax revenues account for most of the district's revenue, providing 49.0 percent and 35.0 percent, respectively. Another 13.0 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, 2017. Comparative data for June 30, 2016, 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			
	June 30, 2017	June 30, 2016	Increase (Decrease)	% Change from 2016
Current assets	\$ 89,321,750	\$ 87,926,175	\$ 1,395,575	1.6%
Noncurrent assets, excluding capital assets	248,434,844	54,564,638	193,870,206	355.3%
Capital assets, net	377,968,291	375,953,186	2,015,105	0.5%
Total assets	715,724,885	518,443,999	197,280,886	38.1%
Deferred outflows of resources	647,671,219	148,149,101	499,522,118	337.2%
Current liabilities	70,171,455	56,044,383	14,127,072	25.2%
Noncurrent liabilities outstanding	2,130,197,127	1,185,809,209	944,387,918	79.6%
Total liabilities	2,200,368,582	1,241,853,592	958,514,990	77.2%
Deferred inflows of resources	7,768,489	11,670,195	(3,901,706)	-33.4%
Net investment in capital assets	33,582,219	24,061,345	9,520,874	39.6%
Restricted	68,241,264	57,065,755	11,175,509	19.6%
Unrestricted (deficit)	(946,564,450)	(668,057,787)	(278,506,663)	41.7%
Total net position (deficit)	\$ (844,740,967)	\$ (586,930,687)	\$ (257,810,280)	43.9%

The deferred outflow increase of \$499.5 million and the deferred inflow decrease of \$3.9 million are primarily due to the change in assumptions used for PERA's actuarial valuation. See footnotes 1 and 10 in Notes to the 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, 2016 to June 30, 2017.

Comparative Summary of Activities and Changes in Net Position

	Primary Government			
	Governmental Activities			
	Year Ended June 30, 2017	Year Ended June 30, 2016	Increase (Decrease)	% Change from 2016
REVENUES				
Program revenues:				
Charges for services	\$ 12,545,510	\$ 11,651,148	\$ 894,362	7.7%
Operating grants & contributions	57,223,026	55,215,023	2,008,003	3.6%
Capital grants & contributions	4,181,729	1,637,303	2,544,426	155.4%
General revenues:				
Property taxes	161,122,405	152,056,002	9,066,403	6.0%
School finance act	228,988,569	230,042,314	(1,053,745)	-0.5%
Other	2,443,425	1,358,164	1,085,261	79.9%
Total revenues	466,504,664	451,959,954	14,544,710	3.2%
EXPENSES				
Instruction	387,982,826	267,967,412	120,015,414	44.8%
Pupil support	65,751,003	30,955,920	34,795,083	112.4%
Instructional staff support	40,046,191	28,239,638	11,806,553	41.8%
General administration	11,017,449	7,231,965	3,785,484	52.3%
School administration	59,817,951	38,531,908	21,286,043	55.2%
Business administration	7,318,971	5,830,127	1,488,844	25.5%
Operations & maintenance	52,019,388	38,990,148	13,029,240	33.4%
Transportation	16,901,585	12,512,885	4,388,700	35.1%
Personnel/data/risk mgmt	29,199,643	19,329,460	9,870,183	51.1%
Other support services	11,955,507	10,389,896	1,565,611	15.1%
Food service operations	23,652,945	18,150,403	5,502,542	30.3%
Interest on long-term debt	17,363,928	14,960,302	2,403,626	16.1%
Bond issuance costs	1,287,557	-	1,287,557	100.0%
Total expenses	724,314,944	493,090,064	231,224,880	46.9%
Change in net position	(257,810,280)	(41,130,110)	(216,680,170)	526.8%
Net position (deficit) - beginning of year	(586,930,687)	(545,800,577)	(41,130,110)	7.5%
Net position (deficit) - end of year	\$ (844,740,967)	\$ (586,930,687)	\$ (257,810,280)	43.9%

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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.

Governmental Funds

Governmental funds had total revenues and other financing sources of \$739.4 million and expenditures including other financing uses of \$545.5 million. As of the end of the current fiscal year, the district's nine governmental funds reported combined ending fund balances of \$299.3 million, an increase of \$193.8 million. Significant changes in fund balances occurred in the Building Fund.

The Building Fund is used to account for construction projects financed by the sale of general obligation bonds. The fund recorded an ending fund balance of \$196.8 million, an increase of \$183.9 million from the prior year. This is the result of Aurora voters approving a \$300.0 million bond measure in November 2016 of which \$200.0 million of these approved general obligation bonds were sold in January 2017.

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 \$9.8 million is shown as fund balance restricted for TABOR emergency reserve. The General Fund's unassigned fund balance is \$18.2 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 April 2017, that requires a minimum total fund balance of 4.5 percent of General Fund actual ordinary revenue. This year's fund balance exceeds this requirement by \$24.8 million, or 7.0 percent of General Fund ordinary revenue.

**Revenues and Other Financing Sources
Governmental Funds**

	Year Ended		Increase (Decrease)	% Change from 2016
	June 30, 2017	June 30, 2016		
Local:				
Property and specific ownership taxes	\$ 160,613,613	\$ 152,137,723	\$ 8,475,890	5.6%
Other	21,461,518	19,300,406	2,161,112	11.2%
State	234,409,035	233,366,162	1,042,873	0.4%
Federal	50,158,343	46,324,463	3,833,880	8.3%
Subtotal	466,642,509	451,128,754	15,513,755	3.4%
Other financing sources	272,707,494	471,852	272,235,642	57695.1%
Total	<u>\$ 739,350,003</u>	<u>\$ 451,600,606</u>	<u>\$ 287,749,397</u>	63.7%

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Property and specific ownership revenue tax revenue increased by \$8.5 million compared to last year primarily due to an increase in the bond mill from 20 mills in 2016 to 23 mills in 2017 to support the repayment of the newly issued 2017 general obligation bonds approved by voters in November 2016. Specific ownership tax revenue, which is directly related to new vehicle purchases within the district, increased from \$10.6 million to \$12.3 million, or 16.1 percent, in 2016-17. Other financing sources increased by \$272.2 million due to the \$200.0 million sale of general obligation bonds, \$32.8 million premium on bond sale and transfer of \$29.3 million from the building fund to the capital reserve fund to pay off the 2014 Certificates of Participation.

Expenditures and Other Financing Uses
Governmental Funds

	Year Ended			
	June 30, 2017	June 30, 2016	Increase (Decrease)	% Change from 2016
Instruction	\$ 214,929,614	\$ 223,246,824	\$ (8,317,210)	-3.7%
Pupil support	38,355,985	28,060,095	10,295,890	36.7%
Instructional staff support	24,725,079	25,469,964	(744,885)	-2.9%
General administration	7,608,582	6,479,915	1,128,667	17.4%
School administration	33,598,915	33,813,391	(214,476)	-0.6%
Business administration	3,903,091	5,014,697	(1,111,606)	-22.2%
Operations and maintenance	34,003,115	33,336,642	666,473	2.0%
Transportation	11,842,509	11,529,861	312,648	2.7%
Personnel/data/risk management	19,374,198	16,939,560	2,434,638	14.4%
Other support services	6,468,817	6,241,166	227,651	3.6%
Food service operations	16,993,913	16,572,946	420,967	2.5%
Facilities acquisition/improvement	24,542,014	17,593,415	6,948,599	39.5%
Debt service	71,674,992	34,866,838	36,808,154	105.6%
Subtotal	508,020,824	459,165,314	48,855,510	10.6%
Other financing uses	37,516,541	471,852	37,044,689	7850.9%
Total	\$ 545,537,365	\$ 459,637,166	\$ 85,900,199	18.7%

Governmental fund expenditures increased by 18.7 percent due to a variety of factors:

- Instructional costs decreased by \$8.3 million while pupil support costs increased by \$10.3 million, resulting in a net increase of \$2.0 million. This increase is primarily due to the increased cost of substitutes since implementing a new program that dramatically increased the fill rate.
- Personnel/data/risk management costs increased by \$2.4 million primarily due to an increase in required grant funded set aside for supplemental education services through No Child Left Behind (NCLB).
- Facilities acquisition and improvement costs increased by \$6.9 million due to the start of approved general obligation bond funded projects in 2017.
- Debt service increased by \$36.8 million primarily due to the repayment of the 2014 Certificates of Participation used to build a new P-8 school.

The majority of the district's governmental expenses, 60.4 percent, are directly related to the delivery of instruction, caring for, feeding and transporting students. These programs increased expenditures by \$2.0 million compared to 2015-16 and are accounted for in the instruction, pupil support, instructional support, food service operations and transportation programs. The district's administrative expenses increased

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year over year by \$30.2 thousand, and are 10.2 percent of total costs. These programs are accounted for in the general administration, school administration, business administration, and other support services programs.

Capital Assets and Debt Administration

Capital Assets

Net of depreciation, the district's capital assets as of June 30, 2017, totaled \$378.0 million, which is invested in land, buildings, equipment, software and construction-in-progress. Depreciation charges this year totaled \$23.5 million.

**Capital Assets
(Net of Depreciation)**

	Primary Government			
	Governmental Activities			
	June 30, 2017	June 30, 2016	Increase (Decrease)	% Change from 2016
Land	\$ 20,451,625	\$ 20,451,625	\$ -	0.0%
Buildings & improvements	317,738,333	336,841,343	(19,103,010)	-5.7%
Equipment, software & vehicles	10,827,845	9,559,729	1,268,116	13.3%
Subtotal	349,017,803	366,852,697	(17,834,894)	-4.9%
Construction-in-progress	28,950,488	9,100,489	19,849,999	218.1%
Total	\$ 377,968,291	\$ 375,953,186	\$ 2,015,105	0.5%

The most significant impact on capital assets this year was the additions made to construction-in-progress due to the start of renovations and improvements to school buildings and other facilities funded by the sale of general obligation bonds in January 2017. Additions to construction in progress totaled \$19.9 million. For more information on the district's capital assets, refer to Note 5 Capital Assets in the Notes to the Financial Statements.

Long-Term Debt

Long-term debt principal, accreted interest and premiums on general obligation debt totaled \$549.1 million in general obligations bonds, with \$31.2 million due in one year. For more information on the district's long-term debt, refer to Note 6 Noncurrent Liabilities in the Notes to the Financial Statements.

Outstanding Debt as of June 30, 2017

	Primary Government			
	Governmental Activities			
	June 30, 2017	June 30, 2016	Increase (Decrease)	% Change from 2016
General obligation bonds	\$ 491,840,604	\$ 312,092,167	\$ 179,748,437	57.6%
Capital lease	2,154,433	-	2,154,433	100.0%
Certificates of participation	-	30,397,796	(30,397,796)	-100.0%
Premiums/(discounts)	57,212,797	30,722,429	26,490,368	86.2%
Total	\$ 551,207,834	\$ 373,212,392	\$ 177,995,442	47.7%

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

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Economic Factors and Fiscal Year 2017-2018 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 2017-2018 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 2017-18, the negative factor is estimated to reduce funding available to public education by \$830.7 million statewide. In 2017-18, 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 \$8,920 per pupil, compared to the projected amount of \$7,920.

As with any plan, the 2017-18 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 2017-18 budget are based include:

- School Finance Act per-pupil total program funding after the negative factor: \$7,920
- Decrease in enrollment, including charter schools: 371.5 students, a decrease of 0.95 percent
- Overall costs for health benefit premiums decreased by 14.0 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 up to a 2.0 percent holdback of pupil enrollment to mitigate future risk; should a school's enrollment come in higher than the 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, 2017, total fund balance in the General Fund is \$40.6 million (including the reserve for Risk Management).

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, 2017**

	Primary Government Governmental Activities	Component Units Charter Schools
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 71,207,876	\$ 7,430,313
Due from other governments	-	170,015
Receivables (net of allowance for uncollectibles)	16,278,994	318,118
Inventories	709,871	-
Prepaid items and other assets	1,125,009	439,679
Total current assets	<u>89,321,750</u>	<u>8,358,125</u>
Noncurrent assets:		
Restricted: Cash and investments	248,434,844	3,335,703
Nondepreciable capital assets	49,402,114	3,622,270
Depreciable capital assets	328,566,177	28,404,647
Total noncurrent assets	<u>626,403,135</u>	<u>35,362,620</u>
Total assets	<u>715,724,885</u>	<u>43,720,745</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	20,591,708	-
Items related to pension plan	627,079,511	46,305,874
Total deferred outflows of resources	<u>647,671,219</u>	<u>46,305,874</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	12,097,431	1,480,915
Accrued salaries and benefits	20,897,214	1,639,847
Liability claims and premiums	690,618	-
Intergovernmental payable	185,508	-
Unearned revenue	1,186,587	30,133
Accrued interest payable	2,085,795	123,046
Noncurrent liabilities, due within one year:		
General obligation bonds	31,180,000	-
Compensated absences	1,620,789	-
Notes, leases and mortgages payable	227,513	1,318,600
Total current liabilities	<u>70,171,455</u>	<u>4,592,541</u>
Noncurrent liabilities, due beyond one year:		
Notes, leases and mortgages payable	1,926,920	31,045,348
General obligation bonds	517,873,401	-
Net pension liability	1,601,209,456	102,334,551
Compensated absences	9,187,350	-
Total noncurrent liabilities	<u>2,130,197,127</u>	<u>133,379,899</u>
Total liabilities	<u>2,200,368,582</u>	<u>137,972,440</u>
DEFERRED INFLOWS OF RESOURCES		
Items related to pension plan	7,768,489	600,287
NET POSITION		
Net investment in capital assets	33,582,219	2,674,188
Restricted for:		
Colorado Preschool Program	280,370	-
TABOR emergency reserve	9,782,490	1,159,492
Legal contingency	-	50,000
Medicaid	7,502,442	-
Student fees	2,863,028	-
Charter school agreements	300,301	-
Debt service	47,512,633	-
Unrestricted (deficit)	(946,564,450)	(52,429,788)
Total net position (deficit)	<u>\$ (844,740,967)</u>	<u>\$ (48,546,108)</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 Financial Position
Aurora Public Schools Foundation
June 30, 2017**

ASSETS

Cash and cash equivalents	\$	1,187,680
Other receivables		<u>140,000</u>
Total current assets	\$	<u>1,327,680</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	<u>24,000</u>
Total liabilities		<u>24,000</u>

Net Assets:

Unrestricted		374,343
Temporarily restricted		829,337
Permanently restricted		<u>100,000</u>
Total net assets		<u>1,303,680</u>
Total liabilities and net assets	\$	<u>1,327,680</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 Activities
For the Year Ended June 30, 2017**

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units
Primary government:					
Governmental activities:					
Instruction	\$ 387,982,826	\$ 6,542,641	\$ 35,721,089	\$ -	\$ -
Pupil support	65,751,003	-	5,576,854	-	-
Instructional staff support	40,046,191	-	361,978	-	-
General administration	11,017,449	-	6,214	-	-
School administration	59,817,951	-	-	-	-
Business administration	7,318,971	-	-	-	-
Operations and maintenance	52,019,388	1,205,769	-	-	-
Transportation	16,901,585	-	-	-	-
Personnel/data services/risk management	29,199,643	-	-	-	-
Other support services	11,955,507	3,383,121	-	4,181,729	-
Food service operations	23,652,945	1,413,979	15,556,891	-	-
Interest on long-term debt	17,363,928	-	-	-	-
Bond issuance costs	1,287,557	-	-	-	-
Total governmental activities	724,314,944	12,545,510	57,223,026	4,181,729	-
Component units:					
Charter schools	\$ 58,477,644	\$ 1,133,076	\$ 1,561,184	\$ 1,630,226	(54,153,158)
General revenues:					
Property taxes, levied for general use				112,181,289	-
Property taxes, levied for debt service				48,941,116	-
School Finance Act, unrestricted				228,988,569	32,237,326
Earnings on investments				2,443,425	99,099
Other - component units				-	3,373,809
Total general revenues				392,554,399	35,710,234
Change in net position				(257,810,280)	(18,442,924)
Net position (deficit) - July 1, 2016				(586,930,687)	(30,103,184)
Net position (deficit) - June 30, 2017				\$ (844,740,967)	\$ (48,546,108)

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, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions – general	\$ 174,897	\$ 851,675	\$ -	\$ 1,026,572
Special events revenue	91,561	56,625	-	148,186
Less special events direct expenses	(49,601)	-	-	(49,601)
Investment income	587	87	-	674
Net assets released from restrictions	903,204	(903,204)	-	-
Total revenues, gains and other support	1,120,648	5,183	-	1,125,831
Expenses:				
Program services:				
Scholarships	58,756	-	-	58,756
Special projects	622,981	-	-	622,981
Future centers	173,127	-	-	173,127
Total program services	854,864	-	-	854,864
Support services:				
General and administrative	82,682	-	-	82,682
Fundraising	14,170	-	-	14,170
Total expenses	951,716	-	-	951,716
Change in net assets	168,932	5,183	-	174,115
Net assets, beginning of the year	205,411	824,154	100,000	1,129,565
Net assets, end of the year	\$ 374,343	\$ 829,337	\$ 100,000	\$ 1,303,680

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, 2017

		Debt Service		Special Revenue	
		Bond			
	General	Redemption	Grants	Nutrition Services	
ASSETS					
Assets:					
Cash and cash equivalents	\$ 58,404,949	\$ -	\$ -	\$ 1,827,986	
Deposits	15,058	-	-	-	
Receivables (net of allowance for uncollectibles):					
Property taxes	3,923,128	994,737	-	-	
Grants	-	-	6,351,914	1,652,819	
Interfund receivable	3,763,257	-	-	-	
Other	1,615,789	778	-	-	
Prepaid items	795,964	-	-	21,474	
Inventories	-	-	-	709,871	
Restricted: Cash and cash equivalents	421,870	46,977,347	-	-	
Total assets	<u>\$ 68,940,015</u>	<u>\$ 47,972,862</u>	<u>\$ 6,351,914</u>	<u>\$ 4,212,150</u>	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,714,250	\$ 1,749	\$ 406,095	\$ 27,323	
Intergovernmental payable	185,508	-	-	-	
Retainages payable	-	-	-	-	
Interfund payable	-	-	3,763,257	-	
Accrued compensation	18,953,267	-	1,043,456	437,206	
Unearned revenue - grants	-	-	1,139,106	-	
Unearned revenue - other	43,163	-	-	-	
Future claims liability	690,618	-	-	-	
Compensated absences	900,519	-	-	-	
Total liabilities	<u>26,487,325</u>	<u>1,749</u>	<u>6,351,914</u>	<u>464,529</u>	
Deferred inflows of resources:					
Unavailable fund resources	<u>1,780,703</u>	<u>458,480</u>	<u>-</u>	<u>-</u>	
Fund balances:					
Nonspendable:					
Prepaid items	795,964	-	-	21,474	
Inventories	-	-	-	709,871	
Restricted for:					
Colorado Preschool Program	280,370	-	-	-	
TABOR emergency reserve	9,782,490	-	-	-	
Medicaid	-	-	-	-	
Student fees	-	-	-	-	
Charter school agreements	300,301	-	-	-	
Debt service	-	47,512,633	-	-	
Capital projects	-	-	-	-	
Committed for:					
Contractual agreement	100,000	-	-	-	
Assigned to:					
Athletic activity	-	-	-	-	
Nutrition services	-	-	-	3,016,276	
Capital projects	350,000	-	-	-	
Instructional - carryover	1,963,187	-	-	-	
Risk related activity	695,514	-	-	-	
Fiscal management	4,891,245	-	-	-	
Future land purchases	2,000,000	-	-	-	
Instructional textbook adoption	292,871	-	-	-	
Exceptional student services	1,000,000	-	-	-	
Unassigned	18,220,045	-	-	-	
Total fund balances	<u>40,671,987</u>	<u>47,512,633</u>	<u>-</u>	<u>3,747,621</u>	
Total liabilities, deferred inflows and fund balances	<u>\$ 68,940,015</u>	<u>\$ 47,972,862</u>	<u>\$ 6,351,914</u>	<u>\$ 4,212,150</u>	

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

Capital Projects			
Building	Capital Reserve	Other Governmental	Total Governmental
\$ -	\$ -	\$ 10,974,941	\$ 71,207,876
-	-	-	15,058
-	-	-	4,917,865
1,582,453	-	89,027	9,676,213
-	-	-	3,763,257
-	67,306	1,043	1,684,916
25,866	-	11,642	854,946
-	-	-	709,871
201,035,627	-	-	248,434,844
<u>\$ 202,643,946</u>	<u>\$ 67,306</u>	<u>\$ 11,076,653</u>	<u>\$ 341,264,846</u>
\$ 5,241,813	\$ 9,450	\$ 134,180	\$ 11,534,860
-	-	-	185,508
562,571	-	-	562,571
-	-	-	3,763,257
-	-	463,285	20,897,214
-	-	-	1,139,106
-	-	4,318	47,481
-	-	-	690,618
-	-	-	900,519
<u>5,804,384</u>	<u>9,450</u>	<u>601,783</u>	<u>39,721,134</u>
-	-	-	2,239,183
25,866	-	11,642	854,946
-	-	-	709,871
-	-	-	280,370
-	-	-	9,782,490
-	-	7,502,442	7,502,442
-	-	2,863,028	2,863,028
-	-	-	300,301
-	-	-	47,512,633
196,813,696	57,856	-	196,871,552
-	-	-	100,000
-	-	97,758	97,758
-	-	-	3,016,276
-	-	-	350,000
-	-	-	1,963,187
-	-	-	695,514
-	-	-	4,891,245
-	-	-	2,000,000
-	-	-	292,871
-	-	-	1,000,000
-	-	-	18,220,045
<u>196,839,562</u>	<u>57,856</u>	<u>10,474,870</u>	<u>299,304,529</u>
<u>\$ 202,643,946</u>	<u>\$ 67,306</u>	<u>\$ 11,076,653</u>	<u>\$ 341,264,846</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, 2017**

Total fund balances for governmental funds		\$ 299,304,529
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.		377,968,291
Deferred losses on debt refundings are not recognized in the fund statements but are deferred outflows of resources in the government-wide financial statements.		20,591,708
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.		(551,207,834)
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.		2,239,183
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	\$ 627,079,511	
Deferred inflows of resources	(7,768,489)	
Net pension liability	(1,601,209,456)	
Total pension effects		(981,898,434)
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.		(2,085,795)
Certain prepaid expense items are not recognized on the fund financial statements but are recognized on the government-wide financial statements.		255,005
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.		(9,907,620)
Total net position (deficit) of governmental activities		<u>\$ (844,740,967)</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, 2017**

		Debt Service		Special Revenue	
		Bond			
	General	Redemption	Grants	Nutrition Services	
REVENUES					
Local:					
Property taxes	\$ 99,353,898	\$ 48,941,116	\$ -	\$ -	
Specific ownership	12,318,599	-	-	-	
Pupil activities	-	-	-	-	
Tuition	1,137,933	-	-	-	
Gifts and grants	63,743	-	1,417,596	-	
Charges for services	3,336,418	-	-	1,413,979	
Other	6,021,141	-	-	1,600	
Cash in lieu of land dedication	-	-	-	-	
Rental of buildings	1,161,395	-	-	-	
Earnings on investments	1,387,226	163,644	-	5,627	
State:					
State equalization	208,750,813	-	-	-	
Vocational education	1,137,630	-	-	-	
Special education	8,190,131	-	-	-	
Grants	-	-	2,157,709	283,778	
Transportation	1,519,782	-	-	-	
English Language Proficiency Act	5,896,422	-	-	-	
READ Act	3,104,497	-	-	-	
Gifted and talented	389,294	-	-	-	
Federal grants	142,355	-	30,040,188	15,273,113	
Medicaid reimbursements	-	-	-	-	
Total revenues	353,911,277	49,104,760	33,615,493	16,978,097	
EXPENDITURES					
Current:					
Instruction	195,371,903	-	16,144,590	-	
Pupil support	28,210,627	-	5,232,253	-	
Instructional staff support	17,676,391	-	6,574,901	-	
General administration	5,710,424	8,500	1,889,260	-	
School administration	33,355,525	-	209,938	-	
Business administration	3,806,971	-	31,148	-	
Operations and maintenance	33,066,841	-	5,479	-	
Transportation services	10,324,559	-	8,365	-	
Personnel/data/risk management	17,909,420	-	1,393,582	-	
Other support services	5,575,263	-	824,546	-	
Food service operations	-	-	-	16,993,913	
Facilities acquisition and improvements	2,738,034	-	1,301,431	-	
Debt service:					
Principal	-	20,925,000	-	-	
Interest	-	17,773,800	-	-	
Bond issuance costs	-	19,669	-	-	
Total expenditures	353,745,958	38,726,969	33,615,493	16,993,913	
Excess (deficiency) of revenues over (under) expenditures	165,319	10,377,791	-	(15,816)	
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	3,665,000	-	-	
Premium on long-term debt	-	459,958	-	-	
Payments to Escrow	-	(4,105,289)	-	-	
Transfers in:					
General fund	-	-	-	499,972	
Building Fund	-	-	-	-	
Transfers out:					
Nutrition Services Fund	(499,972)	-	-	-	
Capital Reserve Fund	(289,152)	-	-	-	
Nonmajor governmental funds	(446,347)	-	-	-	
Total other financing sources (uses)	(1,235,471)	19,669	-	499,972	
Net change in fund balances	(1,070,152)	10,397,460	-	484,156	
Fund balances - July 1, 2016	41,742,139	37,115,173	-	3,263,465	
Fund balances - June 30, 2017	\$ 40,671,987	\$ 47,512,633	\$ -	\$ 3,747,621	

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

Capital Projects		Other Governmental	Total Governmental
Building	Capital Reserve		
\$ -	\$ -	\$ -	\$ 148,295,014
-	-	-	12,318,599
-	-	554,641	554,641
-	-	3,835,217	4,973,150
-	-	1,553	1,482,892
-	-	-	4,750,397
-	-	5,571	6,028,312
-	67,306	-	67,306
-	-	-	1,161,395
883,875	3,053	-	2,443,425
-	-	-	208,750,813
-	-	-	1,137,630
-	-	-	8,190,131
2,978,979	-	-	5,420,466
-	-	-	1,519,782
-	-	-	5,896,422
-	-	-	3,104,497
-	-	-	389,294
-	-	-	45,455,656
-	-	4,702,687	4,702,687
3,862,854	70,359	9,099,669	466,642,509
-	-	3,413,121	214,929,614
-	-	4,913,105	38,355,985
-	-	473,787	24,725,079
-	-	398	7,608,582
-	-	33,452	33,598,915
38,263	-	26,709	3,903,091
-	930,795	-	34,003,115
-	1,509,585	-	11,842,509
71,196	-	-	19,374,198
-	-	69,008	6,468,817
-	-	-	16,993,913
19,202,886	21,640	1,278,023	24,542,014
-	30,979,947	-	51,904,947
-	708,688	-	18,482,488
1,267,888	-	-	1,287,557
20,580,233	34,150,655	10,207,603	508,020,824
(16,717,379)	(34,080,296)	(1,107,934)	(41,378,315)
200,000,000	2,411,380	-	206,076,380
32,759,904	-	-	33,219,862
-	-	-	(4,105,289)
-	289,152	446,347	1,235,471
-	29,325,781	2,850,000	32,175,781
-	-	-	(499,972)
(29,325,781)	-	-	(29,614,933)
(2,850,000)	-	-	(3,296,347)
200,584,123	32,026,313	3,296,347	235,190,953
183,866,744	(2,053,983)	2,188,413	193,812,638
12,972,818	2,111,839	8,286,457	105,491,891
\$ 196,839,562	\$ 57,856	\$ 10,474,870	\$ 299,304,529

**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, 2017**

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

Net changes in fund balances - total governmental funds:	\$ 193,812,638
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Repayment of long-term debt is an expenditure in the governmental funds but reduces the liability in the statement of net position.	51,904,947
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Governmental funds report the effect of bond issuances, premiums, discounts, and deferred gain (loss) on refunding issued as an other financing source (use). However, in the statement of activities, the funds associated with the issuances are recorded as long-term liabilities and amounts associated with 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.

Issuance of long-term debt, including refunding debt and capital leases	\$ (206,076,380)	
Premium on issuance of long-term debt, including refunding debt	(33,219,862)	
Payment to refunded bond escrow agent	4,105,289	
Accreted interest on capital appreciation bonds	(753,437)	
Amortization of bond discount/premium and deferred loss on refunding	<u>2,624,819</u>	
		(233,319,571)

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.	(137,846)
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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	25,558,506	
Depreciation expense	(23,542,671)	
Asset retirement activity	<u>(729)</u>	
Total capital outlay reported as expenditures		2,015,106

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.	(270,978,829)
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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 (\$2,085,795) less the previous year's balance (\$1,332,973).	(752,822)
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The change in compensated absences is not recognized as an expenditure in the fund financial statements but is recognized in the statement of activities.	(226,403)
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The amortization of prepaid expense items that are not recognized on the governmental fund statements but are recognized on the government-wide financial statements.	<u>(127,500)</u>
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Change in net position of governmental activities.	<u><u>\$ (257,810,280)</u></u>
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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, 2017**

	Trust	Agency
	Health Trust	Pupil Activity
ASSETS		
Cash and cash equivalents	\$ 1,507,793	\$ 1,626,775
Accounts receivable	8,081	52,238
Total assets	<u>\$ 1,515,874</u>	<u>\$ 1,679,013</u>
LIABILITIES		
Accounts payable	\$ 102,566	\$ 30,981
Unearned revenue	140,364	-
Due to student groups	-	1,648,032
Total liabilities	<u>242,930</u>	<u>\$ 1,679,013</u>
NET POSITION		
Held in trust for employee benefits	<u>1,272,944</u>	
Total net position and liabilities	<u>\$ 1,515,874</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, 2017**

	<u>Trust</u>
	<u>Health Trust</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 8,445
Employee contributions	<u>1,354,310</u>
Total contributions	1,362,755
Investment activity:	
Investment earnings	1,854
Investment expense	<u>(4,104)</u>
Net investment loss	<u>(2,250)</u>
Total additions, net	<u>1,360,505</u>
 DEDUCTIONS	
Benefits	2,113,756
Administrative expense	<u>166,306</u>
Total deductions	<u>2,280,062</u>
Change in net position	(919,557)
Total net position, July 1, 2016	2,192,501
Total net position, June 30, 2017	<u><u>\$ 1,272,944</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
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Notes to Basic Financial Statements
June 30, 2017

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.

Academy for Advanced Learning was in their start-up year of operations for fiscal year ended June 30, 2017. During this period, the school's primary objective was to secure the facility, which was primarily funded by grant revenue. The school did not serve any students during the year and will open for operations in the 2017–2018 school year.

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

<u>School name:</u>	<u>Address:</u>	
Academy of Advanced Learning	431 Sable Boulevard	Aurora, CO 80011
Aurora Academy	10251 E. First Avenue	Aurora, CO 80010
AXL Charter School	14100 E. Jewell Avenue	Aurora, CO 80012
Global Village Academy	16401 E. Alameda Place	Aurora, CO 80017
Lotus School for Excellence	11001 E. Alameda Avenue	Aurora, CO 80012
Rocky Mountain Preparatory Schools	10455 E. 25 th Avenue	Aurora, CO 80010
Vanguard Classical School	801 Yosemite Street	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 ongoing capital outlay needs of the district such as equipment purchases.

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, 2010, and 2017 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, 2017, the district reported both interfund transfers and current 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 1.4 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.

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

The district has no legal obligation to fund the balance of the net pension liability recorded in the government-wide financial statements. Annual contributions to the pension plan are made from the fund in which an employee is paid.

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.

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 \$9,782,490 is shown as restricted fund balance in the General Fund. The district's charter schools recorded \$1,159,492 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

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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		\$	705,615,748
Less excludable amounts:			
Federal Sources	\$	50,158,343	
Override Funding		43,161,242	
Gifts		161,061	
Property Sales		62,494	
Voter approved debt issuance		232,759,904	
Bond Redemption		53,229,716	
Total excludable amounts			<u>379,532,760</u>
Revenues subject to TABOR			326,082,988
TABOR reserve percentage			3%
Amount reserved for emergencies:			
District			9,782,490
Charter schools			<u>1,159,492</u>
Total amount reserved for emergencies		\$	<u><u>10,941,982</u></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 in 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 4.5 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 4.5 percent reserve total is \$14,673,735 less the district's emergency reserve of \$9,782,490, or \$4,891,245. The fiscal management amount of \$4,891,245 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, 2010, and 2017. These funds are included in restricted fund balances that are restricted specifically for capital projects and improvements of district facilities. Also, 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, 2017, are classified in the financial statements as follows.

	Primary Government	Fiduciary Funds	Total
Cash and cash equivalents	\$ 71,207,876	\$ -	\$ 71,207,876
Restricted cash & investments	248,434,844	-	248,434,844
Fiduciary funds	-	3,134,568	3,134,568
Total	<u>\$ 319,642,720</u>	<u>\$ 3,134,568</u>	<u>\$ 322,777,288</u>

Unspent proceeds of the 2008, 2010, and 2017 general obligation bonds in the Building Fund and the cash balances in the Bond Redemption Fund 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 \$54,051,922 and a corresponding bank balance of \$56,436,205. Of the bank balance, \$56,186,205 was uninsured but collateralized in accordance with provisions of the PDPA.

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	\$ 54,022,788	\$ 56,436,205
Cash with fiscal agent	29,134	-
Cash on hand	15,952	-
Total	<u>\$ 54,067,874</u>	<u>\$ 56,436,205</u>

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Investments

The district has deposits in five COLOTRUST accounts, in the amount of \$268,709,414, which are invested in overnight investment accounts and are 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.

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 currently has no investments with recurring measurements. The district's only investments held at June 30, 2017 are at COLOTRUST in the amount of \$268,709,414 which are measured at net asset value. The district utilizes one local government investment pool when a high degree of liquidity is prudent. COLOTRUST is a local government investment pool with a stable net asset value. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. COLOTRUST may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of the U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as a custodian for COLOTRUST's portfolio pursuant to a custodian agreement. The custodian acts as a safekeeping agent for COLOTRUST's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The

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custodian's internal records segregate investments owned by COLOTRUST. COLOTRUST does not have any limitations or restrictions on participant withdrawals.

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	Building	Capital Reserve	Nonmajor Governmental	
Receivables:								
Property taxes, paid within 60 days of year-end	\$ 2,973,475	\$ 537,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,510,511
Reimbursements for federal and state grants	-	-	6,351,914	1,652,819	1,582,453	-	89,027	9,676,213
Property taxes, due within one year	2,370,942	1,157,919	-	-	-	-	-	3,528,861
Interfund	3,763,257	-	-	-	-	-	-	3,763,257
Accounts	1,615,789	778	-	-	-	67,306	1,043	1,684,916
Gross receivables	10,723,463	1,695,733	6,351,914	1,652,819	1,582,453	67,306	90,070	22,163,758
Less allowance for uncollectibles	(1,421,289)	(700,218)	-	-	-	-	-	(2,121,507)
Net total receivables	<u>\$ 9,302,174</u>	<u>\$ 995,515</u>	<u>\$ 6,351,914</u>	<u>\$ 1,652,819</u>	<u>\$ 1,582,453</u>	<u>\$ 67,306</u>	<u>\$ 90,070</u>	<u>\$ 20,042,251</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, 2017 was \$3,763,257.

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 General Fund transferred money to the Capital Reserve Fund to meet current and future capital needs. As part of approved use of bond proceeds, the Building Fund transferred a portion of the proceeds to the Pickens Post Secondary Fund and Capital Reserve Fund to pay for facility improvements and make final payment on the outstanding balance on the 2014 Certificates of Participation, respectively. Transfers processed during the fiscal year ended June 30, 2017, were as follows:

	Transfers in:				
Transfers out:	Nutrition Services Fund	Pickens Post Secondary	Athletic Fund	Capital Reserve Fund	Total
General Fund	\$ 499,972	\$ 126,197	\$ 320,150	\$ 289,152	\$ 1,235,471
Building Fund	-	2,850,000	-	29,325,781	32,175,781
Total	<u>\$ 499,972</u>	<u>\$ 2,976,197</u>	<u>\$ 320,150</u>	<u>\$ 29,614,933</u>	<u>\$ 33,411,252</u>

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NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the fiscal year ended June 30, 2017, follows:

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 20,451,625	\$ -	\$ -	\$ -	\$ 20,451,625
Construction in progress	8,699,025	19,864,404	-	(1,197,766)	27,365,663
Construction in progress - intangible assets	401,464	1,183,361	-	-	1,584,825
Total capital assets, not being depreciated	<u>29,552,114</u>	<u>21,047,765</u>	<u>-</u>	<u>(1,197,766)</u>	<u>49,402,113</u>
Capital assets, being depreciated:					
Buildings and site improvements	628,678,612	152,767	-	1,197,766	630,029,145
Machinery, equipment and vehicles	30,430,504	4,357,974	(3,687,561)	-	31,100,917
Intangible assets - software	5,625,564	-	-	-	5,625,564
Total capital assets, being depreciated	<u>664,734,680</u>	<u>4,510,741</u>	<u>(3,687,561)</u>	<u>1,197,766</u>	<u>666,755,626</u>
Less accumulated depreciation for:					
Building and site improvements	(291,837,269)	(20,453,543)	-	-	(312,290,812)
Machinery, equipment and vehicles	(24,788,405)	(2,081,633)	3,686,832	-	(23,183,206)
Intangible assets - software	(1,707,934)	(1,007,496)	-	-	(2,715,430)
Total accumulated depreciation	<u>(318,333,608)</u>	<u>(23,542,672)</u>	<u>3,686,832</u>	<u>-</u>	<u>(338,189,448)</u>
Total capital assets, being depreciated, net	<u>346,401,072</u>	<u>(19,031,931)</u>	<u>(729)</u>	<u>1,197,766</u>	<u>328,566,178</u>
Governmental activities capital assets, net	<u>\$ 375,953,186</u>	<u>\$ 2,015,834</u>	<u>\$ (729)</u>	<u>\$ -</u>	<u>\$ 377,968,291</u>

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

Governmental activities:	
Instruction	\$ 15,396,379
Instructional staff support	393,297
General administration	250,206
Business administration	306,354
Operations and maintenance	4,337,547
Transportation	1,239,326
Personnel/data services/risk management	1,202,416
Food service operations	417,147
Total depreciation expense - governmental activities	<u>\$ 23,542,672</u>

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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, 2017, total general obligation bonds outstanding are \$489,695,000, total unamortized premium is \$57,212,797, total accreted interest is \$2,145,604. 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.

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. The final payment, including interest, was made on January 31, 2017 for \$1,682,525.
- 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 \$10,135,000. Maturity dates began December 1, 2009, and will continue through December 1, 2020. Interest rates range from 4.375 percent to 5.5 percent. Remaining annual payments for principal and interest range from \$3,646,375 to \$3,660,581.
- In May 2010, the *2010 Series Refunding Bonds* were issued with a total face value of \$101,460,000. As of June 30, 2017, outstanding principal balance for the *2010 Series Refunding Bonds* was \$68,730,000. Maturity dates began December 1, 2010, and will continue through December 1, 2022. Interest rates range from 3.0 percent to 5.0 percent. Remaining annual payments for principal and interest range from \$693,600 to \$15,417,013.
- 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 \$32,920,000. These bonds began maturing on December 1, 2012, with the final principal payment due on December 1, 2028. The interest rate ranges from 3.023 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 \$31,895,000. These bonds began maturing on December 1, 2014, with the final principal payment due on December 1, 2028. The interest rate ranges from 3.702 percent to 6.045 percent. Remaining annual payments for principal and interest range from \$3,585,070 to \$3,883,948.

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- 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 \$142,350,000. 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, 2017, accreted interest for the capital appreciation bonds was \$2,145,604.
- In January 2017, the district issued \$200,000,000 in the *2017A General Obligation Bonds*. Current outstanding balance is \$200,000,000. These bonds begin maturing on December 1, 2017, with the final principal payment due on December 1, 2036. The interest rate ranges from 4.0 percent to 5.0 percent. Remaining annual payments for principal and interest range from \$1,025,000 to \$40,400,750.
- In January 2017, the district issued \$3,665,000 in the *2017B General Obligation Refunding Bonds*. Current outstanding balance is \$3,665,000. These bonds begin maturing on June 1, 2017, with the final principal payment due on December 1, 2020. The interest rate is 5.0 percent. Remaining annual payments for principal and interest range from \$183,250 to \$3,756,625.

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. The proceeds from the COPs were used to build a new P-8 school in the district. On January 31, 2017, the district paid off certificates of participation (COP), principal and interest, with a par value of \$30,720,000 and a discount of \$322,204.

Capital Leases

The Board of Education has approved a master lease purchase agreement for the purpose of financing the costs of acquiring approximately 80 buses and support vehicles 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 \$2,411,380 million dollars with an interest rate of 1.726 percent per year to be repaid over the next 10 years. Assets in the amount of \$2,411,380 were capitalized into machinery and equipment and had related amortization of \$150,596.

Subsequent to year-end, on September 11, 2017, the district financed 16 buses and 7 support vehicles in the amount of \$1.9 million dollars with an interest rate of 2.098 percent per year to be repaid over the next 10 years. The following schedule reflects the debt service.

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Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2017, was as follows:

<u>Issue</u>	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due Within One Year
2003A General obligation bonds	\$ 1,670,000	\$ -	\$ 1,670,000	\$ -	\$ -
2008 General obligation bonds	16,980,000	-	6,845,000	10,135,000	3,215,000
2010 Series refunding bonds	80,520,000	-	11,790,000	68,730,000	12,365,000
2010B Build America Bonds	34,180,000	-	1,260,000	32,920,000	1,290,000
2010D Build America Bonds	33,760,000	-	1,865,000	31,895,000	1,940,000
2012 Refunding bonds	143,590,000	-	1,240,000	142,350,000	1,265,000
2017A General obligation bonds	-	200,000,000	-	200,000,000	11,105,000
2017B Series refunding bonds	-	3,665,000	-	3,665,000	-
2012 Refunding bonds accreted interest	1,392,167	753,437	-	2,145,604	-
Subtotal general obligation debt	312,092,167	204,418,437	24,670,000	491,840,604	31,180,000
Premiums/(discounts) on GO debt	30,722,429	33,219,862	6,729,494	57,212,797	-
Subtotal general obligation debt, net	342,814,596	237,638,299	31,399,494	549,053,401	31,180,000
2014 Certificates of participation	30,720,000	-	30,720,000	-	-
Premiums/(discounts) on COPs	(322,204)	-	(322,204)	-	-
Subtotal COPs	30,397,796	-	30,397,796	-	-
2016 Capital lease	-	2,411,380	256,947	2,154,433	227,513
Subtotal capital lease	-	2,411,380	256,947	2,154,433	227,513
Total debt outstanding	373,212,392	240,049,679	62,054,237	551,207,834	31,407,513
Compensated absences:					
Unpaid vacation	3,953,201	955,365	689,171	4,219,395	746,181
Unpaid sick leave	6,284,249	1,159,100	854,605	6,588,744	874,608
Total compensated absences	10,237,450	2,114,465	1,543,776	10,808,139	1,620,789
Net pension liability	823,387,622	821,858,089	44,036,255	1,601,209,456	-
Total changes in noncurrent liabilities	\$ 1,206,837,464	\$ 1,064,022,233	\$ 107,634,268	\$ 2,163,225,429	\$ 33,028,302

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 previous 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 \$900,519 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. In the November 2016 Election, voters approved the use of the higher 6.0 percent limit. 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 rate and would save the district money. The percentages and amounts used in the following calculation are based on the December 2016 actual valuation and the June 30, 2017 outstanding general obligation bonds payable.

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Debt Limit Factors	Actual Valuation	Percentage of Actual Valuation
Valuation - Adams County	\$ 3,730,788,977	
Valuation - Arapahoe County	12,471,753,351	
Total valuation	16,202,542,328	
Apply percentage	6.0%	
Legal debt limit	972,152,540	6.0%
Less general obligation bonds payable	491,840,604	3.0%
Debt margin	\$ 480,311,936	3.0%

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, 2017:

Date	General Obligation Debt	Total Interest	Total
2018	\$ 31,180,000	\$ 23,231,419	\$ 54,411,419
2019	30,850,000	21,852,583	52,702,583
2020	29,790,000	20,423,769	50,213,769
2021	34,210,000	18,898,639	53,108,639
2022	52,705,000	17,200,436	69,905,436
2023-2027	156,700,000	70,963,687	227,663,687
2028-2032	139,240,000	18,438,923	157,678,923
2033-2037	31,885,000	1,297,125	33,182,125
Total	506,560,000	\$ 192,306,581	\$ 698,866,581
Unaccreted interest on 2012 bonds	(14,719,396)		
Total outstanding principal	\$ 491,840,604		

Date	Capital Lease	Total Interest	Total
2018	\$ 227,513	\$ 32,434	\$ 259,947
2019	226,688	33,259	259,947
2020	230,601	29,346	259,947
2021	234,581	25,366	259,947
2022	238,630	21,317	259,947
2023-2026	996,420	43,364	1,039,784
Total	\$ 2,154,433	\$ 185,086	\$ 2,339,519

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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. One draw was made on January 27, 2017 and a second draw was made on February 27, 2017. The final payment back to the state was made on March 13, 2017. Short-term debt activity relating to this program for the year ended June 30, 2017 was as follows:

Balance July 1, 2016	Draws	Payments	Balance June 30, 2017
\$ -	\$ 13,473,571	\$ 13,473,571	\$ -

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.

Workers' Compensation

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, 8000 E. Maplewood Avenue, Suite 350, Greenwood Village, Colorado 80111.

Liability

The district self-insures the first \$150,000 of each liability loss/claim and purchases insurance for the next \$10,000,000 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

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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 Aurora Academy (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, 2017.

Academy of Advanced Learning

Academy of Advanced Learning entered into a lease agreement with an unrelated party which commenced on July 1, 2017 and expires on June 30, 2032. The lease agreement allows for expansion as the school expands. The total lease payments for fiscal year 2017 were \$81,538.

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, 2017, the School paid \$502,982 under this lease agreement. Minimum lease payments of \$502,982 are required for the year ended June 30, 2018.

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 \$382,498 during the year ended June 30, 2017.

On February 19, 2016, 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, 2017 for the lease was \$28,716. Future minimum lease payments are \$28,716 and \$23,930 in the years ended June 30, 2018 and June 30, 2019, respectively.

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, 2017 were \$2,414,242. Future minimum lease payments of \$2,414,242 are required for the year ended June 30, 2018.

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, 2017.

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Construction Commitments

As of June 30, 2017, 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, 2017
Controls, Lighting, & Equipment-Districtwide Improvements	\$ 1,142,780	\$ 44,967
Sixth & Harvest: P-12 Campus - Infrastructure-P8-HS	70,238,592	268,796
Modular Classrooms	7,702,099	241,651
Dartmouth Building Renewal	625,523	128
Mrachek MS-Kitchen/Cafeteria Addn & Renewal	2,083,389	587,316
Hinkley HS-Pool Building & Roof Repairs, Renewal	3,227,337	39,146
Rangeview HS-Kitchen Remodel & Renewal	2,159,478	705
Pickens Tech-Roof Repairs & Building Renewal	1,918,101	121,277
Facilities Complex-Yard Expansion & Building Renewal	1,005,041	81,477
ESC 1 Windows, ESC 1 & 2 Renewal	282,361	127,599
Technology Equipment Renewal	458,904	156,990
Application Upgrades	4,255	39,420
District Building Renewal Admin	28,205	23,977
Districtwide Improvements - Energy	12,434	25,650
Districtwide Improvements - Safety	7,203	1,300
Security Vestibules	78,367	463,630
New Post-Secondary Building	101,100	436,600
Altura Building Renewal	13,693	67,058
Elkhart Building Renewal	80,573	81,486
Kenton Building Renewal	-	26,109
Park Lane Building Renewal	5,844	59,121
Sixth Ave Building Renewal	5,943	450
Vaughn Building Renewal	600	11,913
Wheeling Building Renewal	9,464	13,157
Aurora Hills MS Building Renewal	-	9,986
Mrachek MS Replacement Project	7,825,579	22,628,938
South MS Building Renewal	53,611	110,672
ACHS Mechanical Repairs, Addition & Renewal	112,720	22,000
Rangeview Addition & Renewal	46,673	305,110
Vista Peak Prep Addition & Renewal	3,512,142	16,818,671
William Smith Building Renewal	29,450	29,500
CDC Jamaica Building Renewal	6,938	13,815
CDC Laredo Building Renewal	-	3,331
Dartmouth Mechanical Replacement	1,645,608	623
Gateway School Based Health Center	5,500	2,500
Elkhart Playground Construction	20,793	56,823
Total	\$ 104,450,299	\$ 42,921,892

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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, 2017:

	Outstanding principal balance
Series 2006 General Obligation Bonds	\$ 58,215,000
Series 2008 General Obligation Bonds	95,450,000
	<u>\$ 153,665,000</u>

The district advance refunded a portion of the Series 2008 general obligation bonds to reduce its total debt service payment and to obtain the economic gain (difference between the present values of the debt service payments on the old and new debt) of \$229,227. A deferred loss on refunding of \$360,289 was recorded.

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, 2017</u>	<u>June 30, 2016</u>
Unpaid claims, beginning of the year	\$ 599,377	\$ 297,597
Incurred claims, including changes in IBNR	1,128,653	1,078,933
Claim payments	(1,037,412)	(777,153)
Unpaid claims, end of year	<u>\$ 690,618</u>	<u>\$ 599,377</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.

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases 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 two percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of two 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 two 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 eight percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the years ended December 31	
	2016	2017
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	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.50%	5.00%
Total Employer Contribution Rate to the SDTF ¹	18.13%	18.63%

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 \$44,036,255 for the year ended June 30, 2017.

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

At June 30, 2017, the district reported a liability of \$1,601,209,456 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The district proportion of the net pension liability was based on the district's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the districts proportion was 5.378 percent, which was a decrease of .005 percent from its proportionate share measured as of December 31, 2015.

For the year ended June 30, 2017, the district recognized pension expense of \$315,015,084. At June 30, 2017, 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	\$ 20,017,574	\$ 14,090
Changes of assumptions or other inputs	519,559,080	7,220,640
Net difference between projected and actual earnings on pension plan investments	53,541,104	-
Changes in proportional share	11,499,348	533,759
Contributions subsequent to the measurement date	22,462,405	N/A
Total	\$ 627,079,511	\$ 7,768,489

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The \$22,462,405 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 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 Ending June 30,	Amount
2018	\$ 242,497,521
2019	237,654,465
2020	116,162,603
2021	534,028
	<u>\$ 596,848,617</u>

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Assumptions	
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
Discount Rate	7.50 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry Age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount Rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent

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Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back two years for males and set back two years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

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

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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

As of the November 18, 2016 adoption of the current 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	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%

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

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- 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 3.50 percent.
- 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.

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Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- 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 financed 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 assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

Sensitivity of the districts 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 5.26 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 (4.26 percent) or one-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$ 2,013,469,437	\$ 1,601,209,456	\$ 1,265,438,624

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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.

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. 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, 2017, 2016 and 2015 the district contributions to the HCTF were \$2,443,576, \$2,470,953 and \$2,307,382, respectively, equal to their required contributions for each year.

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, 2017, program members contributed \$1,947,533.

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).

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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, 2017, program members contributed \$2,042,381.

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: RELATED-PARTY TRANSACTIONS

The district provides administrative and other services to its six 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, 2017 was \$3,336,418, which have been recorded in the district's financial statements.

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.

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.

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Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Property	\$ 100,914,733	\$ 100,432,697	\$ 99,353,898	\$ (1,078,799)
Specific ownership	10,322,400	10,611,885	12,318,599	1,706,714
Tuition	941,245	901,604	1,137,933	236,329
Net earnings on investments	1,150,000	1,150,000	1,387,226	237,226
Rental of buildings	944,800	944,800	1,161,395	216,595
Gifts and grants	-	-	63,743	63,743
Charges for services	2,564,871	2,919,542	3,336,418	416,876
Other	3,981,511	6,630,081	6,021,141	(608,940)
State sources:				
State equalization	201,212,022	208,159,394	208,750,813	591,419
Vocational education	1,000,000	1,000,000	1,137,630	137,630
Special education	8,335,134	8,193,109	8,190,131	(2,978)
English Language Proficiency Act	5,752,773	5,896,412	5,896,422	10
Transportation	1,250,000	1,505,863	1,519,782	13,919
READ Act	3,250,000	3,104,497	3,104,497	-
Gifted and talented	350,000	389,294	389,294	-
Federal	112,000	100,000	142,355	42,355
Total revenues	342,081,489	351,939,178	353,911,277	1,972,099
EXPENDITURES				
Current:				
Instruction	206,569,893	198,605,254	195,371,903	3,233,351
Pupil support	28,578,298	28,272,824	28,210,627	62,197
Instructional staff support	19,000,848	19,211,924	17,676,391	1,535,533
General administration	6,290,855	6,869,986	5,710,424	1,159,562
School administration	32,169,560	33,046,255	33,355,525	(309,270)
Business administration	6,164,016	4,754,805	3,806,971	947,834
Operations and maintenance	35,142,520	34,798,343	33,066,841	1,731,502
Transportation	8,340,034	8,447,960	10,324,559	(1,876,599)
Personnel/data/risk management	20,194,679	19,335,139	17,909,420	1,425,719
Other support services	2,726,685	6,509,504	5,575,263	934,241
Facilities acquisition	6,927,575	5,985,561	2,738,034	3,247,527
Contingencies	690,000	27,073,613	-	27,073,613
Total expenditures	372,794,963	392,911,168	353,745,958	39,165,210
Excess (deficiency) of revenues over (under) expenditures	(30,713,474)	(40,971,990)	165,319	41,137,309
OTHER FINANCING SOURCES				
(USES)				
Transfers out	(320,150)	(820,150)	(1,235,471)	(415,321)
Total other financing sources (uses)	(320,150)	(820,150)	(1,235,471)	(415,321)
Net change in fund balance	\$ (31,033,624)	\$ (41,792,140)	(1,070,152)	\$ 40,721,988
Fund balance - July 1, 2016			41,742,139	
Fund balance - June 30, 2017			\$ 40,671,987	

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, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Gifts and grants	\$ 3,600,295	\$ 2,094,580	\$ 1,417,596	\$ (676,984)
State:				
State grants	1,789,269	2,407,789	2,157,709	(250,080)
Federal grants	31,899,527	34,076,631	30,040,188	(4,036,443)
Total revenues	<u>37,289,091</u>	<u>38,579,000</u>	<u>33,615,493</u>	<u>(4,963,507)</u>
EXPENDITURES				
Current:				
Instruction	16,632,738	17,857,396	16,144,590	1,712,806
Pupil support	4,104,734	5,563,599	5,232,253	331,346
Instructional staff support	7,558,365	7,322,725	6,574,901	747,824
General administration	2,004,956	2,560,146	1,889,260	670,886
School administration	385,299	274,272	209,938	64,334
Business administration	-	1,800	31,148	(29,348)
Operations and maintenance	7,000	4,531	5,479	(948)
Transportation services	-	19,500	8,365	11,135
Personnel/data/risk management	1,713,430	1,672,775	1,393,582	279,193
Other support services	1,128,605	1,127,927	824,546	303,381
Facilities acquisition and improvements	1,001,255	1,748,316	1,301,431	446,885
Other uses	66,500	-	-	-
Contingencies	2,686,209	426,013	-	426,013
Total expenditures	<u>37,289,091</u>	<u>38,579,000</u>	<u>33,615,493</u>	<u>4,963,507</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance - July 1, 2016			-	
Fund balance - June 30, 2017			<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, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local				
Charges for services	\$ 2,480,053	\$ 2,480,053	\$ 1,413,979	\$ (1,066,074)
Other	989	989	1,600	611
Earnings on investments	-	-	5,627	5,627
State:				
State grants	259,248	259,248	283,778	24,530
Federal grants	14,842,503	14,842,503	15,273,113	430,610
Total revenues	17,582,793	17,582,793	16,978,097	(604,696)
EXPENDITURES				
Current:				
Food service operations	20,276,630	21,346,258	16,993,913	4,352,345
Contingencies	700,000	-	-	-
Total expenditures	20,976,630	21,346,258	16,993,913	4,352,345
Excess (deficiency) of revenues over (under) expenditures	(3,393,837)	(3,763,465)	(15,816)	3,747,649
OTHER FINANCING SOURCES				
Transfers in	-	500,000	499,972	(28)
Total other financing sources	-	500,000	499,972	(28)
Net change in fund balance	\$ (3,393,837)	\$ (3,263,465)	484,156	\$ 3,747,621
Fund balance - July 1, 2016			3,263,465	
Fund balance - June 30, 2017			\$ 3,747,621	

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, 2016**

	2016	2015	2014
District's proportion of the net pension liability	5.378%	5.383%	5.243%
District's proportionate share of the net pension liability	\$ 1,601,209,456	\$ 823,387,622	\$ 710,633,013
District's covered-employee payroll	\$ 241,369,031	\$ 234,613,404	\$ 219,654,425
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	663.39%	350.96%	323.52%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	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

Note 3: 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 Contributions
PERA - School Division Trust Fund
For the Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 44,036,255	\$ 42,960,962	\$ 38,200,248
Contributions in relation to the contractually required contribution	<u>(44,036,255)</u>	<u>(42,960,962)</u>	<u>(38,200,248)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 239,566,489	\$ 242,250,288	\$ 226,217,490
Contributions as a percentage of covered-employee payroll	18.38%	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

Note 3: 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**
Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

NOTE 1: 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.

NOTE 2: CHANGE IN ASSUMPTIONS AND OTHER INPUTS FOR PERA – SCHOOL DIVISION TRUST FUND

Changes in assumptions or other inputs since the December 31, 2015 actuarial valuation are as follows:

- i. Investment rate of return assumption decreased from 7.5 percent per year, compounded annually, net of investment expenses, to 7.25 percent.
- ii. Price inflation assumption decreased from 2.80 percent per year to 2.40 percent.
- iii. Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent.
- iv. Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent.
- v. Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables, updated from the RP-2000 Mortality Tables.
- vi. The discount rate was lowered from 7.50 percent to 5.26 percent.

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, 2010 and 2017 General Obligation Bonds.

Capital Reserve Fund

This fund is used to account for the transfers from the General Fund and other revenue sources allocated or earned in this fund. Associated expenditures are for the ongoing capital needs of the district, such as technology, capital projects, deferred maintenance, heating, ventilation and air conditioning (HVAC) projects, vehicles and roofing projects.

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 district 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, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Property taxes	\$ 42,970,761	\$ 49,465,375	\$ 48,941,116	\$ (524,259)
Earnings on investments	11,899	35,000	163,644	128,644
Total revenues	<u>42,982,660</u>	<u>49,500,375</u>	<u>49,104,760</u>	<u>(395,615)</u>
EXPENDITURES				
Current:				
General administration	-	-	8,500	(8,500)
Business administration	-	50,000	-	50,000
Debt service:				
Principal	19,255,000	20,925,000	20,925,000	-
Interest	14,521,140	19,521,140	17,773,800	1,747,340
Bond issuance costs	-	-	19,669	(19,669)
Contingency	46,244,069	46,119,408	-	46,119,408
Total expenditures	<u>80,020,209</u>	<u>86,615,548</u>	<u>38,726,969</u>	<u>47,888,579</u>
Excess (deficiency) of revenues over (under) expenditures	(37,037,549)	(37,115,173)	10,377,791	47,492,964
OTHER FINANCING SOURCES				
Issuance of long-term debt	-	-	3,665,000	3,665,000
Premium on long-term debt	-	-	459,958	459,958
Payments to escrow	-	-	(4,105,289)	(4,105,289)
Total other financing sources	<u>-</u>	<u>-</u>	<u>19,669</u>	<u>19,669</u>
Net change in fund balance	<u>\$ (37,037,549)</u>	<u>\$ (37,115,173)</u>	<u>10,397,460</u>	<u>\$ 47,512,633</u>
Fund balance - July 1, 2016			<u>37,115,173</u>	
Fund balance - June 30, 2017			<u>\$ 47,512,633</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
Capital Projects Fund - Building Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Earnings on investments	\$ -	\$ 175,000	\$ 883,875	\$ 708,875
State:				
State Grants	-	13,600,000	2,978,979	(10,621,021)
Total revenues	-	13,775,000	3,862,854	(9,912,146)
EXPENDITURES				
Current:				
Business administration	200,000	2,000	38,263	(36,263)
Personnel/data/risk management	-	44,000	71,196	(27,196)
Capital outlay:				
Facilities acquisition and improvements	6,300,000	214,828,000	19,202,886	195,625,114
Debt service:				
Bond issuance costs	-	1,800,000	1,267,888	532,112
Total expenditures	6,500,000	216,674,000	20,580,233	196,093,767
Excess (deficiency) of revenues over (under) expenditures	(6,500,000)	(202,899,000)	(16,717,379)	186,181,621
OTHER FINANCING SOURCES				
Transfers out	-	(32,574,000)	(32,175,781)	398,219
Issuance of long-term debt	-	200,000,000	200,000,000	-
Premium on long-term debt	-	22,500,000	32,759,904	10,259,904
Total other financing sources	-	189,926,000	200,584,123	10,658,123
Net change in fund balance	\$ (6,500,000)	\$ (12,973,000)	183,866,744	\$ 196,839,744
Fund balance - July 1, 2016			12,972,818	
Fund balance - June 30, 2017			\$ 196,839,562	

**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, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Earnings on investments	\$ -	\$ 2,000	\$ 3,053	\$ 1,053
Cash in lieu of land dedication	-	-	67,306	67,306
Total revenues	-	2,000	70,359	68,359
EXPENDITURES				
Current:				
Operations and maintenance	-	638,000	930,795	(292,795)
Transportation	-	1,517,000	1,509,585	7,415
Facilities acquisition and improvements	1,800,000	55,000	21,640	33,360
Debt:				
Principal	-	30,980,000	30,979,947	53
Interest	-	1,063,000	708,688	354,312
Total expenditures	1,800,000	34,253,000	34,150,655	102,345
Excess (deficiency) of revenues over (under) expenditures	(1,800,000)	(34,251,000)	(34,080,296)	170,704
OTHER FINANCING SOURCES				
Debt:				
Issuance of long-term debt	-	2,414,000	2,411,380	(2,620)
Transfers in	-	29,724,000	29,614,933	(109,067)
Total other financing sources	-	32,138,000	32,026,313	(111,687)
Net change in fund balance	\$ (1,800,000)	\$ (2,113,000)	(2,053,983)	\$ 59,017
Fund balance - July 1, 2016			2,111,839	
Fund balance - June 30, 2017			\$ 57,856	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	Special Revenue			Total Nonmajor Governmental Funds
	Athletic	Medicaid	Pickens Post- Secondary	
ASSETS				
Cash and cash equivalents	\$ 102,267	\$ 7,759,316	\$ 3,113,358	\$ 10,974,941
Receivables - grants	-	89,027	-	89,027
Receivables - other	1,043	-	-	1,043
Prepaid items	1,369	2,418	7,855	11,642
Total assets	<u>\$ 104,679</u>	<u>\$ 7,850,761</u>	<u>\$ 3,121,213</u>	<u>\$ 11,076,653</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,327	\$ 71,468	\$ 57,385	\$ 134,180
Accrued compensation	-	274,433	188,852	463,285
Unearned revenue	225	-	4,093	4,318
Total liabilities	<u>5,552</u>	<u>345,901</u>	<u>250,330</u>	<u>601,783</u>
Fund balances:				
Nonspendable:				
Prepaid items	1,369	2,418	7,855	11,642
Restricted for:				
Medicaid	-	7,502,442	-	7,502,442
Student fees	-	-	2,863,028	2,863,028
Assigned to:				
Athletic activity	97,758	-	-	97,758
Total fund balances	<u>99,127</u>	<u>7,504,860</u>	<u>2,870,883</u>	<u>10,474,870</u>
Total liabilities and fund balances	<u>\$ 104,679</u>	<u>\$ 7,850,761</u>	<u>\$ 3,121,213</u>	<u>\$ 11,076,653</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, 2017**

	Special Revenue			Total Nonmajor Governmental Funds
	Athletic	Medicaid	Pickens Post- Secondary	
REVENUES				
Local:				
Pupil activities	\$ 371,721	\$ -	\$ 182,920	\$ 554,641
Tuition	-	-	3,835,217	3,835,217
Gifts and grants	-	-	1,553	1,553
Other	3,481	-	2,090	5,571
Medicaid reimbursements	-	4,702,687	-	4,702,687
Total revenues	<u>375,202</u>	<u>4,702,687</u>	<u>4,021,780</u>	<u>9,099,669</u>
EXPENDITURES - CURRENT				
Instruction	696,308	-	2,716,813	3,413,121
Pupil support	-	4,667,139	245,966	4,913,105
Instructional staff support	-	578	473,209	473,787
General administration	-	-	398	398
School administration	-	-	33,452	33,452
Business administration	15	-	26,694	26,709
Personnel/Data/Risk Management	-	-	-	-
Other support services	-	-	69,008	69,008
Facilities acquisition and improvements	-	-	1,278,023	1,278,023
Total expenditures	<u>696,323</u>	<u>4,667,717</u>	<u>4,843,563</u>	<u>10,207,603</u>
Excess (deficiency) of revenues over (under) expenditures	(321,121)	34,970	(821,783)	(1,107,934)
OTHER FINANCING SOURCES				
Transfers in:				
General fund	320,150	-	126,197	446,347
Building Fund	-	-	2,850,000	2,850,000
Total other financing sources	<u>320,150</u>	<u>-</u>	<u>2,976,197</u>	<u>3,296,347</u>
Net change in fund balances	(971)	34,970	2,154,414	2,188,413
Fund balances - July 1, 2016	100,098	7,469,890	716,469	8,286,457
Fund balances - June 30, 2017	<u>\$ 99,127</u>	<u>\$ 7,504,860</u>	<u>\$ 2,870,883</u>	<u>\$ 10,474,870</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Pupil activities	\$ 332,300	\$ 433,108	\$ 371,721	\$ (61,387)
Other	-	1,892	3,481	1,589
Total revenues	<u>332,300</u>	<u>435,000</u>	<u>375,202</u>	<u>(59,798)</u>
EXPENDITURES				
Current:				
Instruction	836,350	855,248	696,308	158,940
Business Administration	-	-	15	(15)
Total expenditures	<u>836,350</u>	<u>855,248</u>	<u>696,323</u>	<u>158,925</u>
Excess (deficiency) of revenues over (under) expenditures	(504,050)	(420,248)	(321,121)	99,127
OTHER FINANCING SOURCES				
Transfers in:				
General fund	320,150	320,150	320,150	-
Total other financing sources	<u>320,150</u>	<u>320,150</u>	<u>320,150</u>	<u>-</u>
Net change in fund balance	<u>\$ (183,900)</u>	<u>\$ (100,098)</u>	(971)	<u>\$ 99,127</u>
Fund balance - July 1, 2016			100,098	
Fund balance - June 30, 2017			<u>\$ 99,127</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Medicaid reimbursements	\$ 2,064,000	\$ 3,000,000	\$ 4,702,687	\$ 1,702,687
Total revenues	<u>2,064,000</u>	<u>3,000,000</u>	<u>4,702,687</u>	<u>1,702,687</u>
EXPENDITURES				
Current:				
Pupil support	8,482,548	10,469,891	4,667,139	5,802,752
Instructional Staff	-	-	578	(578)
Total expenditures	<u>8,482,548</u>	<u>10,469,891</u>	<u>4,667,717</u>	<u>5,802,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,418,548)</u>	<u>(7,469,891)</u>	<u>34,970</u>	<u>7,504,861</u>
Net change in fund balance	<u>\$ (6,418,548)</u>	<u>\$ (7,469,891)</u>	<u>34,970</u>	<u>\$ 7,504,861</u>
Fund balance - July 1, 2016			7,469,890	
Fund balance - June 30, 2017			<u>\$ 7,504,860</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, 2017**

	Budgeted Amounts			Variance with Final Budget Positive Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Pupil activities	\$ 1,180,000	\$ 1,180,000	\$ 182,920	\$ (997,080)
Tuition	2,400,000	2,400,000	3,835,217	1,435,217
Donations and grants	-	-	1,553	1,553
Other	-	-	2,090	2,090
Total revenues	<u>3,580,000</u>	<u>3,580,000</u>	<u>4,021,780</u>	<u>441,780</u>
EXPENDITURES				
Current:				
Instruction	2,628,266	3,450,000	2,716,813	733,187
Pupil support	198,208	250,000	245,966	4,034
Instructional staff support	174,346	1,250,000	473,209	776,791
General administration	-	-	398	(398)
School administration	15,550	200,000	33,452	166,548
Business administration	25,924	150,000	26,694	123,306
Other support services	-	446,468	69,008	377,460
Facilities acquisition and improvements	2,809,880	1,400,000	1,278,023	121,977
Total expenditures	<u>5,852,174</u>	<u>7,146,468</u>	<u>4,843,563</u>	<u>2,302,905</u>
Excess (deficiency) of revenues over (under) expenditures	(2,272,174)	(3,566,468)	(821,783)	2,744,685
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund	-	-	126,197	126,197
Building Fund	-	2,850,000	2,850,000	-
Total other financing sources/(uses)	<u>-</u>	<u>2,850,000</u>	<u>2,976,197</u>	<u>126,197</u>
Net change in fund balance	<u>\$ (2,272,174)</u>	<u>\$ (716,468)</u>	2,154,414	<u>\$ 2,870,882</u>
Fund balance - July 1, 2016			716,469	
Fund balance - June 30, 2017			<u>\$ 2,870,883</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, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash and cash equivalents	\$ 1,462,124	\$ 3,320,701	\$ 3,156,050	\$ 1,626,775
Accounts receivable	25,835	52,238	25,835	52,238
Total	<u>\$ 1,487,959</u>	<u>\$ 3,372,939</u>	<u>\$ 3,181,885</u>	<u>\$ 1,679,013</u>
LIABILITIES				
Accounts payable	\$ 45,903	\$ 31,479	\$ 46,401	\$ 30,981
Due to student groups	1,442,056	3,084,348	2,878,372	1,648,032
Total	<u>\$ 1,487,959</u>	<u>\$ 3,115,827</u>	<u>\$ 2,924,773</u>	<u>\$ 1,679,013</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. The school operates two campuses, East and West, and serves students in kindergarten through twelfth grades.

AXL Charter School

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

Rocky Mountain Preparatory

Rocky Mountain Preparatory began their first year of operations with the district on July 1, 2016. The school serves students in preschool.

Academy for Advanced Learning

Academy for Advanced Learning was in their start-up year of operations for fiscal year ended June 30, 2017. During this period, the school's primary objective was to secure the facility, which was primarily funded by grant revenue. The school did not serve any students during the year and will open for operations in the 2017–2018 school year.

**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, 2017**

ASSETS									
	Aurora Academy	Lotus School for Excellence	Academy of Advanced Learning	AXL Charter School	Vanguard Classical School	Global Village Academy	Rocky Mountain Prep	Total	
Current assets:									
Cash and cash equivalents	\$ 1,427,392	\$ 1,600,817	\$ 63,250	\$ 294,284	\$ 1,017,516	\$ 3,021,873	\$ 5,181	\$	7,430,313
Receivables (net of allowance for uncollectibles)	28,648	110,200	13,000	-	225	55,422	110,623		318,118
Due from other governments	-	-	-	170,015	-	-	-		170,015
Prepaid items and other assets	2,239	10,580	69,101	20,000	230,354	28,270	79,135		439,679
Total current assets	1,458,279	1,721,597	145,351	484,299	1,248,095	3,105,565	194,939		8,358,125
Noncurrent assets:									
Restricted: Cash and cash equivalents	-	286,924	-	-	50,000	2,308,459	-		2,645,383
Restricted: Investments	690,320	-	-	-	-	-	-		690,320
Capital assets (net of accumulated depreciation):									
Land									
Buildings and improvements	310,000	590,820	-	-	-	1,101,789	-		2,002,609
Equipment and vehicles	4,894,549	5,709,980	-	749,479	-	16,212,587	-		27,566,595
Construction in progress	230,664	550,423	-	11,055	-	45,910	-		838,052
Total noncurrent assets	260,437	-	1,359,224	-	-	-	-		1,619,661
	6,385,970	7,138,147	1,359,224	760,534	50,000	19,668,745	-		35,362,620
Total assets	7,844,249	8,859,744	1,504,575	1,244,833	1,298,095	22,774,310	194,939		43,720,745
DEFERRED OUTFLOWS OF RESOURCES									
Items related to pension plan	5,487,830	10,220,381	-	5,379,280	13,006,261	11,344,375	867,747		46,305,874
LIABILITIES									
Current liabilities:									
Accounts payable and other current liabilities	181,412	171,202	392,462	20,065	164,507	116,885	434,382		1,480,915
Accrued salaries and benefits	173,614	281,137	-	177,802	485,022	522,272	-		1,639,847
Unearned revenue	-	5,000	-	16,525	-	8,608	-		30,133
Accrued interest payable	76,200	-	3,503	-	-	43,343	-		123,046
Noncurrent liabilities, due within one year									
Notes, leases and mortgages payable	242,867	155,744	276,517	318,472	-	325,000	-		1,318,600
Total current liabilities	674,093	613,083	672,482	532,864	649,529	1,016,108	434,382		4,592,541
Noncurrent liabilities, due beyond one year									
Net pension liability	13,403,321	22,585,012	-	12,759,774	28,115,409	24,254,224	1,216,811		102,334,551
Notes, leases and mortgages payable	4,858,580	4,073,523	514,966	688,279	-	20,910,000	-		31,045,348
Total noncurrent liabilities	18,261,901	26,658,535	514,966	13,448,053	28,115,409	45,164,224	1,216,811		133,379,899
Total liabilities	18,935,994	27,271,618	1,187,448	13,980,917	28,764,938	46,180,332	1,651,193		137,972,440
DEFERRED INFLOWS OF RESOURCES									
Items related to pension plan	60,560	102,046	-	195,562	127,034	109,587	5,498		600,287
NET POSITION									
Net investment in capital assets	1,284,523	2,908,880	210,215	(119,832)	-	(1,609,598)	-		2,674,188
Restricted for:									
TABOR emergency reserve	135,902	234,000	25,650	138,455	318,304	302,000	5,181		1,159,492
Restricted for legal contingency	-	-	-	-	50,000	-	-		50,000
Unrestricted (deficit)	(7,084,900)	(11,436,419)	81,262	(7,570,989)	(14,955,920)	(10,863,636)	(599,186)		(52,429,788)
Total net position (deficit)	\$ (5,664,475)	\$ (8,293,539)	\$ 317,127	\$ (7,552,366)	\$ (14,587,616)	\$ (12,171,234)	\$ (594,005)		\$ (48,546,108)

**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, 2017**

	Aurora Academy	Lotus School for Excellence	Academy of Advanced Learning	AXL Charter School	Vanguard Classical School	Global Village Academy	Rocky Mountain Prep	Total
Expenses								
Governmental activities	\$ 7,206,491	\$ 11,737,723	\$ 613,946	\$ 6,585,497	\$ 16,842,460	\$ 14,509,540	\$ 981,987	\$ 58,477,644
Total expenses	<u>7,206,491</u>	<u>11,737,723</u>	<u>613,946</u>	<u>6,585,497</u>	<u>16,842,460</u>	<u>14,509,540</u>	<u>981,987</u>	<u>58,477,644</u>
Program revenues								
Charges for services	133,887	223,309	-	54,106	596,386	125,388	-	1,133,076
Operating grants and contributions	87,928	413,080	-	114,574	234,649	495,665	215,288	1,561,184
Capital grants and contributions	430,542	239,701	-	197,945	441,594	320,444	-	1,630,226
Total program revenues	<u>652,357</u>	<u>876,090</u>	<u>-</u>	<u>366,625</u>	<u>1,272,629</u>	<u>941,497</u>	<u>215,288</u>	<u>4,324,486</u>
Net expenses	(6,554,134)	(10,861,633)	(613,946)	(6,218,872)	(15,569,831)	(13,568,043)	(766,699)	(54,153,158)
General revenues:								
School finance act, unrestricted	4,020,958	6,649,585	-	3,942,511	8,734,754	8,720,149	169,369	32,237,326
Earnings on investments	50,064	15,130	-	17	201	33,687	-	99,099
Other	358,506	503,125	931,073	290,320	614,612	672,848	3,325	3,373,809
Total general revenues	<u>4,429,528</u>	<u>7,167,840</u>	<u>931,073</u>	<u>4,232,848</u>	<u>9,349,567</u>	<u>9,426,684</u>	<u>172,694</u>	<u>35,710,234</u>
Change in net assets	(2,124,606)	(3,693,793)	317,127	(1,986,024)	(6,220,264)	(4,141,359)	(594,005)	(18,442,924)
Net position (deficit) - July 1, 2016	(3,539,869)	(4,599,746)	-	(5,566,342)	(8,367,352)	(8,029,875)	-	(30,103,184)
Net position (deficit) - June 30, 2017	<u>(5,664,475)</u>	<u>(8,293,539)</u>	<u>317,127</u>	<u>(7,552,366)</u>	<u>(14,587,616)</u>	<u>(12,171,234)</u>	<u>(594,005)</u>	<u>(48,546,108)</u>

Colorado Department of Education

Auditors Integrity Report

District: 0180 - ADAMS-ARAPAHOE 28J

Fiscal Year 2016-17

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Governmental	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
		+		-	=
10 General Fund		39,329,826	340,245,272	339,879,095	39,696,003
18 Risk Mgmt Sub-Fund of General Fund		1,200,000	5,605,913	6,110,299	695,614
19 Colorado Preschool Program Fund		1,212,313	6,824,621	7,756,565	280,370
Sub- Total		41,742,139	352,675,806	353,745,959	40,671,987
11 Charter School Fund		5,081,504	40,611,188	40,279,482	5,413,210
20,26-29 Special Revenue Fund		8,286,457	12,396,016	10,207,603	10,474,870
06 Supplemental Cap Const, Tech, Main. Fund		0	0	0	0
21 Food Service Spec Revenue Fund		3,263,465	17,478,069	16,993,913	3,747,621
22 Govt Designated-Purpose Grants Fund		0	33,615,493	33,615,493	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		37,115,173	53,229,718	42,832,258	47,512,633
39 Certificate of Participation (COP) Debt Service Fund		0	0	0	0
41 Building Fund		12,972,818	204,446,977	20,580,233	196,839,562
42 Special Building Fund		0	0	0	0
43 Capital Reserve Capital Projects Fund		2,111,839	32,096,672	34,150,655	57,856
46 Supplemental Cap Const, Tech, Main Fund		0	0	0	0
Totals		110,573,396	746,549,936	552,405,595	304,717,737
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		515,077	399,851	162,005	752,923
Totals		515,077	399,851	162,005	752,923
Fiduciary					
70 Other Trust and Agency Funds		2,192,501	1,356,164	2,275,721	1,272,944
72 Private Purpose Trust Fund		0	0	0	0
73 Agency Fund		0	0	0	0
74 Pupil Activity Agency Fund		1,442,056	3,084,348	2,878,372	1,648,032
79 GASB 34-Permanent Fund		0	0	0	0
85 Foundations		1,129,565	1,125,831	961,716	1,303,680
Totals		4,764,121	5,566,343	6,105,809	4,224,655

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.

10/25/17

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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	101
<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	108
<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	113
<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	117
<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	119
<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									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 33,582,219
Restricted	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	68,241,264
Unrestricted (deficit)	(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)	(946,564,450)
Total governmental activities										
net position	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)	(844,740,967)
Business-type activity:										
Net investment in capital assets	3,803,746	3,481,458	3,482,060	3,020,069	3,076,190	2,850,056	2,587,332	-	-	-
Unrestricted	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	4,237,800	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	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	33,582,219
Restricted	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	68,241,264
Unrestricted	(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)	(946,564,450)
Total primary government										
net position	\$ 88,120,202	\$ 100,470,368	\$ 109,461,003	\$ 104,418,801	\$ 104,382,649	\$ 108,721,351	\$ 112,811,750	\$ (545,800,577)	\$ (586,930,687)	\$ (844,740,967)

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.

**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									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
EXPENSES										
Governmental activities:										
Instruction	\$ 180,213,628	\$ 182,393,324	\$ 193,911,779	\$ 202,199,950	\$ 192,168,046	\$ 200,510,721	\$ 214,719,376	\$ 244,552,029	\$ 287,987,412	\$ 387,982,826
Supporting services	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	318,968,190
Interest	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	17,363,928
Total governmental activities expense	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	724,314,944
Business-type activity:										
Nutrition services	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	\$ 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	\$ 724,314,944
PROGRAM REVENUES										
Governmental activities:										
Charges for services--instruction programs	\$ 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	\$ 6,542,641
Charges for services--other programs	393,312	539,973	489,795	590,997	3,603,248	3,876,927	4,018,397	5,892,764	5,436,096	6,002,869
Operating grants and contributions	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	57,223,026
Capital grants and contributions	-	-	143,475	-	166,213	88,872	3,339,536	1,094,341	1,637,303	4,181,729
Total governmental activities	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	73,950,265
Business-type activity:										
Charges for services	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	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	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	\$ 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	\$ 73,950,265
Net (expense) / revenue:										
Governmental activities	\$ (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)	\$ (650,364,679)
Business-type activity	(495,813)	(142,453)	245,950	213,025	411,600	502,743	(327,386)	-	-	-
Total primary government net expense	\$ (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)	\$ (650,364,679)

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									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-2016	2016-2017
Net (expense) / revenue										
Governmental activities	\$ (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)	\$ (650,364,679)
Business-type activity	(495,813)	(142,453)	245,950	213,025	411,600	502,743	(327,386)	-	-	-
Total primary government net expense	\$ (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)	\$ (650,364,679)
General revenue and other changes										
In net position										
Governmental activities:										
Property taxes, levied for debt service and general fund use	\$ 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	\$ 161,122,405
School Finance Act, unrestricted	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	228,988,569
Earnings on investments	3,302,224	1,065,948	542,743	1,337,908	2,103,351	1,564,016	1,382,692	1,317,941	1,358,164	2,443,425
Amortization on premiums of debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	(118,957)	-	-	-	-	-	-	-
Total governmental activities	258,072,012	286,902,966	297,291,873	284,858,546	286,794,892	309,116,334	330,664,731	355,709,251	383,456,480	392,554,399
Business-type activity:										
School finance act, unrestricted	193,470	266,752	228,794	233,524	222,631	221,280	233,307	-	-	-
Earnings on investments	86	-	-	39	702	1,345	1,181	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Total business-type activity	193,556	266,752	347,751	233,563	223,333	222,625	234,488	-	-	-
Total primary government	\$ 258,265,568	\$ 287,169,718	\$ 297,639,624	\$ 285,092,109	\$ 287,018,225	\$ 309,338,959	\$ 330,899,219	\$ 355,709,251	\$ 383,456,480	\$ 392,554,399
CHANGE IN NET POSITION										
Governmental activities	\$ (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)	\$ (257,810,280)
Business-type activity	(302,257)	124,299	593,701	446,588	634,933	725,368	(92,898)	-	-	-
Total primary government	\$ (12,227,988)	\$ 12,350,166	\$ 8,990,635	\$ (5,042,202)	\$ (36,152)	\$ 4,338,702	\$ 6,427,505	\$ (24,117,697)	\$ (41,130,110)	\$ (257,810,280)

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									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Fund:										
Reserved	\$ 8,221,037	\$ 9,241,000	\$ 9,225,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,117,325	9,254,067	15,464,116	-	-	-	-	-	-	-
Nonspendable	-	-	-	713,068	541,202	844,142	956,096	488,776	712,565	795,964
Restricted	-	-	-	8,485,563	8,906,833	9,410,824	10,633,656	13,195,211	11,875,233	10,363,161
Committed	-	-	-	-	-	-	200,000	150,000	150,000	100,000
Assigned	-	-	-	8,342,351	5,198,722	11,065,431	5,124,285	5,010,250	14,420,987	11,192,817
Unassigned	-	-	-	11,535,759	19,658,022	21,239,172	27,554,136	26,880,124	14,583,354	18,220,045
Total General Fund	\$ 10,338,362	\$ 18,495,067	\$ 24,689,614	\$ 29,076,741	\$ 34,304,779	\$ 42,559,569	\$ 44,468,173	\$ 45,724,361	\$ 41,742,139	\$ 40,671,987
All other governmental funds:										
Reserved:										
Debt service fund	\$ 37,921,217	\$ 43,618,552	\$ 45,117,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	722,081	863,600	1,327,818	-	-	-	-	-	-	-
Capital projects funds	10,802,989	122,601,684	67,499,474	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Special revenue funds	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	25,866
Special revenue funds	-	-	-	16,472	1,556	35,487	14,896	1,078,950	874,829	742,987
Restricted:										
Debt service fund	-	-	-	38,787,680	32,915,324	25,580,904	27,026,348	28,456,159	37,115,173	47,512,633
Capital projects funds	-	-	-	98,539,530	64,930,491	41,348,894	54,730,547	26,636,634	15,065,187	196,871,552
Special revenue funds	-	-	-	3,657,249	5,369,605	6,844,276	8,423,522	8,946,826	8,075,349	10,365,470
Assigned:										
Special revenue funds	-	-	-	221,094	209,553	215,106	183,226	2,678,371	2,599,744	3,114,034
Total all other governmental funds	\$ 53,293,032	\$ 169,850,029	\$ 118,585,312	\$ 141,293,424	\$ 103,444,142	\$ 74,043,143	\$ 90,415,176	\$ 67,804,090	\$ 63,749,752	\$ 258,632,542

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									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
REVENUES										
Local:										
Property taxes	\$ 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	\$ 148,295,014
Specific ownership	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	12,318,599
Pupil activities	746,735	950,534	1,303,362	538,576	318,376	1,287,529	1,002,578	1,310,229	2,240,689	-
Tuition	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	4,973,150
Activity fees	245,248	19,263	85,671	123,900	82,117	69,566	81,428	94,408	85,047	-
Gifts and grants	793,900	185,427	1,095,446	879,222	1,110,662	920,043	2,724,845	888,309	1,100,481	1,482,892
Charges for services	-	-	-	-	-	-	-	4,539,735	4,357,224	4,750,397
Miscellaneous	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	6,028,312
Cash in lieu of land	95,536	-	-	69,043	-	-	-	-	1,990,884	67,306
Rental of buildings	393,312	479,973	489,795	590,997	631,362	664,567	749,426	890,042	958,461	1,161,395
Earnings on investments	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	2,443,425
State:										
State equalization	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	208,750,813
Vocational education	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	1,137,630
Special education	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	8,190,131
Grants	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	5,420,466
Transportation	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	1,519,782
Other	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	9,390,213
Federal grants	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	50,158,343
Total revenues	\$ 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	\$ 466,087,868

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									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
EXPENDITURES										
Current:										
Instruction	\$ 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	\$ 214,929,614
Pupil support	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	38,355,985
Instructional staff support	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	24,725,079
General administration	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	7,608,582
School administration	19,014,371	19,507,919	21,076,998	20,940,842	21,702,964	22,567,078	25,933,697	30,309,562	33,813,391	33,598,915
Business administration	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	3,903,091
Operations and maintenance	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	34,003,115
Transportation	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	11,842,509
Personnel/data services/risk management	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	19,374,198
Other support services	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	6,468,817
Food service operations	-	-	-	-	-	-	-	16,918,407	16,572,946	16,993,913
Facilities acquisition and improvements	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	24,542,014
Debt service:										
Principal	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	51,904,947
Interest	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	18,482,488
Other	500	500	665,025	661,814	1,103,342	-	-	-	-	1,287,557
Total expenditures	\$ 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	\$ 508,020,824
Deficiency of revenues under expenditures	\$ (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)	\$ (41,932,956)
Debt service as a percentage of noncapital expenditures (2)	6.2%	7.0%	7.4%	9.2%	9.9%	10.5%	9.1%	8.5%	7.9%	14.8%

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

Note 2: Revised percentages from 2007 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									
	2007-08	2008-09	2009-10	2010-11 (2)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Deficiency of revenues under expenditures	\$ (39,834,413)	\$ (8,987,656)	\$ (45,274,437)	\$ (55,269,856)	\$ (33,568,328)	\$ (21,146,212)	\$ (11,823,996)	\$ (25,922,161)	\$ (8,036,560)	\$ (41,932,956)
OTHER FINANCING SOURCES (USES)										
Transfers in:										
General fund	1,250,381	1,013,559	6,790,688	3,913,525	307,750	321,895	302,750	316,750	436,748	1,235,471
Building fund	-	-	-	-	-	-	-	-	-	32,175,781
Print Services fund	-	-	-	-	-	-	-	83,094	-	-
Grants fund	-	-	-	-	-	-	-	-	35,104	-
Nonmajor governmental funds	-	-	-	329,778	-	-	-	-	-	-
Transfers out:										
General fund	-	-	-	-	-	-	-	-	(35,104)	-
Capital Reserve fund	-	-	(5,648,842)	-	-	-	-	-	-	(29,614,933)
Print Services fund	(429,656)	(443,942)	(460,258)	(460,258)	(155,258)	-	-	-	-	-
Grants fund	(44,354)	(44,354)	(44,354)	(44,354)	(8,000)	(22,145)	(3,000)	(3,000)	-	-
Nutrition Services fund	-	-	-	-	-	-	-	-	(44,980)	(499,972)
Nonmajor governmental funds	(1,206,027)	(969,205)	(1,097,492)	(3,869,171)	(299,750)	(299,750)	(299,750)	(313,750)	(391,768)	-
Flood related costs	-	-	-	-	-	-	(248,751)	-	-	-
Capital leases	-	383,600	-	-	-	-	30,353,387	-	-	-
Certificates of Participation	-	-	-	-	-	-	-	-	-	-
General obligation debt:										
Debt issued	-	132,685,000	104,105,000	82,315,000	149,920,000	-	-	-	-	206,076,380
Premium on debt issued	-	1,076,700	12,928,909	180,375	41,507,938	-	-	-	-	33,219,862
Payment to escrow agent	-	-	(116,369,384)	-	(190,324,596)	-	-	-	-	(4,105,289)
Total other financing sources (uses)	(429,656)	133,701,358	204,267	82,364,895	948,084	-	30,104,636	83,094	-	238,487,300
Net change in fund balances	(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)	196,554,344
Fund balance - beginning	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	105,491,891
Restatement for addition of blended component unit and Nutrition Services Fund	-	-	-	-	-	-	-	4,484,169	-	-
Fund balance as restated	103,895,463	63,631,394	188,345,096	143,274,926	170,370,165	137,748,921	116,602,709	139,367,518	113,528,451	105,491,891
Fund balance - ending	\$ 63,631,394	\$ 188,345,096	\$ 143,274,926	\$ 170,370,165	\$ 137,748,921	\$ 116,602,709	\$ 134,883,349	\$ 113,528,451	\$ 105,491,891	\$ 302,046,235

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	2007										Total Direct Rate		
		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)
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
2017	2016													
	Adams County	15,920,650	122,914,300	499,010,720	34,977,010	643,770	6,850	11,610	78,927,590	-	752,412,500	746,607,270	3,730,788,977	69.685
	Arapahoe County	37,364,276	827,310,495	459,950,829	752,889	1,731,064	29,898	25,718,186	95,557,720	-	1,448,415,357	1,681,105,428	12,471,753,351	69.685

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)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Aurora Public Schools Rates (1)										
General fund	46.685	46.648	47.635	47.323	47.580	39.159	38.919	38.455	38.248	30.530
Debt service fund	23.000	20.000	20.000	20.000	16.250	15.000	15.000	15.000	15.000	15.000
Total (2)	69.685	66.648	67.635	67.323	63.830	54.159	53.919	53.455	53.248	45.530
 Arapahoe County	15.090	14.856	16.950	17.130	17.150	17.316	15.949	15.672	15.609	16.083
Adams County	27.055	26.817	27.042	26.815	26.903	26.806	26.883	26.824	26.809	26.899
City of Aurora	8.605	8.569	8.886	10.290	10.290	10.653	10.595	10.494	10.664	10.701
Urban Drainage & Flood Control	0.559	0.553	0.632	0.608	0.599	0.566	0.523	0.508	0.528	0.542
Arapahoe County total	93.939	90.626	94	95.351	91.869	82.694	80.986	80.129	80.049	72.856
Adams County total	105.904	102.587	104	105.036	101.622	92.184	91.920	91.281	91.249	83.672
Overlapping tax entities (3)										
ACC Metropolitan District	37.000	37.000	37.000	37.000	37.000	35.000	35.000	31.000	31.000	27.000
Adonea Metro District No. 2	74.000	74.000	74.000	61.000	61.000	61.000	61.000	61.000	56.000	56.000
Airways Business Center	34.500	34.500	34.500	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	5.926	5.916	4.794	4.861	4.903	4.981	4.869	4.783	4.827	4.893
Aurora CentreTech Metropolitan District	40.173	39.000	39.000	42.000	42.190	42.190	37.190	37.190	37.190	37.190
Bennett Fire Protection District	9.063	8.907	8.907	8.907	8.907	8.907	8.907	8.907	8.907	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	56.000
Central Adams Water & Sanitation	90.000	90.000	-	90.000	90.000	90.000	60.000	60.000	60.000	60.000
Colorado Science Technology Park Metro District No.1	50.000	50.000	-	50.000	50.000	50.000	50.000	-	-	-
Colorado Science Technology Park Metro District No.2	60.000	60.000	-	60.000	60.000	60.000	60.000	60.000	-	-
Colorado Science Technology Park Metro District No.3	50.000	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	-	-
Cross Creek Metropolitan District No. 2	66.000	66.000	71.800	71.800	71.800	71.800	71.800	71.800	52.009	52.059
Cunningham Fire Protection District	14.598	14.676	68.500	71.000	71.000	61.000	61.000	61.000	61.000	56.000
Eastgate Commercial Metro District	-	-	14.623	14.714	14.772	14.765	14.620	14.636	14.620	14.623
Eastern Hills Metropolitan District No. 2	70.000	70.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Eastern Hills Metropolitan District No. 3	-	-	70.000	-	-	-	-	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 4	-	-	-	-	-	-	-	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 5	-	-	-	-	-	-	-	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 6	70.000	70.000	-	-	-	-	-	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 7	-	-	-	-	-	-	-	52.061	52.061	52.061
Eastern Hills Metropolitan District No. 8	-	-	-	-	-	-	-	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)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Overlapping tax entities (3)										
Eastpark 70 Metro 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	90,000	60,000	60,000	60,000	60,000
Fitzsimons Village Metro District No. 1	41,000	51,000	-	-	-	-	-	-	-	-
Fitzsimons Village Metro District No. 2	41,000	41,000	41,000	41,000	41,000	41,000	41,000	40,000	40,000	40,000
Fitzsimons Village Metro District No. 4	52,061	52,061	-	-	-	-	-	-	-	-
Flat Rock Metropolitan District No. 1	-	-	52,061	52,061	52,061	52,061	52,061	52,061	-	-
Flat Rock Metropolitan District No. 8	60,000	60,000	60,000	-	60,000	-	-	60,000	-	-
Green Valley Ranch Metro District 1	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Havana Business Improvement District	16,781	16,798	25,812	25,300	23,928	24,750	24,600	10,500	9,571	8,065
Heather Gardens Metropolitan District	5,000	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Himalaya Water & Sanitation	-	-	-	-	-	-	-	16,000	16,000	-
Horizon Metro District #2	-	-	-	-	-	-	-	30,000	30,000	-
Horizon Metro District #3	-	-	-	-	-	-	-	-	-	-
Iliff Commons Metro District #2	51,000	51,000	-	-	-	-	-	-	-	-
Iliff Commons Metro District #3	61,000	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	74,944	48,944	48,944	48,944	48,944	48,944	48,944	48,944	48,944	45,000
Murphy Creek Metro District No. 4	48,944	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	37,000	36,000	36,000
Rangeview Library District (5)	3,659	3,659	3,659	3,659	3,659	3,659	3,659	3,659	3,659	3,504
Sable-Altura Fire Protection District	17,000	17,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Sand Creek Metropolitan District	32,000	33,500	55,500	35,500	34,250	32,750	30,000	27,000	26,000	25,750
Second Creek Ranch	90,000	90,000	90,000	90,000	90,000	90,000	60,000	60,000	60,000	60,000
Singletree Metro District (Aurora)	48,944	48,944	48,944	48,944	48,944	48,944	48,944	48,944	-	-
Sterling Hills Metropolitan District	19,000	19,000	23,000	-	23,000	23,000	23,000	23,000	18,500	24,000
Sterling Hills West Metropolitan District	62,465	62,465	65,965	-	65,965	65,965	65,965	65,965	57,000	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 Dist. 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	0,559	0,553	0,632	0,608	0,599	0,566	0,523	0,508	0,528	0,507
Urban Drainage & Flood Control-South Platte	0,061	0,058	0,068	0,064	0,058	0,057	0,053	0,061	0,063	0,066
Velocity Metro District 1	109,000	9,000	5,000	5,000	5,000	5,000	-	-	-	-
Velocity Metro District 2	44,784	9,000	5,000	5,000	5,000	5,000	-	-	-	-
Velocity Metro District 3	109,000	9,000	5,000	5,000	5,000	5,000	-	-	-	-
Velocity Metro District 4	109,000	9,000	5,000	5,000	5,000	5,000	-	-	-	-
Velocity Metro District 5	109,000	9,000	5,000	5,000	5,000	5,000	-	-	-	-
Velocity Metro District 6	109,000	9,000	40,000	5,000	5,000	5,000	-	-	-	-
Velocity Metro District 7	109,000	9,000	5,000	5,000	5,000	5,000	-	-	-	-
Velocity Metro District 8	29,021	9,000	5,000	5,000	5,000	5,000	-	-	-	-
Velocity Metro District 9	29,058	9,000	5,000	5,000	5,000	5,000	-	-	-	-
Westerly Creek Metropolitan District	56,899	56,619	55,986	55,769	55,311	-	-	-	-	-
WH Metropolitan District No. 1	-	-	-	-	-	-	13,000	50,000	50,000	50,000

Note 2: APS Total Rate information updated as of June 30, 2017

Source: Aurora Public Schools Budget Office.

Note 3: Includes only those entities with overlapping rates in existence at December 31, 2016.

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.

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

<u>Taxpayer</u>	Fiscal Year 2016-17				Fiscal Year 2007-08			
	Taxable Value	Rank	Percentage of Total Taxable		Taxable Value	Rank	Percentage of Total Taxable	
			Value	Value			Value	Value
Public Service of Colorado (1)	\$ 83,473,080	1	4.7%		\$ 29,975,210	1	1.6%	
QWEST Corp (2)	19,799,900	2	1.1%		21,242,200	3	1.2%	
Cellco Partnership	18,042,160	3	1.0%		-	-	0.0%	
Colorado Interstate Gas Co	16,842,400	4	0.9%		13,232,800	5	0.7%	
WGR Asset Holding Co. LLC	16,243,170	5	0.9%		-	-	0.0%	
Western A South CO LLC	10,830,190	6	1.0%		-	-	0.0%	
CPT Operating Partnership	9,488,800	7	0.5%		-	-	0.0%	
MCI Communications SVCS INC	9,032,740	8	0.5%		-	-	0.0%	
DCT Peak ADC LLC	8,700,000	9	0.5%		-	-	0.0%	
Dillon Companies INC	8,358,560	10	0.5%		-	-	0.0%	
Blue Spruce Enegy Center LLC	-	-	-		29,237,200	2	1.6%	
Columbia Healhthone LLC	-	-	-		14,580,270	4	0.8%	
MRFC Denver Holding LLC	-	-	-		12,760,000	6	0.7%	
Verizon FKA Airtouch Comm	-	-	-		12,306,140	7	0.7%	
Weingarten/Miller/Aurora II	-	-	-		12,180,000	8	0.7%	
King Soopers INC #871	-	-	-		9,071,630	9	0.5%	
Retail Property Trust	-	-	-		8,903,000	10	0.5%	
	<u>\$ 200,811,000</u>		<u>11.6%</u>		<u>\$ 163,488,450</u>		<u>9.0%</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
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	120,984,677	119,906,691	99.1%	(115,953)	119,790,738	99.0%	1,077,985	0.9%
2016	(6) 143,048,512	140,436,339	98.2%	232,355	140,668,694	98.3%	2,612,173	1.8%
2017	(1) 151,536,231	148,007,370	97.7%	(649,324)	147,358,046	97.2%	3,528,861	2.3%

- Note 1: Collection figures beginning with calendar year 2017 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 2017 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 (2)				
	2007-08	2008-09	2009-10	2010-11	2011-12
General obligation bonds	\$ 212,925,000	\$ 336,955,000	\$ 326,959,982	\$ 407,638,786	\$ 396,319,623
Certificates of Participation	-	-	-	-	-
Capital leases	-	300,320	229,891	156,447	79,862
Total debt outstanding	\$ 212,925,000	\$ 337,255,320	\$ 327,189,873	\$ 407,795,233	\$ 396,399,485

Total debt outstanding as a percentage of:

Personal income (1):					
Adams County	0.3%	0.4%	0.3%	0.1%	0.1%
Arapahoe County	2.3%	2.4%	1.9%	0.6%	0.6%
Per capita outstanding debt	\$ 1,040	\$ 1,752	\$ 1,552	\$ 1,975	\$ 1,843

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	Fiscal Year (2)				
	2012-13 (3)	2013-14	2014-15	2015-16	2016-17 (4)
General obligation bonds	\$ 411,408,484	\$ 389,226,526	\$ 366,417,566	\$ 342,814,596	\$ 549,053,401
Certificates of Participation	-	30,353,387	30,378,172	30,397,796	-
Capital leases	-	-	-	-	2,154,433
Total debt outstanding	\$ 411,408,484	\$ 419,579,913	\$ 396,795,738	\$ 373,212,392	\$ 551,207,834

Total debt outstanding as a percentage of:

Personal income (1):					
Adams County	0.4%	0.4%	0.4%	0.5%	-
Arapahoe County	0.3%	0.3%	0.6%	0.7%	-
Per capita outstanding debt	\$ 1,897	\$ 1,908	\$ 1,799	\$ 1,623	\$ 2,411

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

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.

Note 4: Personal income data for 2016-17 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)				
	2007-08	2008-09	2009-10	2010-11	2011-12
General obligation bonds	\$ 212,925,000	\$ 336,955,000	\$ 326,959,982	\$ 407,638,786	\$ 396,319,623
Net position restricted for debt service	(38,503,454)	(44,324,735)	(46,094,814)	(39,613,185)	(33,431,806)
Total net general bonded debt	<u>\$ 174,421,546</u>	<u>\$ 292,630,265</u>	<u>\$ 280,865,168</u>	<u>\$ 368,025,601</u>	<u>\$ 362,887,817</u>
Total net general bonded debt outstanding as a percentage of:					
Estimated actual property value	1.2%	2.0%	2.2%	2.9%	2.9%
Final assessed property value	9.5%	15.6%	15.8%	20.9%	20.8%
Per capita outstanding debt	\$ 852	\$ 1,520	\$ 1,332	\$ 1,783	\$ 1,687

	Fiscal Year (1)				
	2012-13 (2)	2013-14	2014-15	2015-16	2016-17
General obligation bonds	\$ 411,408,484	\$ 389,226,526	\$ 366,417,566	\$ 342,814,596	\$ 549,053,401
Net position restricted for debt service	(25,580,904)	(27,026,348)	(28,456,159)	(37,115,173)	(47,512,633)
Total net general bonded debt	<u>\$ 385,827,580</u>	<u>\$ 362,200,178</u>	<u>\$ 337,961,407</u>	<u>\$ 305,699,423</u>	<u>\$ 501,540,768</u>
Total net general bonded debt outstanding as a percentage of:					
Estimated actual property value	3.1%	2.9%	2.7%	1.9%	3.1%
Final assessed property value	22.0%	20.4%	18.9%	14.2%	20.7%
Per capita outstanding debt	\$ 1,779	\$ 1,647	\$ 1,532	\$ 1,330	\$ 2,194

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

Note 2: 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, 2017
(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	\$ 549,053,401	\$ -	\$ -	\$ 2,154,433	\$ -	\$ -	\$ 551,207,834	100.00%	\$ 551,207,834
Overlapping:									
ACC Metropolitan District	1,905,000	-	-	-	-	-	1,905,000	100.00%	1,905,000
Adams County	-	-	204,868	-	188,838,235	-	189,043,103	100.00%	189,043,103
Adonea Metro District No.2	13,465,000	9,005,000	-	-	-	-	22,470,000	100.00%	22,470,000
Always Business Center	1,170,000	-	-	-	-	-	1,170,000	100.00%	1,170,000
Arapahoe County	-	-	-	16,844,104	21,256,405	-	38,100,509	100.00%	38,100,509
Aurora CentreTech Metropolitan District	13,355,000	-	-	-	-	-	13,355,000	100.00%	13,355,000
Aurora Singletree Metropolitan	8,065,000	-	-	-	-	-	8,065,000	100.00%	8,065,000
Bennett Fire Protection District	-	-	-	588,316	-	-	588,316	20.00%	117,663
City of Aurora	3,386,000	-	28,455,000	21,211,182	123,285,000	-	176,337,182	100.00%	176,337,182
Conservatory Metro District	22,465,000	-	-	-	-	-	22,465,000	100.00%	22,465,000
Cross Creek Metropolitan District No. 2	10,130,000	5,000,000	-	-	-	-	15,130,000	100.00%	15,130,000
Cunningham Fire Protection District	-	-	-	1,319,352	-	-	1,319,352	100.00%	1,319,352
Easipark 70 Metropolitan District	8,380,000	-	-	-	-	-	8,380,000	100.00%	8,380,000
Fitzsimons Village Metropolitan District No.1	15,655,000	-	-	-	-	-	15,655,000	100.00%	15,655,000
Fitzsimons Village Metropolitan District No.3	5,055,000	-	-	-	-	-	5,055,000	100.00%	5,055,000
Heather Gardens Metropolitan District	8,780,000	-	-	-	-	-	8,780,000	59.12%	5,190,736
Himalaya Water & Sanitation District	4,305,000	-	-	-	-	-	4,305,000	100.00%	4,305,000
Iliff Commons Metro District No. 2	2,310,000	-	-	-	-	-	2,310,000	100.00%	2,310,000
Iliff Commons Metro District No. 3	1,860,000	-	-	-	-	-	1,860,000	100.00%	1,860,000
Murphy Creek Metro District No.3	27,600,000	-	-	-	-	4,328,370	31,928,370	100.00%	31,928,370
Park 70 Metropolitan District	25,980,000	-	-	-	-	-	25,980,000	100.00%	25,980,000
Rangeview Library District	-	-	-	-	41,567,394	-	41,567,394	100.00%	41,567,394
Regional Transportation District	-	2,190,532,922	-	74,470,000	1,124,805,000	-	3,389,807,922	14.58%	494,233,995
Sable Altura Fire Protection District	3,650,000	-	-	-	-	-	3,650,000	71.69%	2,616,685
Sand Creek Metropolitan District	61,905,000	-	-	-	-	-	61,905,000	77.82%	48,174,471
Sterling Hills Metropolitan District	800,000	-	-	-	-	110,411	910,411	100.00%	910,411
Sterling Hills West Metropolitan District	11,965,000	-	-	-	-	-	11,965,000	100.00%	11,965,000
Tower Metropolitan District	12,905,000	-	-	-	-	-	12,905,000	100.00%	12,905,000
Traditions Metropolitan District No.2	26,820,000	-	-	-	-	-	26,820,000	100.00%	26,820,000
Total overlapping debt	291,911,000	2,204,537,922	28,659,868	114,432,954	1,498,752,034	4,438,781	4,143,732,569		1,229,334,871
Total direct and overlapping debt	\$ 840,964,401	\$ 2,204,537,922	\$ 28,659,868	\$ 116,587,387	\$ 1,498,752,034	\$ 4,438,781	\$ 4,694,940,393		\$ 1,780,542,705

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	Valuation (1)	Debt Limitation	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 Valuation	Net Bonded Debt Per Capita
2008	(4) 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	(4) 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	(4) 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	(5) 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	(5) 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	(4) 1,779,926,410	355,985,282	363,588,793	102.14%	(7,603,511)	25,580,904	338,007,889	18.99%	1,558.80
2014	(4) 1,796,866,600	359,373,320	347,219,955	96.62%	12,153,365	27,026,348	320,193,607	17.82%	1,455.73
2015	(4) 1,806,491,220	361,298,244	330,053,066	91.35%	31,245,178	28,456,159	301,596,907	16.70%	1,367.44
2016	(4) 2,168,171,355	433,634,271	312,092,167	71.97%	121,542,104	37,115,173	274,976,994	12.68%	1,196.05
2017	(6) 16,202,542,328	972,152,540	491,840,604	50.59%	480,311,936	47,512,633	444,327,971	2.74%	1,943.61

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.

Note 4: State law limits school district indebtedness to the greater of 20% of its valuation for taxable property as of December 10 prior to the date of issuance or 6% of its statutory actual valuation of its taxable property on December 10 prior to the date of issuance. In addition, the limit on bond indebtedness is increased to 25% of its valuation for taxable property of the district if the district qualified as a high growth district. This fiscal year uses the 20% of valuation basis.

Note 5: For fiscal years 2011 and 2012, the district qualified as a high growth district, and therefore debt limit was 25% of gross assessed valuation.

Note 6: In November 2016, voters approved the district's ability to use 6% of actual valuation to calculate its debt limitation.

**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)				
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	36,962	52,545	18,160,959	33,160,632	3.6%	36,061	4,076	1,671
2016-17	228,610	-	-	-	-	3.5%	35,710	4,224	-

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 2017 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 2017 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>2017</u>			<u>2008</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	12,000	1	6.66%	12,817	1	7.90%
University of Colorado - Medical Campus	8,850	2	4.93%	3,300	4	2.03%
University of Colorado - Hospital	7,110	3	3.69%	1,458	9	0.90%
Aurora Public Schools	6,300	4	3.55%	3,786	3	2.33%
Children's Hospital	5,670	5	3.48%	-	-	-
Cherry Creek Schools	3,750	6	2.36%	2,854	5	1.76%
City of Aurora	3,500	7	2.40%	3,826	2	2.36%
Raytheon	2,430	8	1.43%	2,600	6	1.60%
Kaiser Permanente	1,940	9	1.02%	1,493	8	0.92%
HealthONE	1,710	10	1.02%	1,380	10	0.85%
ADT Security Systems	-	-	0.00%	1,585	7	0.98%
Total Employees	53,260		30.54%	35,099		21.63%

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									
	2007-08	2008-09	2009-10 (2)	2010-11 (2)	2011-12 (2)	2012-13 (2)	2013-14	2014-15	2015-16	2016-17
Administrative										
Principals	46.00	46.00	47.00	47.00	48.00	48.00	47.00	49.00	50.00	50.00
Assistant principals	45.00	36.00	39.00	32.00	36.00	39.34	45.34	57.00	58.00	61.00
Other	66.50	63.50	35.00	36.00	31.25	32.25	33.25	39.00	44.00	46.00
Total administration	157.50	145.50	121.00	115.00	115.25	119.59	125.59	145.00	152.00	157.00
Instruction										
Elementary school teachers	709.52	668.45	674.50	766.77	746.91	738.64	781.75	799.98	837.69	846.57
K-8 Teachers (1)	-	-	86.90	115.75	140.30	148.95	163.32	164.62	170.88	206.25
Middle school teachers	325.14	338.62	340.77	345.55	336.77	368.03	392.02	397.53	415.34	431.98
High school teachers	369.02	363.30	399.08	386.18	369.97	382.72	426.72	441.02	460.54	471.64
Other teachers	284.74	253.81	138.63	137.60	119.10	124.38	147.75	148.21	187.69	216.85
Educational assistants	454.32	431.01	434.42	411.48	403.67	396.94	420.64	446.62	497.31	578.20
Community liaison	3.64	4.51	3.00	21.38	22.31	23.13	24.81	31.00	28.31	42.13
Other	29.27	24.12	2.00	3.00	2.00	3.00	2.50	3.00	5.00	3.00
Total instruction	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	2,796.62
Pupil services										
Dean of students	26.00	23.00	27.50	25.50	30.00	29.80	35.80	37.80	42.00	38.00
Counselors	38.80	37.00	34.50	35.60	36.00	36.10	43.10	44.95	56.90	57.70
Health professionals	68.98	71.55	52.93	53.13	56.59	58.36	57.01	56.50	58.53	61.69
Media specialists	6.50	10.00	14.54	12.73	14.16	11.36	11.06	11.00	8.64	11.31
Social/psychology workers	39.40	39.60	41.20	43.80	43.60	48.30	53.20	59.60	65.80	68.90
Other	30.00	31.70	137.38	130.88	138.59	153.28	175.71	174.28	198.00	203.81
Total pupil services	209.68	212.85	308.05	301.64	318.94	337.20	375.88	384.13	429.87	441.41
Other support										
Clerical/secretarial	231.73	267.11	270.94	266.66	263.06	268.47	283.63	281.19	284.26	293.38
Custodial	193.89	193.89	181.63	176.75	177.38	173.50	164.25	163.13	170.38	171.88
Other	354.16	343.24	264.69	263.63	280.94	280.99	311.69	310.85	333.99	346.38
Total other support	779.78	804.24	717.26	707.04	721.38	722.96	759.57	755.17	788.63	811.64
Total	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	4,206.67

Source: Aurora Public Schools Human Resources Department . Does not include Colorado Preschool Program, Risk Mgmt, 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 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)**

	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15 (5)	2015-16	2016-17
General Fund Expenditures										
Instruction	\$ 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	\$ 195,371,903
Pupil services	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	28,210,627
Instructional services	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	17,676,391
General administration	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	5,710,424
School administration	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	33,355,525
Business administration	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	3,806,971
Operations and maintenance	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	33,066,941
Pupil transportation	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	10,324,559
Personnel data services	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	17,909,420
Other support services	792,713	594,896	856,800	2,322,955	2,343,063	2,449,196	2,377,324	2,269,592	5,448,368	5,575,263
Total operating expenditures (1)	\$ 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	\$ 351,007,924
Funded pupil count (2)	29,915	30,815	31,698	32,661	33,190	33,518	35,022	35,272	36,061	35,710
Cost per pupil, per basis of accounting	\$ 7,930	\$ 7,922	\$ 8,173	\$ 8,239	\$ 7,933	\$ 8,239	\$ 8,542	\$ 9,175	\$ 9,753	\$ 9,829
modified accrual basis	7.64%	-0.11%	3.17%	0.81%	-3.71%	3.85%	3.68%	7.41%	6.30%	0.78%
Percentage change										
Total operating expenditures per governmental	\$ 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	\$ 724,314,944
statement of activities (3)										
Cost per pupil, per basis of accounting	\$ 10,066	\$ 10,015	\$ 10,528	\$ 10,617	\$ 10,087	\$ 10,360	\$ 10,667	\$ 12,586	\$ 13,674	\$ 20,283
full accrual basis	10.24%	-0.52%	5.13%	0.86%	-4.99%	2.70%	2.96%	17.99%	8.64%	48.34%
Percentage change										
Percentage of students										
receiving free or	56.0%	59.6%	61.3%	65.2%	65.5%	60.3%	68.0%	69.4%	66.0%	66.5%
reduced-price meals (4)										

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)**

Average Teacher Salaries (1)	Fiscal Year											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
	\$ 52,293 48,485	\$ 53,910 49,183	\$ 53,807 49,228	\$ 52,009 49,046	\$ 51,479 49,118	\$ 51,479 49,118	\$ 52,928 49,606	\$ 48,704 48,277	\$ 54,230 51,204	\$ 54,406 51,810		
Teaching staff (2) (4) (5)	1,886	1,864	1,908	1,941	1,977	2,012	2,093	2,432	2,603	2,797		
Pupil-teacher ratio (4)	18	19	19	20	20	20	19	19	19	18		
Salary Grades												
Educational Classification	Base Salary (3)											
	2012	2013	2014	2015	2016	2017	Average Salary in Each Range (3)					
							2012	2013	2014	2015	2016	2017
	\$ 37,295	\$ 37,854	\$ 38,422	\$ 39,286	\$ 39,286	\$ 39,757	\$ 44,352	\$ 45,566	\$ 45,921	\$ 47,084	\$ 46,104	\$ 46,330
	38,672	39,937	39,521	40,410	40,410	40,895	48,473	52,491	53,699	55,245	54,597	53,385
	BA + 15 hours											
	BA + 30 hours											
	BA + 45 hours											
	MA											
	MA + 15 hours											
	MA + 30 hours											
	MA + 45 hours											
	MA + 60 hours											
MA + 75 hours												
PhD												

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

Source: <https://www.cde.state.co.us/cdereval/average-salaries-for-teachers-pdf>

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)									
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Elementary Schools (3)											
Number of sites	32	29	29	29	28	28	28	28	28	28	28
Square feet	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	1,543,246	1,543,246
Capacity	16,055	14,240	14,277	13,764	16,164	16,377	16,764	16,764	16,764	16,914	16,914
Enrollment	14,809	14,079	14,301	14,175	13,830	14,271	14,517	15,242	14,561	13,119	13,119
K-8 Schools (3) (4) (5)											
Number of sites	2	4	4	6	6	6	6	6	7	7	7
Square feet	230,244	278,244	278,244	430,541	431,981	444,077	451,853	451,853	557,925	550,823	550,823
Capacity	1,352	2,291	2,314	3,753	3,828	3,928	4,428	4,428	5,204	5,204	5,204
Enrollment	1,085	2,065	2,382	3,271	3,835	3,817	3,957	4,170	4,776	4,677	4,677
Middle Schools											
Number of sites	7	7	7	7	7	7	7	7	7	7	7
Square feet	843,557	844,997	844,997	842,117	846,898	848,338	854,068	854,098	855,538	868,862	868,862
Capacity	7,814	7,814	7,814	6,738	8,057	8,257	8,507	8,507	8,557	8,557	8,557
Enrollment	6,536	5,953	5,817	5,745	6,042	6,153	6,479	6,637	6,548	6,367	6,367
High Schools											
Number of sites	5	5	5	5	6	6	6	6	6	6	6
Square feet	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	1,315,561	1,315,561
Capacity	7,640	7,843	7,843	8,043	9,768	9,718	9,681	9,681	9,781	9,831	9,831
Enrollment	8,177	8,337	8,499	8,397	8,444	8,646	9,003	9,379	9,577	9,884	9,884
Technical Schools											
Number of sites	1	1	1	1	1	1	1	1	1	1	1
Square feet	172,486	172,486	172,486	172,486	172,486	172,486	172,486	172,486	172,486	174,502	174,502
Capacity (2)	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Enrollment	1,283	1,544	1,507	1,596	1,348	1,328	1,292	1,216	1,510	1,314	1,314
Total											
Number of sites	47	46	46	47	48	48	48	48	49	49	49
Square feet	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	4,452,994	4,452,994
Capacity	34,711	34,038	34,098	34,148	39,667	40,130	41,230	41,230	42,156	42,356	42,356
Enrollment	31,890	31,978	32,506	33,184	33,499	34,215	35,248	36,644	36,972	35,361	35,361

Note 1: Student count based on actual enrollment.

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

Note 2: Aurora Public Schools Division of Support Services Planning Department provided all other information for statement.

Note 3: Actual capacity varies depending on available programs. Capacity numbers listed are standard averages for years ending 2008 to 2010.

Note 4: Pickens Technical College - student services.

Note 5: 2009-10 adjusted to actual.

Note 6: 2010-11, 2011-12 K-8 schools consist of five K-8s and one K-9.

Note 7: 2012-13 The one K-9 school was converted to a K-8 resulting in six K-8's

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, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	2016-17 Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Colorado Department of Education:			
School Breakfast Program	10.553	4553	\$ 4,016,826
National School Lunch Program	10.555	4555	9,873,951
Special Milk Program for Children	10.556	4556	11,466
Summer Food Service Program for Children	10.559	4559	<u>83,995</u>
Passed through Colorado Department Human Services:			
Donated Commodities	10.555	4555	<u>1,203,507</u>
Child Nutrition Cluster Subtotal			15,189,745
Child and Adult Care Food Program	10.558	4558	<u>83,368</u>
U.S. Department of Agriculture Total			<u>15,273,113</u>
<u>U.S. Department of Education</u>			
Direct:			
Indian Education - Grants to Local Education Agencies	84.060	4060	<u>6,525</u>
Federal Supplementary Educational Opportunity Grants	84.007	5007	23,804
Federal Work-Study Program	84.033	5033	12,325
Federal Pell Grant Program	84.063	5063	<u>974,022</u>
Student Financial Assistance Subtotal			<u>1,010,151</u>
Passed through Colorado Department of Education:			
Special Education - Grants to States	84.027	4027	6,966,610
Special Education - Preschool Grants	84.173	4173	<u>178,926</u>
Special Education Cluster Subtotal			<u>7,145,536</u>

The accompanying notes are an integral part of this Schedule.

**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, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	2016-17 Federal Expenditures
Passed through Colorado Department of Education (continued):			
Title I Grants to Local Educational Agencies	84.010	4010, 5010 & 7010	14,651,290
Title I Part C Education of Migrant Children	84.011	4011	1,416,156
Career and Technical Education - Basic Grants to States	84.048	5048 & 6048	649,924
Charter Schools	84.282	5282	465,746
Special Education - State Personnel Development	84.323	5323	1,943
Twenty-First Century Community Learning Centers	84.287	5287	618,013
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330	5330	51,842
English Language Acquisition Grants	84.365	4365 & 5365 & 6365 & 7365	1,251,391
Title II Part A Supporting Effective Instruction State Grants	84.367	4367	1,080,716
School Improvement Grants	84.377	7377	1,242,577
Race to the Top - Early Childhood Readiness Assessment	84.412	5412	800
U.S. Department of Education Total			29,592,610
<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	455,578
U.S. Department of Health and Human Services Total			455,578
<u>Other Federal Assistance</u>			
Direct from U.S. Department of Defense:			
Air Force Jr. ROTC	12.000	N/A	142,355
Other Federal Assistance Total			142,355
Total Expenditures of Federal Awards			\$ 45,463,656

The accompanying notes are an integral part of this Schedule.

**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, 2017

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, 2017. 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 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.
4. The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received and are recorded at fair value at the time of receipt. The commodities are recognized as expenditures when used by schools. The majority of the commodities are stored at the individual schools instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The District recognized noncash awards of \$1,203,507 for the year ended June 30, 2017.

**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, 2017, 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 8, 2017. 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, AXL Academy, and Rocky Mountain Prep 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 also noted certain matters that we reported to the District's management in a separate letter dated November 8, 2017.

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 8, 2017

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 the District's major federal program for the year ended June 30, 2017. The District's major federal program is 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 the District's major federal program 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 its major federal program for the year ended June 30, 2017.

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 8, 2017

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

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, 2017

7. The District's major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster

8. The threshold used to distinguish between Type A and Type B programs was \$1,363,910.

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, 2017

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, 2017

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

