

**Aspen School District No. 1 (RE)**  
**Aspen, Colorado**  
**Comprehensive Annual Financial Report**  
**June 30, 2017**



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**Aspen School District No. 1 (RE)**  
**Comprehensive Annual Financial Report**  
**June 30, 2017**

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Aspen School District No. 1 (RE)

INTRODUCTORY SECTION





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**BOARD OF EDUCATION**

Sandra Peirce .....President  
Sheila Wills ..... Vice President  
Dwayne Romero ..... Treasurer  
Margeaux Johansson .....Secretary  
Susan Marolt.....Assistant Secretary/Treasurer

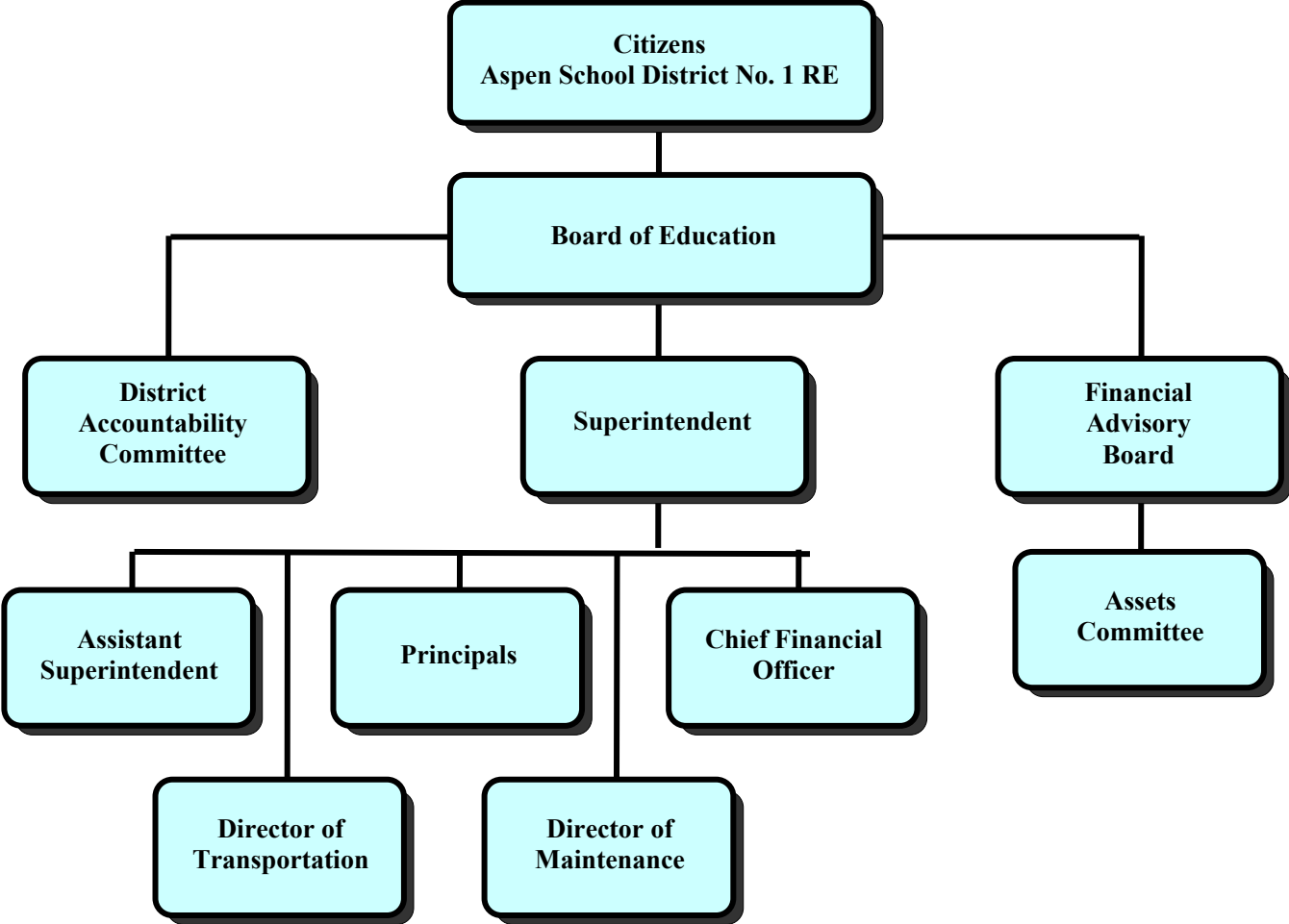
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**ADMINISTRATION**

Dr. John Maloy.....Superintendent of Schools  
Tom Heald..... Assistant Superintendent  
Kate Fuentes ..... Chief Financial Officer  
Christopher Basten .....Principal – Elementary School  
Craig Rogers.....Principal – Middle School  
Tharyn Mulberry .....Principal - High School  
Gary Vavra ..... Director of Transportation and Maintenance

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**ASPEN SCHOOL DISTRICT NO. 1 RE  
ORGANIZATIONAL STRUCTURE**





December 11, 2017

Members of the Board of Education  
Citizens of the Aspen School District No. 1 (RE):

The Comprehensive Annual Financial Report (CAFR) of the Aspen School District No. 1 (RE) (the “District”) for the fiscal year ended June 30, 2017, is hereby submitted as required by state statutes. The statutes require the District to issue an annual report on its financial position and activity, and that this report is audited by an independent firm of certified public accountants. The District’s Finance Department prepared this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. Included in the report are 2 distinct component units that provide material financial grants to the District – Aspen Education Foundation and Aspen Public Education Fund. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included in this comprehensive report. This letter of transmittal is designed to complement the “Management’s Discussion and Analysis” (MD&A). The MD&A can be found in the Financial Section immediately following the independent auditors’ report.

### **The School District**

The Aspen School District No. 1 (RE) encompasses approximately 144 square miles of Pitkin County. The county is approximately 80% publicly owned and is controlled by the U.S. Forest Service and the Bureau of Land Management. It is located in the central mountains of Colorado at an elevation of 7,908 feet. The District’s current population is estimated at 17,773, most of whom are located in the City of Aspen, Colorado. Recreation and tourism, real estate and construction dominate the local economic activity of the County.

A board of five members, elected to staggered four-year terms, governs the District. The District provides a full range of educational services, as authorized by Colorado State Statutes, appropriate to grade levels pre-kindergarten through twelfth grade, as well as special programs in vocational education, gifted and talented, International Baccalaureate, special education, information technology, and experiential education. This report includes all of the funds and account groups necessary to support the above services.

In conformance with generally accepted accounting principles (GAAP), this report includes all funds and account groups in which the District has financial accountability, and two distinct component units. Under these guidelines, the Public Employees’ Retirement Association of Colorado has not been included. The District entered into a Charter School contract, as authorized by state law, with the Aspen Community School beginning with the 2001-02 school

year. This agreement was renewed for a period of five years beginning July 1, 2015. The Aspen Community School provides an alternative educational environment within our district for K-8th grade students. The charter school operates as a separate entity with its own administration and accounting system. The Aspen School District collects per pupil revenues on behalf of the charter school, as provided for in the Colorado School Finance Act, and passes those revenues on to them. The District has included the charter school within this report.

**Local Economic Conditions and Outlook**

State school district funding in Colorado is dependent primarily upon a state per pupil funding formula. This means that the local economic conditions have minimal impact on overall school district financing. The formula establishes a base per pupil funding amount, and is adjusted for other factors such as the school district size factor and cost of living differentials to determine total per pupil funding. The School District also receives various federal and state grants to fund specific programs.

Historically, silver mining and agriculture formed the basis of the local economy. Today, the summer and winter tourist industries of Aspen and Snowmass Village, second homeowners, construction and real estate are the primary economic factors. The county’s tourism industry is among the largest and least seasonal of any Colorado county with substantial ski resort facilities.

The following table summarizes indicators of the three major components of the local economy: the construction industry as measured by building permit valuations, tourism measured by retail sales, and real estate sales value estimated from the county clerk’s documentary fee collections.

**Historical Construction, Tourism and Real Estate Indicators  
(\$ Millions)**

<b>Year</b>	<b>Building Permit Valuation</b>	<b>Percent Change</b>	<b>Taxable Sales</b>	<b>Real Estate Sales</b>	<b>Percent Change</b>
2012	268.9	9.2	783.0	1,486.7	17.2
2013	342.5	27.4	836.9	1,311.4	-11.8
2014	571.2	66.8	907.7	1,602.2	22.2
2015	545.0	-4.6	977.2	2,055.6	28.3
2016	675.8	24.0	1,012.4	1,582.8	-23.0

Source: Pitkin County Finance Office

The assessed valuation for our District, as certified each December 15th, increased 6% with the bi-annual valuation cycle after increasing by 13% in the previous valuation and now sits at \$2,904,580,540. The market has stabilized, and we expect values to increase slowly in the next 2-4 years. Property tax collections have remained strong in large part because in the Aspen School District assessed values are only approximately one-tenth of the actual value. Total tax collections to levy have averaged 99.2% over the last five years.

Student enrollment has increased 7.7% during the past ten years from 1,605 to 1,728 students. According to the Colorado Division of Local Government the per capita income in Pitkin County increased 45% over the same ten years from 2007 to 2016 to \$126,137.

## Major Initiatives and Accomplishments

### FINANCIAL

The Aspen School District focuses its work through the ends policies adopted by the Board of Education and from the school-level accountability committees that help guide decision making and resource allocations. The following were key accomplishments of the District.

- The District developed a long-term financial plan to address the on-going gap in expenses over revenues. A three-pronged solution includes an increase to the mill levy override, renewal of the sales tax in 2016, and from the Town of Snowmass Village financial support similar to the City of Aspen sales tax.
- The District was successful in the second two initiatives of its long term financial plan – renewal of the City of Aspen sales tax in November 2016, and financial support from the Town of Snowmass Village. Both initiatives were passed for a 5 year term, and will be in effect through 2021. Combined these initiatives are estimated to generate \$2,500,000 per year in revenue.
- For the 2016-17 school year, the District was able to utilize the funding from the Aspen Public Education Fund sales tax revenues cover costs for programs, special education, technology, professional development, and recruitment, training and retention. Certain budget reductions were maintained from prior years.

### EDUCATIONAL

The following educational accomplishments were met during the 2016-17 fiscal year:

- The district continues to perform well in all academic areas, recognized as a high performing district in the US News and World Report. The district met or exceeded state and national PARCC benchmarks for Math and English Language arts in Achievement and Growth in 7 or 7 areas (Elementary school achievement & growth, Middle school achievement & growth, and High school, achievement, growth & post-secondary/workforce ready).
- Aspen High School students were assessed in International Baccalaureate in 22 separate academic areas with an 89.5% passing rate (up 1.5% from the previous year) and with a 100% passing rate for our IB Diploma candidates. The Aspen high school I.B. program is unique in that it is one of the smallest high schools in the United States to offer an IB Diploma program through a unique self-selection program that provides for all students to access I.B. programming.
- Aspen High School graduation rate for 2016-17 was 99.3%. Of the 133 graduates, 94% were admitted to college – of those attending college in 2017-18, 94% will attend four-year schools and 6% will attend two-year schools. Students enrolled in Colorado institutions of higher education account for 42% of graduates, while 58% will attend institutions of higher education outside of Colorado.
- All schools within the Aspen School District are accredited: Aspen Elementary School, Aspen Middle School, Aspen High School and Aspen Community School.
- The Aspen Preschool/Cottage was recognized and accredited by the NAEYC – The National Association for the Education of Young Children.

## Planning for the Future

### FINANCIAL

The following financial objectives are priorities during fiscal year 2017-18.

- The District and the Aspen Education Association are working toward implementation of a new salary schedule for the District's certified staff. Goals of the new schedule include creating a pay structure that improves teacher attraction and retention, incentivizes continued teacher education in comprehensive programs and is financially sustainable.
- While the State Legislature made the first significant decrease in the negative factor for the 2014-15 budget year, in the years since the negative factor has only decreased by an additional \$52 million statewide. The Governor's budget proposal for the 2018-19 year calls for a decrease to the negative factor by \$70 million, bringing the statewide total to \$758 million for the year. Despite the State's strong economy, without substantial change to TABOR, the negative factor will be in place for the foreseeable future. The District's focus in the long term financial plan is and will continue to be finding stable, long term local sources of revenue.

### EDUCATIONAL

Educational projects to be undertaken during fiscal year 2017-18 include:

The district math curriculum continues to be a focus – with math instructors at all K-12 levels having been introduced to the Professional Education Business Coalition framework for instructional coaching and mathematical institutes. In addition, the K-12 team is currently piloting the Eureka math program across the grades with full adoption to occur in 2018-19.

The district English Language Arts program is a focus in 2017-18 – with ELA instructors at all K-12 levels working to align scope and sequence as they develop an evidence based evaluation process.

Each curriculum area continues to evaluate progress using our RESULTS Indicators that include a multi-tiered approach for providing support to those who have yet to demonstrate mastery in their grade level content.

The following list of professional development programs are offered to staff in 2017-18:

- **Adaptive Schools:** The goal of Adaptive Schools Seminars is to develop the collective identity and capacity of organization members as collaborators and inquirers and leaders.
- **Cognitive Coaching:** The mission of Cognitive Coaching is to produce self-directed persons with the cognitive capacity for excellence both independently and as members of a community.
- **Design Mindset:** Popularized by the Stanford d.school, Design Mindset is a problem solving process that emphasizes creativity. When staff are focused on serving students needs which are dynamic, rapid, and iterative, we become an organization that is able to adapt as opposed to being an organization that is stuck doing the same thing over and over.

- **Executive Functioning Training:** The executive functions are a set of processes that all have to do with managing oneself and one's resources in order to achieve a goal.
- **Creating Sustainable Outdoor Education:** Designed to support educators that want to offer expanded outdoor education opportunities for their students within their school curriculum. This course provides participants with tools to implement outdoor education pedagogy and an assessment of their overall readiness to launch outdoor programs on both an individual and school wide level.
- **Crisis Prevention Training:** With a focus on prevention, this training program equips staff with proven strategies for safely diffusing anxious, hostile, or violent behavior at the earliest possible stage.
- **Digital Citizenship:** Preparing Students for Learning and Life. Empowering educators to teach digital citizenship in their school communities.  
**EdCamp:** Staff collaborating and sharing innovative practice with each other.
- **Educator Think Tank:** Creating a space and time for relationship building and knowledge creation through Experiential Education, Project Based Learning, Creative Thinking and Positive Attitudes.
- **Google Educator Level 1 and 2 Certification:** Learn how to integrate Google in your classroom. At the end of this course, you'll be ready to take the exam to become a Google Certified Educator Level 1.
- **GSuite BootCamp:** A basic level course to introduce staff to GSuite and its application to the educational environment
- **Leadership Teams (AES, AMS, AHS):** The National Institute for Urban School Improvement (NIUSI, 2005) describes the school leadership team as “a school-based group of individuals who work to provide strong organizational process for school renewal and improvements”. It is important that everyone in the school understands what the leadership team is doing.
- **Multisensory Teaching of Basic Language Skills:** A Foundational Understanding for Planning for Effective Instruction of the Struggling Reader.
- **Our Community Listens:** Communication Skills Training Professional Development. This three-day communication skills training course is designed to help you understand your communication style so that you can build deeper, more meaningful relationships at work and home.
- **Professional Education & Business Coalition (PEBC):** PEBC supports teachers in all content areas, and at all levels, to become the educators they aspire to be. Through professional learning, lab classroom visits, on-site in-services and individual coaching, PEBC shares instructional best practices with customized, contextualized professional learning.
- **Roaring Fork Valley Ed Tech Summit:** To support teachers in learning, sharing, and implementing new methods of tech integration early in the school year.
- **Social Emotional & Ethical Leadership:** SEE Learning provide educators and their students with specific methods, techniques, and approaches to cultivate compassion and other basic values important for individual and collective flourishing. SEE Learning offers methods to move values from being merely ‘head knowledge’ to taking root deeply within the hearts and minds of students in whom these skills are embodied and fully realized.
- **Wilderness First Responder:** Individuals trained and certified to provide extended emergency medical care in a wilderness setting that is more than an hour from care and depending on the remoteness of the setting and communication systems available, definitive care may be days or weeks away.

- **Writers Workshop:** The Colorado Writing Project empowers teacher writers and writing teachers to engage and inspire students to be lifelong writers. Using a research-based writing workshop, CWP brings joy to the teaching and learning of writing.

### **Budgetary and Accounting Controls**

The Board maintains a system of budgetary and accounting controls designed to assist management in meeting its responsibility for reporting financial information. The system is designed to provide reasonable assurance that assets are safeguarded and transactions are recorded and executed with management's authorization. Internal control systems are subject to inherent limitations with regard to the necessity to balance costs against the benefits products. The District believes that the existing systems of budgetary and accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. The District utilizes a budget that is prepared according to the guidelines and requirements set forth in State law and the Colorado Department of Education Financial Policies and Procedures Manual.

The District specifically maintains budgetary controls which are designed to ensure compliance with legal provisions embodied in the annual appropriated budget. The budget is prepared in accordance with GAAP, approved by the Board of Education, and includes the activities of the General, Colorado Preschool Program, Capital Reserve, Debt Service, Capital Projects and Special Revenue Funds. The level of budgetary control for management purposes (that is the level at which expenditures cannot exceed the appropriated amount by School Board policy) is established by function and activity within an individual fund. All expenditures must be authorized and approved by an administrator. In addition, expenditures may not legally exceed appropriations at the fund level.

During the fiscal year, various financial reports are prepared quarterly for each of the governmental fund types and are distributed to the Board and School District Administrators. In addition to these reports, each administrator and school principal is furnished monthly reports showing the status of the General Fund, Capital Reserve Projects and Pupil Activity Fund expenditure accounts for which they are responsible. The reports detail the monthly transactions and summarize the balances to be spent from the appropriations allocated for goods and services among the programs so managed.

The report of our independent certified public accountants, McMahan and Associates, L.L.C., appears at the beginning of the financial section of this report. Their audit of the basic financial statements was performed in accordance the auditing standards generally accepted by the United States of America, and Government Auditing Standards, issued by the comptroller General of the United States, which includes a review of the Board's system of budgetary and accounting controls.

### **Cash Management**

The District attempts to maximize investment earnings on cash temporarily not required for operations. This is accomplished by maintaining all District funds in interest bearing accounts that are maintained on an imprest basis, purchasing U.S. Treasury funds and U.S. Treasury bills, and using overnight sweeps into Treasury funds. Our investment strategy also utilizes "laddered" Treasury Bills and investment funds as authorized by the District's investment policy.

## **Risk Management**

The District participates in the Colorado School District's Self Insurance Pool with many other Colorado districts. The pool insures property and liability exposures through contributions made by member districts. The School District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses, through the General Fund. The District is self-insured for unemployment compensation and has a \$10,000 deductible for property insurance. Our participation in the pool has allowed us to experience more stable coverage and premiums than we could obtain in the open market. The District does not maintain an equity interest in the Self Insurance Pool.

## **Independent Audit**

As required by Colorado State Law, an annual audit of the financial records of the Aspen School District has been made by independent certified public accountants. This year, the District issued a request for proposal for audit services. After careful review of the proposals submitted, the District selected the accounting firm of McMahan and Associates, L.L.C. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

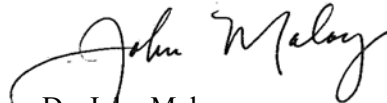
## **Acknowledgments**

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of all members of the Finance Department. We also would like to express our appreciation to other departments and individuals who assisted in the preparation of this report.

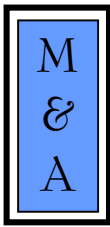
Respectfully submitted,



Kate Fuentes  
Finance Director



Dr. John Maloy  
Superintendent



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Education  
Aspen School District No. 1 (RE)  
Aspen, Colorado**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Aspen School District No. 1 (RE), 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 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of Aspen Education Foundation, which represent 10 percent, 13 percent and 31 percent, respectively, of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Aspen Education Foundation, is based solely on the report of other auditors. 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.

An audit includes 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 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 financial statement presentation.

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

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**INDEPENDENT AUDITOR'S REPORT  
To the Board of Education  
Aspen School District No. 1 (RE)**

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Aspen School District No. 1 (RE), Colorado as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

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

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as a whole. The introductory section, combining fund financial statements, individual fund budgetary information found in Section F, statistical tables found in Section G, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are presented for purposes of additional analysis and are not a required part of the District's financial statements. The combining fund financial statements, the individual fund budgetary information, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**INDEPENDENT AUDITOR'S REPORT  
To the Board of Education  
Aspen School District No. 1 (RE)**

***Other Matters (continued)***

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for the purpose of additional analysis, as required by 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* (the "Uniform Guidance"), and is not a required part of the District's financial statements. Such information has been subjected to the auditing procedures applied audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with 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.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
Avon, Colorado  
December 8, 2017**

Aspen School District No. 1 (RE)

FINANCIAL SECTION



Aspen School District No. 1 (RE)  
Management Discussion and Analysis



**ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2017**

As management of the Aspen School District No. 1 RE, Pitkin County, Colorado (the District), we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages iii - ix of this report.

**Financial Highlights**

- The liabilities of the District exceeded its assets at the close of fiscal year 2016-2017 by \$1,702,708 and unrestricted net position was (\$49,173,690). Both of these figures are reflective of the Colorado Public Employees' Retirement Association (PERA) net pension liability, required upon implementation of Governmental Accounting Standards Board (GASB) Statement 68.
- Governmental activities have a net position (both restricted and unrestricted) of \$(10,479,772) at June 30, 2017. The net position is composed of the following:

Net investment in capital assets	\$31,618,951
Restricted Funds for:	
TABOR Emergency	\$743,000
Debt Service	\$6,749,626
Unrestricted Funds-PERA portion	\$(98,393,360)
Unrestricted Funds-non PERA portion	<u>\$48,802,011</u>
	<u>\$(10,479,772)</u>

- The District's governmental activities' liabilities at June 30, 2017 were \$143,243,502, an increase of \$42,242,491 compared to \$101,001,011 at June 30, 2016. Of this increase, \$49,973,438 is the increase in PERA net pension liability. The non-PERA related change in liabilities is a decrease of \$5,730,947.
- During fiscal year 2016-2017, the fund balance of the District's governmental funds increased by \$906,251 resulting in an ending fund balance of \$17,049,796.
- At June 30, 2017, the general fund has a net fund balance surplus of \$8,081,623. This figure is net of the accounting treatment for accrued salaries and benefits and other accrued expenses, which for the current fiscal year end totaled \$1,422,978.

**Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages C1 – D28 are comprised of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2017

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader of the Aspen School District's Comprehensive Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position, the statement of activities and the comparative statement of activities.

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

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

Both of the government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities). The two categories reported in the District-wide financial statements are as follows:

- **Governmental activities:** Most of the District's basic services are included here, such as instructional services, support services and student activities. Such services include activities relating to building construction and maintenance, technology and administration. Governmental activities include the general fund, Colorado preschool fund, capital reserve fund, building fund, debt service fund, and the non-major funds.
- **Business-type activities:** District housing and food service is included under this heading.

The government-wide financial statements can be found on pages C1 – C2 of this report.

**Fund Financial Statements**

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. Fund financial statements for the District include three possible fund types. The fund types presented here are governmental funds, proprietary funds and fiduciary funds.

*Governmental funds* – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and equivalents that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for funding future basic

**ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2017**

services. Consequently, the government fund statements provide a detailed short term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental fund information does not report on long-term commitments as reported on the District's government-wide statements.

The District maintains five different governmental funds. These funds are the general fund (which includes the Colorado preschool fund, the local option fund and the November 2001 election fund), the capital reserve fund, the debt service fund, the building fund and the non-major funds. They are presented separately in the fund financial statements.

*Proprietary funds* - The District maintains a proprietary fund which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses an enterprise fund to account for its employee housing operations. Proprietary Funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide financial reports for the District's housing fund which is considered to be a major fund of the District.

*Fiduciary funds* – The District serves as a trustee or fiduciary, for student, parent and community organizations. The assets of these organizations belong to the organization, and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those whom the assets belong. Consequently, these assets are excluded from the district-wide financial statements because the District cannot use these funds to finance its operations. The District maintains one type of fiduciary fund. The fund financial statements of the Pupil Activity Fund provide the same information as the government-wide financial statements.

The basic fund financial statements can be found on pages C3 – C12 of this report.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages D1 – D28 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents other supplemental information concerning the District that is required as part of the Colorado Public School Finance Act. The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the General Fund is included in the fund financial statements to demonstrate compliance with the adopted budget. Budgetary comparison schedules for all of the District's funds can be found on pages E1 – F10 of this report. The additional schedules required as part of the compliance with Colorado Public School Finance Act can be found on page G1-H1 of this report.

ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Year Ended June 30, 2017

**Government-wide Financial Analysis**

The assets of the District are classified as current assets and capital assets. Cash and investments, property tax receivable and accounts receivable are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives approximately 85% of the annual property tax assessment in March to June time period.

Restricted cash and investments include those funds dedicated to TABOR reserves, capital reserve, capital projects and debt service. Capital assets are used in the operations of the District. These assets are land, buildings, improvements, equipment, and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Long-Term Debt, elsewhere in this analysis.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits and the current portion of debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2017-2018. Non-current liabilities are long-term debt obligations that will be liquidated from resources that will become available after fiscal year 2017-2018.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The liabilities of the governmental activities exceed assets by \$(10,479,772) with a negative unrestricted balance of (\$49,591,349). If we exclude the impact of the PERA pension liability, the unrestricted balance is a \$10,814,096.

**ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2017**

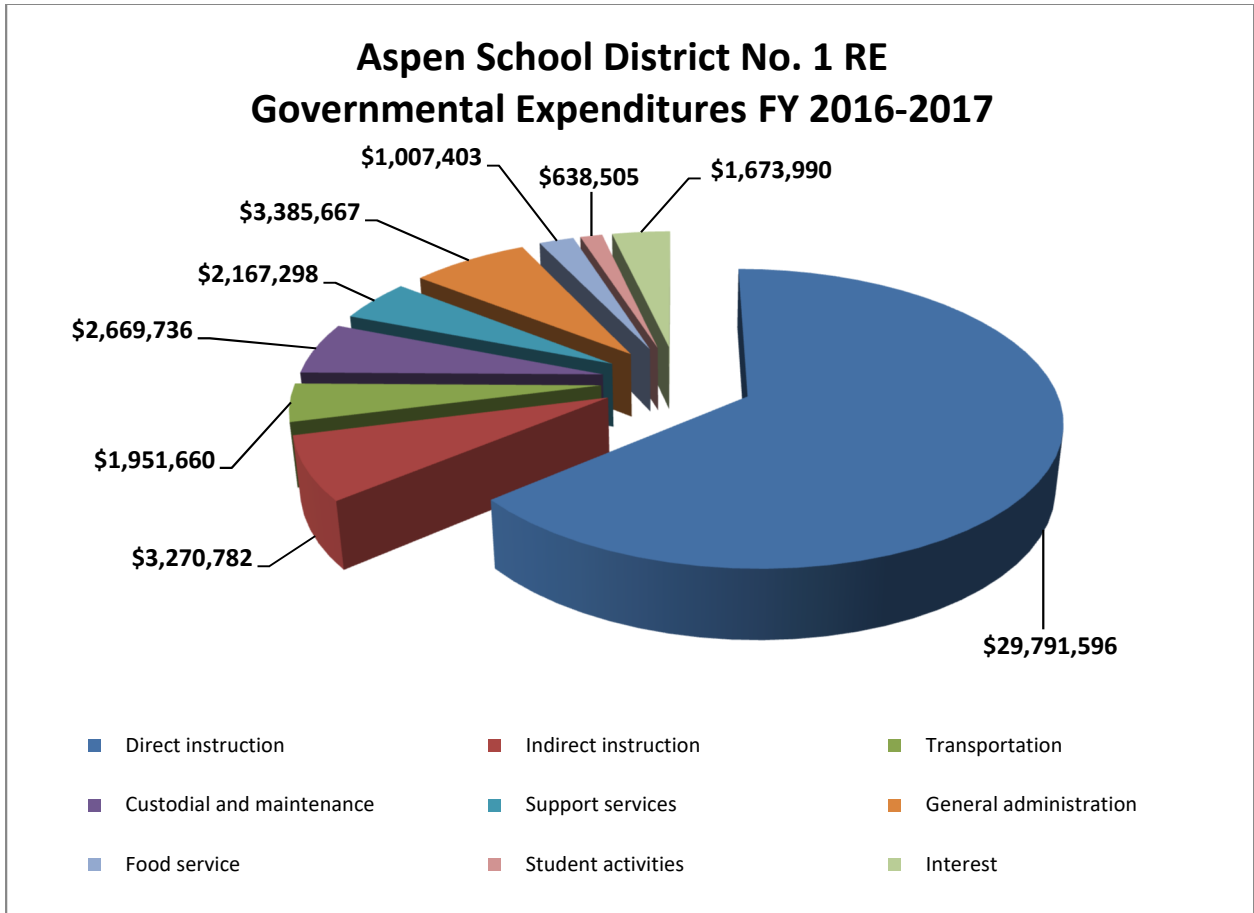
	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
<b>Assets:</b>						
Current and other assets	\$ 18,609,044	\$ 17,605,557	\$ 499,952	379,289	\$ 19,108,996	\$ 17,984,846
Capital assets	74,476,004	76,851,181	8,584,052	9,014,833	83,060,056	85,866,014
Total Assets	<u>93,085,048</u>	<u>94,456,738</u>	<u>9,084,004</u>	<u>9,394,122</u>	<u>102,169,052</u>	<u>103,850,860</u>
<b>Deferred Outflow s of Resources:</b>						
Deferred bond refunding costs, net	1,724,280	2,179,604	-	-	1,724,280	2,179,604
Pension related deferred outflow	38,432,485	7,286,903	-	-	38,432,485	7,286,903
Total deferred outflow s of resources	<u>40,156,765</u>	<u>9,466,507</u>	<u>-</u>	<u>-</u>	<u>40,156,765</u>	<u>9,466,507</u>
<b>Liabilities:</b>						
Current and other liabilities	7,336,248	7,160,161	124,913	120,044	7,461,161	7,280,205
Long-term liabilities	135,907,253	93,840,950	182,027	228,157	136,089,280	94,069,107
Total Liabilities	<u>143,243,501</u>	<u>101,001,111</u>	<u>306,940</u>	<u>348,201</u>	<u>143,550,441</u>	<u>101,349,312</u>
<b>Deferred Inflow s of Resources:</b>						
Property tax revenue	37,920	-	-	-	37,920	-
Pension related deferred inflow	444,570	714,621	-	-	444,570	714,621
Total deferred inflow s of resources	<u>482,490</u>	<u>714,621</u>	<u>-</u>	<u>-</u>	<u>482,490</u>	<u>714,621</u>
<b>Net Position:</b>						
Net investment in capital assets	31,618,951	28,167,233	8,359,405	8,744,378	39,978,356	36,911,611
Restricted for:						
TABOR emergency	743,000	743,000	-	-	743,000	743,000
Debt service	6,749,627	6,772,193	-	-	6,749,627	6,772,193
Unrestricted	(49,595,756)	(33,474,913)	417,659	301,543	(49,178,097)	(33,173,370)
Total Net Position	<u>\$ (10,484,178)</u>	<u>\$ 2,207,513</u>	<u>\$ 8,777,064</u>	<u>\$ 9,045,921</u>	<u>\$ (1,707,114)</u>	<u>\$ 11,253,434</u>

The District is reporting a positive balance in net position of \$31,618,951 representing land, improvements, buildings, equipment, and vehicles to provide services to the District's 1,720 public school students, net of related debt. Net fund balance in the capital reserve fund of \$2,217,864 is committed for capital projects. Net position of \$6,749,626 accumulated from voter approved bonded debt mill levy assessments have been restricted to provide resources to meet the current general obligation bond principal and related interest payments. The legally required TABOR reserve is also restricted.

ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2017



**Governmental Activities**

Revenues from governmental activities were \$33,869,352 while total expenses amounted to \$46,556,637. Governmental activities experienced a \$12,687,285 decrease in the net position of the District during the fiscal year ended June 30, 2017, compared to an increase in net position of \$31,114 in fiscal year 2016.

**ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2017**

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
<b>Revenues:</b>						
<i>Program revenues</i>						
Charges for services	\$ 1,570,915	\$ 1,405,661	\$ 583,528	\$ 559,487	\$ 2,154,443	\$ 1,965,148
Operating grants and contributions	949,069	973,771	2,294	556	951,363	974,327
<i>General revenues</i>						
Property taxes	23,202,793	23,304,771	-	-	23,202,793	23,304,771
Specific ownership taxes	875,370	820,775	-	-	875,370	820,775
State revenue	3,499,346	3,278,485	-	-	3,499,346	3,278,485
Grants and contributions not restricted	3,780,588	2,647,815	-	-	3,780,588	2,647,815
Investment earnings	41,516	50,444	1,328	440	42,844	50,884
<b>Total revenues</b>	<b>33,919,597</b>	<b>32,481,722</b>	<b>587,150</b>	<b>560,483</b>	<b>34,506,747</b>	<b>33,042,205</b>
<b>Expenditures:</b>						
Direct Instruction	29,858,185	19,538,083	-	-	29,858,185	19,538,083
Indirect Instruction	3,258,844	2,146,125	-	-	3,258,844	2,146,125
Transportation	1,951,660	1,430,131	-	-	1,951,660	1,430,131
Custodial maintenance	2,669,736	2,141,536	-	-	2,669,736	2,141,536
Support services	2,167,298	1,883,390	-	-	2,167,298	1,883,390
General administration	3,385,667	2,111,963	-	-	3,385,667	2,111,963
Student activities	638,505	585,158	-	-	638,505	585,158
Interest	1,673,990	1,903,907	-	-	1,673,990	1,903,907
Food service	1,007,403	710,315	-	-	1,007,403	710,315
Employee housing	-	-	856,007	751,524	856,007	751,524
<b>Total Expenses</b>	<b>46,611,288</b>	<b>32,450,608</b>	<b>856,007</b>	<b>751,524</b>	<b>47,467,295</b>	<b>33,202,132</b>
Change in net position	(12,691,691)	31,114	(268,857)	(191,041)	(12,960,548)	(159,927)
Net position-July 1	2,207,513	2,176,399	9,045,921	9,236,962	11,253,434	11,413,361
<b>Net position-June 30</b>	<b>\$ (10,484,178)</b>	<b>\$ 2,207,513</b>	<b>\$ 8,777,064</b>	<b>\$ 9,045,921</b>	<b>\$ (1,707,114)</b>	<b>\$ 11,253,434</b>

Key elements of the increase in net position for governmental activities are as follows:

- The increase in pension liability is the main driver which has been fully described in previous sections.
- The vast majority of the District's operating revenues are controlled by the State of Colorado, and are based on an annually adjusted formula that is part of the Colorado School Finance Act. The formula establishes the level of per pupil funding for the District and determines the portions to be provided by state equalization aid and property taxes. In fiscal year 2016-2017, total program funding increased by inflation with a nominal change to the negative factor. Funding for mill levy overrides were increased by \$991,000 with the passage of a ballot measure in November 2016.
- Specific ownership taxes are collected by Pitkin County for motor vehicle licenses and are based on the estimated market value of the vehicle. The taxes are distributed to

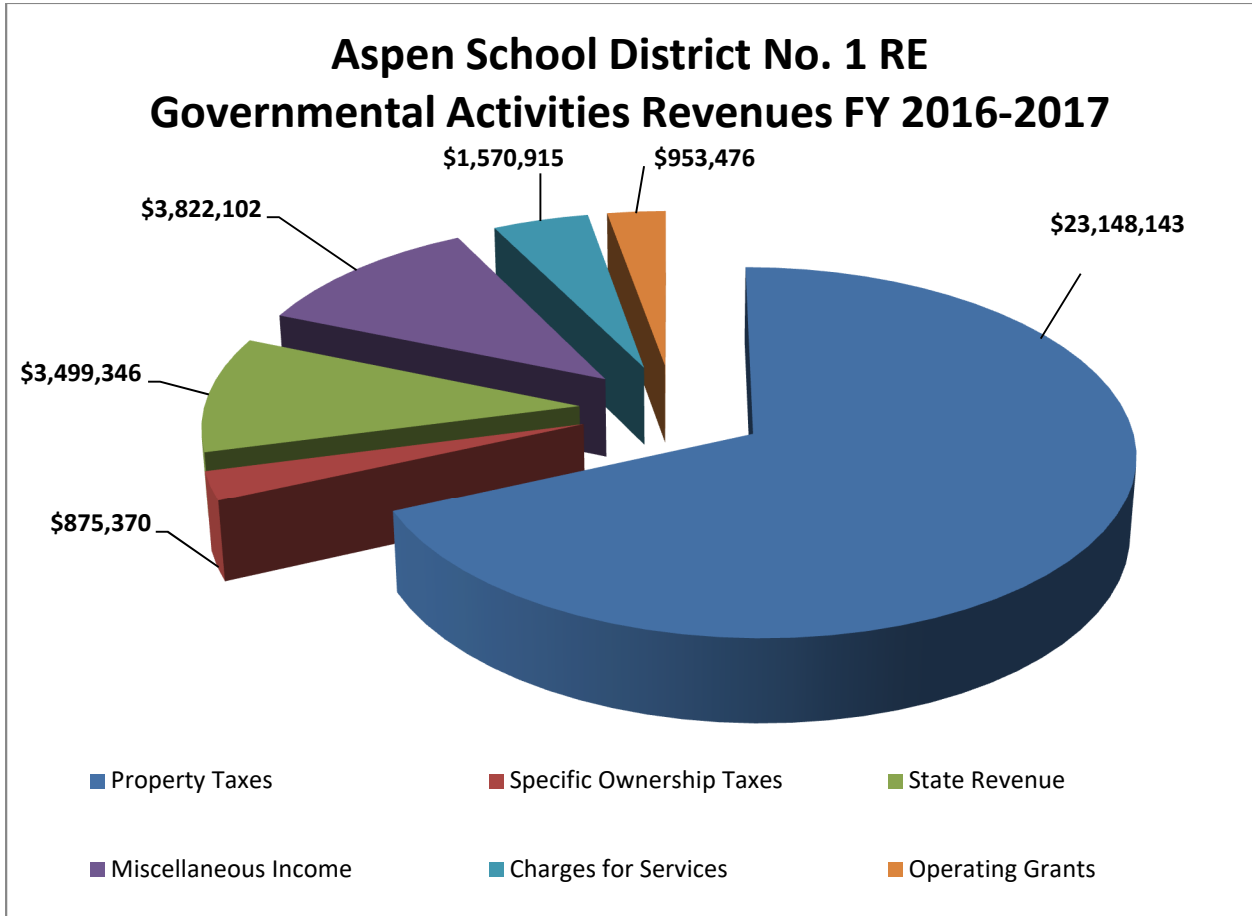
ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Year Ended June 30, 2017

entities such as ours based on relative mill levies. Our 2017 allocation of this tax was \$875,370, an increase of \$54,595 from fiscal year 2016.

- The fourth year of revenues from grants received associated with Aspen Public Education Fund generated \$2,060,349.



**Business-Type Activities**

Business-type activities include the District's employee housing program. Key elements of business-type activities include:

- The District's housing fund's net position decreased by \$268,858 due primarily to non-cash expense of depreciation that increases overall expenses more than cash outflows.

**ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2017**

**Financial Analysis of Government Funds**

The Aspen School District uses fund accounting to ensure and demonstrate compliance with finance related legal, federal and state requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spend able resources. Such information is useful in assessing the District's financial resources. Specifically, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2017, the District's governmental funds reported a combined ending fund balance of \$17,049,796, an increase of \$906,251 in comparison with the prior year.

The general fund is the chief operating fund of the District and includes the Colorado preschool fund, the food service fund, the local option fund and the November 2001 election fund. The fund balance in the general fund decreased from \$8,435,420 at June 30, 2016, to \$8,081,623.

The ending fund balance in the capital reserve funds increased by \$1,212,891 to \$2,217,864 in 2017.

The fund balance in the debt service fund at June 30, 2017 is \$6,749,626, a decrease of \$22,567 from the prior fiscal year. The ending fund balance is necessary to meet interest and principal payments due in December, before new property taxes are assessed in January 2018.

The non-major funds include the Student Athletics fund. The non-major funds had an ending fund balance at June 30, 2017 of \$683, a decrease of \$119 from the prior year.

The District's fiduciary operations are conducted through an agency fund. At June 30, 2017, assets in the pupil activity trust and agency fund totaled \$180,664.

**Budget Variances in the General Fund**

The Aspen School District's budget development process is in compliance with Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the general fund.

One of the most important variances to discuss is budgeted versus actual revenues and expenditures in the general fund. Actual revenues and transfers were more than the final budget by \$49,323. Actual expenditures and other financing sources and uses were \$7,289,295 less than budgeted. These variances caused a decrease in the ending fund balance of the general fund of \$353,797.

The District has prepared a balanced budget for the next fiscal year. This budget reflects a small increase in overall program funding from the modest reduction to the negative factor. TABOR restrictions will continue to limit revenues and the corresponding state funding.

**ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2017**

**Capital Assets and Long-Term Debt**

Capital Assets. The District's investment in capital assets, net of accumulated depreciation for its governmental activities as of June 30, 2017 amounts to \$74,476,004. This is a decrease of \$2,375,177 from the prior fiscal year.

**Capital Assets (net of accumulated depreciation)**

Fiscal Year Ended June 30th

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Non-depreciable assets:						
Land	\$ 2,524,133	\$ 2,524,133	\$ -	\$ -	\$ 2,524,133	\$ 2,524,133
Total non-depreciable	2,524,133	2,524,133	-	-	2,524,133	2,524,133
Depreciable assets:						
Buildings	108,862,165	108,609,231	13,063,727	13,063,727	121,925,892	121,672,958
Vehicles	3,073,405	3,073,405	-	-	3,073,405	3,073,405
Other equipment	6,831,668	6,311,804	-	-	6,831,668	6,311,804
Total depreciable assets	118,767,238	117,994,440	13,063,727	13,063,727	131,830,965	131,058,167
Less accumulated depreciation	46,815,367	43,667,392	4,479,675	4,048,894	51,295,042	47,716,286
Book value - depreciable assets	71,951,871	74,327,048	8,584,052	9,014,833	80,535,923	83,341,881
Percentage depreciated	39.4%	37.0%	34.3%	31.0%	38.9%	36.4%
Book value - all assets	\$ 74,476,004	\$ 76,851,181	\$ 8,584,052	\$ 9,014,833	\$ 83,060,056	\$ 85,866,014

Additional information on the District's capital assets can be found in Notes I and IV of this report.

Long-term Debt. As of June 30, 2017, the District had total bonded debt outstanding of \$41,340,000. In addition, the District has loans with one local bank that finances 8 employee housing units. The loan has a floating interest rate of prime less 2.5%. The loan is renewable annually, subject to annual appropriation, and total \$224,647. Rents on the employee units are expected to cover 100% of principal and interest costs.

**ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2017**

**Aspen School District No. 1 RE  
General Obligation Bonds and Notes Payable  
Fiscal Year Ended June 30th**

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
General obligation bonds	\$ 41,340,000	\$ 46,730,000	\$ -	\$ -	\$ 41,340,000	\$ 46,730,000
Promissory notes	-	-	224,647	270,455	224,647	270,455
Accrued compensated absences	333,680	254,160	-	-	333,680	254,160
Total long term debt	<u>41,673,680</u>	<u>46,984,160</u>	<u>224,647</u>	<u>270,455</u>	<u>41,898,327</u>	<u>47,254,615</u>

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$546,977,246, and the legal debt margin was \$512,406,872.

Additional information on the District's long-term obligations can be found in Note IV on pages D14 – D16.

**Economic Factors Affecting Financial Condition and Next Year's Budgets**

In November 2000, voters in Colorado approved a provision to the Colorado constitution (Amendment 23) providing for K-12 education to increase funding per pupil by the rate of inflation, plus one percent for a period of 10 years. This provision was intended to stabilize funding and was an important factor in projecting District revenues for the future.

Conflicting constitutional amendments led to a budget crisis for the State of Colorado. The interaction of the effects of the Gallagher and TABOR Amendments had a profound effect on Colorado's K-12 funding. Because of Gallagher's limits on property taxes, local tax contributions towards school funding have declined putting more of the burden on the state. Because of the TABOR limitations, the state was not able to keep up with increased expenses. Amendment 23 did not protect nearly a quarter of the state's education funding and its annual increases fall short of cost increases facing school districts.

In 2005, Colorado voters approved Referendum C which asked voters to forgo their TABOR taxpayer refunds for five years and let the state earmark that money for health care, transportation, education and retirement plans for fire and police. The passage of Referendum C went a long way to easing the crippling effects of the state's budget, and for a time allowed the legislature to honor its commitments under Amendment 23.

On May 9, 2007 Governor Ritter signed the 2007 School Finance Bill, SB 199 which included the mill levy stabilization amendment. The stabilization amendment eliminated a provision in the School Finance Act of 1994 that codified the property tax revenue limits and ratchet effect of TABOR. The 1994 provision drove down mill levies in school districts where property values were increasing. The 1994 provision also counteracted the 1988 legislative effort to equalize

**ASPEN SCHOOL DISTRICT NO. 1 RE  
PITKIN COUNTY, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2017**

funding in school districts across the state, which set a uniform school district levy of 40 mills. Today, mill levies range from about 2 to 38 mills, with the average at 21 (Aspen is 4.4 mills).

Eliminating this provision from the 1994 act meant the Aspen School District as one of 175 Colorado school districts (of 178 total) where voters have already approved lifting TABOR's revenue and spending limits ("De-Bruced"), will be required to maintain their present mill levies. Therefore, as assessed values rise, more property tax revenues will be collected by the District, while at the same time lowering our need for state education funding by an equivalent amount. The District saw this occur through the 2009 property valuation cycle. The economic recession was reflected in the 2011 valuations – where Aspen and school districts across the state saw significant declines in property values, putting even more pressure on the State budget.

With the economic recession that began in 2008, the State was not able to meet its obligations in all areas of the State budget and made reductions to all programs. K-12 education was reduced through the addition of a "negative factor" that was added to the school finance formula. At its peak, the negative factor caused a reduction in K-12 funding of \$1.1 billion statewide. For the 2016-17 school year, it totals \$830 million (\$2.0 million for Aspen).

As the State recovered, it was anticipated that the negative factor would be reduced and K-12 education brought back to full funding. However, the limits on revenue increases imposed by the TABOR amendment have restricted the State's income. As a result, the negative factor remains until changes to TABOR are passed by Colorado voters. The District is taking a conservative approach and has created a long term financial plan focusing on local, sustainable revenue sources for the District.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Kate Fuentes  
Chief Financial Officer  
Aspen School District No. 1 RE  
0235 High School Rd.  
Aspen, CO 81611

Aspen School District No. 1 (RE)

Basic Financial Statements



**Aspen School District No. 1 (RE)**  
**Statement of Net Position**  
**June 30, 2017**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and investments	\$ 10,803,187	\$ 299,585	\$ 11,102,772	\$ 1,900,858
Accounts, taxes, and other receivables	1,181,100	-	1,181,100	744,045
Due from other governments	352,292	-	352,292	-
Other assets	-	-	-	255,610
Internal balances	(200,367)	200,367	-	-
Due from primary government	-	-	-	248,993
Restricted cash and investments	6,472,832	-	6,472,832	313,130
Capital assets not being depreciated:				
Land	2,524,133	-	2,524,133	-
Capital assets being depreciated:				
Buildings and improvements	108,862,165	13,063,727	121,925,892	10,473,230
Vehicles	3,073,405	-	3,073,405	412,705
Equipment	6,831,668	-	6,831,668	799,317
Less accumulated depreciation	(46,815,367)	(4,479,675)	(51,295,042)	(1,287,096)
Total assets	<u>93,085,048</u>	<u>9,084,004</u>	<u>102,169,052</u>	<u>13,864,132</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	1,724,280	-	1,724,280	-
Pension related deferred outflows	38,432,485	-	38,432,485	2,350,489
Total deferred outflows of resources	<u>40,156,765</u>	<u>-</u>	<u>40,156,765</u>	<u>2,350,489</u>
<b>LIABILITIES</b>				
Accounts payable	1,246,550	82,293	1,328,843	376,420
Accrued compensation and other liabilities	30,192	-	30,192	227,898
Accrued interest payable	133,673	-	133,673	-
Due to component unit	248,993	-	248,993	-
Compensated absences				
Due within one year	166,840	-	166,840	-
Due in more than one year	166,840	-	166,840	-
Notes payable				
Due within one year	-	42,620	42,620	-
Due in more than one year	-	182,027	182,027	-
Bonds payable:				
Due within one year	5,510,000	-	5,510,000	-
Due in more than one year	37,347,053	-	37,347,053	-
Net pension liability	98,393,360	-	98,393,360	6,106,819
Total liabilities	<u>143,243,501</u>	<u>306,940</u>	<u>143,550,441</u>	<u>6,711,137</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Grant and contribution revenue	37,920	-	37,920	5,000
Pension related deferred inflow	444,570	-	444,570	320,572
Total deferred inflows of resources	<u>482,490</u>	<u>-</u>	<u>482,490</u>	<u>325,572</u>
<b>NET POSITION</b>				
Net investment in capital assets	31,618,951	8,359,405	39,978,356	10,398,156
Restricted for:				
TABOR	743,000	-	743,000	54,000
Debt service	6,749,627	-	6,749,627	-
Charter School	-	-	-	(3,626,857)
Unrestricted	(49,595,756)	417,659	(49,178,097)	1,266,285
Total net position	<u>\$ (10,484,178)</u>	<u>\$ 8,777,064</u>	<u>\$ (1,707,114)</u>	<u>\$ 9,177,912</u>

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

**Aspen School District No. 1 (RE)**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business Type Activities	Total	
<b>Governmental Activities:</b>								
Current:								
Direct instruction	\$ 29,858,185	\$ 596,640	\$ 949,069	\$ -	\$ (28,312,476)	\$ -	\$ (28,312,476)	\$ -
Indirect instruction	3,258,844	-	-	-	(3,258,844)	-	(3,258,844)	-
Transportation	1,951,660	-	-	-	(1,951,660)	-	(1,951,660)	-
Custodial and maintenance	2,669,736	-	-	-	(2,669,736)	-	(2,669,736)	-
Support services	2,167,298	-	-	-	(2,167,298)	-	(2,167,298)	-
General administration	3,385,667	61,895	-	-	(3,323,772)	-	(3,323,772)	-
Food service	1,007,403	731,054	-	-	(276,349)	-	(276,349)	-
Student activities	638,505	181,326	-	-	(457,179)	-	(457,179)	-
Interest	1,673,990	-	-	-	(1,673,990)	-	(1,673,990)	-
Total governmental activities	46,611,288	1,570,915	949,069	-	(44,091,304)	-	(44,091,304)	-
<b>Business-type Activities</b>								
Employee housing	856,007	583,528	2,294	-	-	(270,185)	(270,185)	-
Total business-type activities	856,007	583,528	2,294	-	-	(270,185)	(270,185)	-
Total primary government	\$ 47,467,295	\$ 2,154,443	\$ 951,363	\$ -	(44,091,304)	(270,185)	(44,361,489)	-
<b>Component Units</b>								
Aspen Community School	3,200,550	218,710	200,262	-	-	-	-	(2,781,578)
Aspen Education Foundation	1,061,247	535,337	988,318	-	-	-	-	462,408
Aspen Public Education Fund	2,060,349	-	-	-	-	-	-	(2,060,349)
Total component units	6,322,146	754,047	1,188,580	-	-	-	-	(4,379,519)
<b>General revenues:</b>								
Taxes:								
Property taxes levied for general purposes					16,136,137	-	16,136,137	1,493,979
Property taxes levied for debt service					7,066,656	-	7,066,656	-
Specific ownership taxes					875,370	-	875,370	-
State revenue					3,499,346	-	3,499,346	1,997,467
Grants and contributions not restricted to specific programs					3,780,588	-	3,780,588	241,198
Interest and investment earnings					41,516	1,328	42,844	31,143
Total general revenues and transfer					31,399,613	1,328	31,400,941	3,763,787
Change in net position					(12,691,691)	(268,857)	(12,960,548)	(615,732)
Net position, beginning					2,207,513	9,045,921	11,253,434	9,793,644
Net position, ending					\$ (10,484,178)	\$ 8,777,064	\$ (1,707,114)	\$ 9,177,912

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

**Aspen School District No. 1 (RE)**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Building Fund</b>	<b>Special Building Fund</b>	<b>Capital Reserve Capital Projects Fund</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS AND OTHER DEBITS</b>							
Assets:							
Cash and investments	\$ 10,803,187	\$ 6,472,832	\$ -	\$ -	\$ -	\$ -	\$ 17,276,019
Accounts, taxes, and interest receivable	763,560	276,795	-	-	-	-	1,040,355
Other receivable	136,765	-	-	-	-	-	136,765
Due from other governments	347,792	-	-	-	-	8,481	356,273
Due from other funds	-	-	-	-	2,217,864	-	2,217,864
Total assets and other debits	<u>12,051,304</u>	<u>6,749,627</u>	<u>-</u>	<u>-</u>	<u>2,217,864</u>	<u>8,481</u>	<u>21,027,276</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other current payables	213,454	-	-	-	-	2,193	215,647
Accrued expenses	1,422,978	-	-	-	-	-	1,422,978
Due to other funds	2,299,736	-	-	-	-	5,605	2,305,341
Total liabilities	<u>3,936,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,798</u>	<u>3,943,966</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	37,920	-	-	-	-	-	37,920
Total deferred inflows of resources	<u>37,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,920</u>
Fund balances:							
Non-spendable							
Long-term receivables	80,000	-	-	-	-	-	80,000
Spendable:							
Restricted	743,000	6,749,627	-	-	-	-	7,492,627
Committed	867,441	-	-	-	2,217,864	683	3,085,988
Unassigned	6,386,775	-	-	-	-	-	6,386,775
Total fund balances	<u>8,077,216</u>	<u>6,749,627</u>	<u>-</u>	<u>-</u>	<u>2,217,864</u>	<u>683</u>	<u>17,045,390</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,051,304</u>	<u>\$ 6,749,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,217,864</u>	<u>\$ 8,481</u>	<u>\$ 21,027,276</u>

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

**Aspen School District No. 1 (RE)**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2017**

Governmental Funds Total Fund Balance		\$ 17,045,390
 Add:		
Capital assets, net of depreciation, used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds. Details of these items are as follows:		
Value of Capital Assets at Cost		121,291,371
Accumulated Depreciation		(46,815,367)
 For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the new debt.		
		1,724,280
 Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of District long-term liabilities. Details of these items are as follows:		
Accrued Interest Payable		(133,673)
Bonds Payable		(42,857,053)
Accrued Compensated Absences		(333,681)
Net Pension Liability		(98,393,360)
 Changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members.		
Unamortized Pension-related Deferred Outflows		38,432,485
Unamortized Pension-related Deferred Inflows		(444,570)
		(10,484,178)
Governmental Activities Net Position		\$ (10,484,178)

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

**Aspen School District No. 1 (RE)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Reserve Capital Projects Fund</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 16,136,137	\$ 7,066,656	\$ -	\$ -	\$ 23,202,793
Specific ownership taxes	875,370	-	-	-	875,370
State income	4,100,643	-	-	-	4,100,643
Federal income	801,645	-	-	-	801,645
Investment income	32,517	5,221	3,778	-	41,516
Other	3,441,127	-	1,275,176	181,326	4,897,629
Total revenues	<u>25,387,439</u>	<u>7,071,877</u>	<u>1,278,954</u>	<u>181,326</u>	<u>33,919,596</u>
<b>EXPENDITURES</b>					
Current:					
Direct instruction	15,198,278	-	-	-	15,198,278
Indirect instruction	1,679,061	-	-	-	1,679,061
Transportation	1,006,775	-	-	-	1,006,775
Custodial and maintenance	1,983,972	-	-	-	1,983,972
Support services	1,158,975	-	-	-	1,158,975
General administration	1,886,478	-	-	-	1,886,478
Food service	703,101	-	-	-	703,101
Student activities	-	-	-	638,505	638,505
Debt Service:					
Principal	-	5,390,000	-	-	5,390,000
Interest	-	1,702,956	-	-	1,702,956
Bond issue costs	-	1,487	-	-	1,487
Capital outlay	906,943	-	761,220	-	1,668,163
Total expenditures	<u>24,523,583</u>	<u>7,094,443</u>	<u>761,220</u>	<u>638,505</u>	<u>33,017,751</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>863,856</u>	<u>(22,566)</u>	<u>517,734</u>	<u>(457,179)</u>	<u>901,845</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	765,000	457,060	1,222,060
Transfers (out)	(1,222,060)	-	-	-	(1,222,060)
Total other financing sources (uses)	<u>(1,222,060)</u>	<u>-</u>	<u>765,000</u>	<u>457,060</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(358,204)	(22,566)	1,282,734	(119)	901,845
<b>FUND BALANCES, BEGINNING</b>	<u>8,435,420</u>	<u>6,772,193</u>	<u>935,130</u>	<u>802</u>	<u>16,143,545</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 8,077,216</u>	<u>\$ 6,749,627</u>	<u>\$ 2,217,864</u>	<u>\$ 683</u>	<u>\$ 17,045,390</u>

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

**Aspen School District No. 1 (RE)**  
**Reconciliation of Changes in Fund Balances (Deficit)**  
**to Changes in Net Position**  
**June 30, 2017**

Governmental Funds Changes in Fund Balances	\$ 901,845
 Add:	
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. The following are the details of the amount by which capital outlay exceeded depreciation during the year:	
Capital outlay capitalized	772,798
Depreciation expense	(3,147,975)
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items at the time of debt issuance, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items are as follows:	
Principal repayments	5,390,000
 Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Details of these items are as follow:	
Change in accrued compensated absences	(79,521)
Change in accrued interest	47,396
Amortization of debt-related deferrals	(18,429)
Difference between employer contributions to pension plan and change in pension liability and amortization of pension-related deferrals	<u>(16,557,805)</u>
 Governmental Activities Change in Net Position	 <u><u>\$ (12,691,691)</u></u>

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

**Aspen School District No. 1 (RE)**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

<b>ASSETS</b>	<b>District Housing Fund</b>
Current assets:	
Cash and investments	\$ 299,585
Due (to) from other funds	200,367
Total current assets	499,952
Non-current assets:	
Capital assets:	
Buildings	13,063,727
Less accumulated depreciation	(4,479,675)
Total non-current assets	8,584,052
Total assets	9,084,004
<b>LIABILITIES</b>	
Current liabilities:	
Accounts and deposits payable	82,297
Loans payable - current portion	42,620
Total current liabilities	124,917
Non-current liabilities:	
Notes payable	182,027
Total liabilities	306,944
<b>NET POSITION</b>	
Net investment in capital assets	8,744,378
Unrestricted	32,682
Total net position	\$ 8,777,060

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

**Aspen School District No. 1 (RE)**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<b>District Housing Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 583,528
Other income	2,294
Total operating revenues	585,822
<b>OPERATING EXPENSES</b>	
Purchased property services	83,767
Purchased services	71,517
Operating supplies	267,750
Depreciation	430,782
Interest expense	2,192
Total operating expenses	856,008
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>(270,186)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income (loss)	1,328
Total non-operating revenues (expenses)	1,328
<b>CHANGE IN NET POSITION</b>	<b>(268,858)</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>9,045,918</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 8,777,060</b>

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

**Aspen School District No. 1 (RE)**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<b>District Housing Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 583,528
Other cash receipts	2,295
Payments to vendors	(418,488)
Net cash (used) for operating activities	167,335
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers in (out)	(119,335)
Net cash provided by noncapital financing activities	(119,335)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Interest expense	(2,192)
Principal paid on long-term debt	(45,808)
Net cash provided by capital and related financing activities	(48,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Cash received from investment income	1,328
Net cash provided by investing activities	1,328
<b>NET INCREASE (DECREASE) IN CASH</b>	1,328
Cash and Cash Equivalents - July 1	298,257
Cash and Cash Equivalents - June 30	299,585
<b>Reconciliation of Operating (Loss) to Net Cash (Used) for Operating Activities:</b>	
Operating income (loss)	(270,186)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation expense	430,783
Interest expense	2,192
Changes in assets and liabilities related to operations:	
Increase (decrease) in accounts payable	4,546
Total adjustments	437,521
<b>Net cash (used) for operating activities</b>	<b>\$ 167,335</b>

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

**Aspen School District No. 1 (RE)**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Fund - Pupil Activity Fund**  
**June 30, 2017**

<b>ASSETS</b>	<u><b>Pupil Activity</b></u>
Current assets:	
Accounts receivable	\$ 542,547
Due (to) from other funds	<u>(361,883)</u>
Total assets	<u>180,664</u>
 <b>LIABILITIES</b>	
Accounts payable	96,748
Accrued payroll	31,351
Due to student groups	<u>52,565</u>
Total liabilities	<u><u>\$ 180,664</u></u>

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

**Aspen School District No. 1 (RE)**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2017**

	<b>Aspen Community School</b>	<b>Aspen Education Foundation</b>	<b>Aspen Public Education Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and investments	\$ 422,454	\$ 458,362	\$ 1,020,042	\$ 1,900,858
Accounts, taxes, and other receivables	67,500	525,088	151,457	744,045
Prepaid expenses	3,340	-	-	3,340
Other assets	-	255,610	-	255,610
Due from primary government	248,993	-	-	248,993
Restricted cash and investments	-	313,130	-	313,130
Capital assets being depreciated:				
Buildings and improvements	10,473,230	-	-	10,473,230
Furniture, fixtures and expuipment	412,705	-	-	412,705
Land improvements	799,317	-	-	799,317
Less accumulated depreciation	<u>(1,287,096)</u>	<u>-</u>	<u>-</u>	<u>(1,287,096)</u>
Total assets	<u>11,140,443</u>	<u>1,552,190</u>	<u>1,171,499</u>	<u>13,864,132</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferred outflow	<u>2,350,489</u>	<u>-</u>	<u>-</u>	<u>2,350,489</u>
Total deferred outflows of resources	<u>2,350,489</u>	<u>-</u>	<u>-</u>	<u>2,350,489</u>
<b>LIABILITIES</b>				
Accounts payable	5,344	371,076	-	376,420
Accrued compensation and other liabilities	227,898	-	-	227,898
Net pension liability	<u>6,106,819</u>	<u>-</u>	<u>-</u>	<u>6,106,819</u>
Total liabilities	<u>6,340,061</u>	<u>371,076</u>	<u>-</u>	<u>6,711,137</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable grant and contribution revenue	5,000	-	-	5,000
Pension related deferred outflow	<u>320,572</u>	<u>-</u>	<u>-</u>	<u>320,572</u>
Total deferred inflows of resources	<u>325,572</u>	<u>-</u>	<u>-</u>	<u>325,572</u>
<b>NET POSITION</b>				
Net investment in capital assets	10,398,156	-	-	10,398,156
Restricted for:				
TABOR	54,000	-	-	54,000
Charter School	(3,626,857)	-	-	(3,626,857)
Other	-	773,198	-	773,198
Permanent endowments	-	313,130	-	313,130
Unrestricted	<u>-</u>	<u>94,786</u>	<u>1,171,499</u>	<u>1,266,285</u>
Total net position	<u>\$ 6,825,299</u>	<u>\$ 1,181,114</u>	<u>\$ 1,171,499</u>	<u>\$ 9,177,912</u>

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

**Aspen School District No. 1 (RE)**  
**Combining Statement of Activities**  
**Discretely Presented Component Units**  
**For the Year Ended June 30, 2017**

	<b>Aspen Community School</b>	<b>Aspen Education Foundation</b>	<b>Aspen Public Education Fund</b>	<b>Total</b>
<b>PROGRAM REVENUES</b>				
Charges for services	\$ 218,710	\$ 535,337	\$ -	\$ 754,047
Operating grants	200,262	988,318	-	1,188,580
Total program revenues	<u>418,972</u>	<u>1,523,655</u>	<u>-</u>	<u>1,942,627</u>
<b>PROGRAM EXPENSES</b>	<u>3,200,550</u>	<u>1,061,247</u>	<u>2,060,349</u>	<u>6,322,146</u>
<b>GENERAL REVENUES</b>				
Taxes:				
Property taxes levied for general purposes	1,493,979	-	-	1,493,979
State revenue	53,137	-	1,944,330	1,997,467
Grants and contributions not restricted to specific programs	47,265	193,933	-	241,198
Interest and investment earnings	370	30,701	72	31,143
Total general revenues and transfer	<u>1,594,751</u>	<u>224,634</u>	<u>1,944,402</u>	<u>3,763,787</u>
Change in net position	(1,186,827)	687,042	(115,947)	(615,732)
Net position, beginning (restated for AEF)	8,012,126	494,072	1,287,446	9,793,644
Net position, ending	<u>\$ 6,825,299</u>	<u>\$ 1,181,114</u>	<u>\$ 1,171,499</u>	<u>\$ 9,177,912</u>

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

Aspen School District No. 1 (RE)  
Notes to the Basic Financial Statements



**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**

**I. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Aspen School District (the "District") is organized under Colorado statutes for school districts. Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expense/expenditure. The membership of the Board consists of five members elected by the public. The Board has broad control responsibilities including the approval of the annual budget, establishment of a system of accounting and budgetary control, acquisition and disposition of school property, and the establishment, organization and operation of schools. The District is a primary government because it is a special-purpose government that has a separately elected governing board and is fiscally independent of other state or local governments. The accompanying financial statements present the District and its discretely presented component units, entities for which the District is considered to be financially accountable.

**Discretely Presented Component Units**

*Aspen Community School:*

The State of Colorado Legislature in 1993 enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30-101." This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter Schools are financed from a portion of the District's School Finance Act Revenues and from revenues generated by the Charter Schools, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the District must approve all Charter School applications and budgets. Therefore, the Aspen Community School is included in the District's reporting entity because of the nature and significance of their operational or financial relationships with the District. Complete financial statements can be obtained by contacting Compass...for lifelong discovery, P.O. Box 336, 1199 Woody Creek Rd., Woody Creek, Colorado 81656.

*Aspen Education Foundation:*

The Aspen Education Foundation ("AEF") is a Colorado nonprofit organization dedicated to supporting Aspen School District by raising funds from the community. AEF is included in the District's reporting entity because of the nature and significance of their organizational or financial relationship with the District. Complete financial statements can be obtained by contacting Aspen Education Foundation, P.O. Box 2200, Aspen, CO 81620.

*Aspen Public Education Fund:*

The Aspen Public Education Fund ("APEF") is a Colorado nonprofit organization dedicated to supporting Aspen School District by receiving the three-tenths of one percent (.3%) sales tax approved by the electors of the City of Aspen on November 6, 2012 and disbursing these funds to the Aspen School District for educational purposes. This sales tax was approved to be collected starting January 1, 2013 and ending on December 31, 2016. APEF is included in the District's reporting entity because of the nature and significance of their organizational or financial relationship with the District.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. District-wide and Fund Financial Statements**

**1. District-wide Financial Statements**

The district-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**2. Fund Financial Statements**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segments 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.

The financial transactions of the District are reported in individual funds in the fund financial statements, including fiduciary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. One or more specific restricted or committed revenue should be the foundation for the fund.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. This fund is comprised of the general educational, preschool, local option and 2001 election departments.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. District-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements (continued)**

The *Capital Reserve Capital Projects Fund* is used to account for proceeds restricted by outside parties (i.e. land dedication fees), as well as amounts committed by the School Board of the District for expenditures of capital outlay. It excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The District reports the following major proprietary funds:

The *District Housing Fund* accounts for all financial activities associated with the District's employee housing units.

Additionally, the District reports the following fund types:

The *Agency Fund - Pupil Activity Fund* accounts for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Directors.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and automotive ownership taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available. Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

The District follows guidance of the Governmental Accounting Standards Board for preparation of financial statements, including proprietary fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the *District Housing Fund* are charges to customers for rent. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Position or Equity**

**1. Cash and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The pooled cash concept is used whereby cash balances of each of the District's funds are pooled and invested in certain investments.

The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from investment of pooled cash balances are allocated to each fund with a pooled cash balance.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Position or Equity (continued)**

**2. Interfund Balances**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. Property Taxes**

Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15.

Property taxes levied in 2016 but not yet collected in 2017 are identified as property taxes receivable at June 30, 2017, and are presented net of an allowance for uncollectible taxes.

**4. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

**5. Capital Assets**

Capital assets, which include property, vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Position or Equity (continued)**

**5. Capital Assets (continued)**

Property, vehicles and equipment of the District, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	30 to 50 years
Transportation equipment	7 to 13 years
Other equipment	5 to 20 years

**6. Pensions**

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

**7. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on refunding and the pension related deferred outflows, both reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualifies for this type of reporting, pension related deferred inflows and unavailable revenue.

See Note IV (G) below for discussion on pension related deferred outflows and inflows.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Position or Equity (continued)**

**8. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the district-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**9. Long-Term Obligations**

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statements of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the *Debt Service Fund*. The long-term accumulated unpaid vacation and accrued sick leave are serviced from property taxes and other revenues by the respective fund types from future appropriations.

**10. Bond Premiums, Discounts, and Deferred Amount on Refunding**

In the district-wide and proprietary fund financial statements, bond premiums and discounts, as well as the difference between the reacquisition price on refunding debt and the net book value of the old debt, are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding.

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

**11. Fund Equity**

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the district-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the district-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for district-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

Due from other funds – governmental fund statements	\$	2,217,864
Due to other funds– governmental fund statements		(2,305,341)
Eliminated governmental activities internal balances	\$	<u>(87,477)</u>

**III. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. On or about December 1, the Superintendent submits to the Board of Education a five year financial projection. This is the basis for budgeting guidelines established by the Board of Education.
- b. By May 31<sup>st</sup>, the Superintendent submits to the Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them.
- c. Public hearings are conducted at a regular Board of Education meeting to obtain taxpayer comment.
- d. Prior to June 30, the budget is legally adopted by the Board of Education.
- e. Formal budgetary integration is employed as a management control device during the year for all funds.
- f. The District issues a separate budget document after the budget is approved by the Board of Education.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. Where applicable, the Board of Education includes available fund balance in the amount appropriated in the annual Appropriations Resolution.

Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year except they exclude appropriated available fund balance. Individual amendments were not material in relation to the original appropriations.

The District amended the following funds budgets during the year:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 32,849,563	\$ 32,980,288
Debt Service Fund	13,648,824	13,602,337
Capital Reserve Capital Projects Fund	1,624,225	1,700,880
Student Athletics Fund	601,396	700,803
District Housing Fund	9,770,373	9,579,331

The District had no funds over budget at June 30, 2017.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

*Fair Value of Investments*

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At June 30, 2017, the District had the following recurring fair value measurements:

<b>Investments Measured at Fair Value</b>	<b>Total</b>	<b>Fair Value Measurements Using</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
FHLM	\$ 1,006,527	-	1,006,527	-
FHLB	1,314,876	-	1,314,876	-
Total	\$ 2,321,403	-	2,321,403	-

Investments classified in Level 1 are valued using prices quoted in active markets for those investments. Investments classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the investments' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published at fair value per share (unit) for each fund.

At June 30, 2017, the District had the following recurring fair value measurements:

<b>Investments Measured at Net Asset Value</b>	<b>Total</b>
Colotrust	\$ 299,585
CSAFE	8,112,102

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

The District is governed by the deposit and investment limitations of state law. Unrealized losses were \$225, which reflects the change in fair market value of investments. The deposits and investment balances at June 30, 2017, are as follows:

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>One to Five Years</u>
Petty Cash		\$ 4,642	\$ -	\$ -
Checking Accounts		2,686,443	-	-
Cash with Fiscal Agent		4,151,429	-	-
Investments:				
Investment Pools	AAAm	8,411,687	8,411,687	-
FHLM	AA	1,006,527	1,006,527	
FHLB	AA	1,314,876	1,314,876	
		<u>\$ 17,575,604</u>	<u>\$ 10,733,090</u>	<u>\$ -</u>

The Investment Pool represents an investment in Colotrust and CSAFE which are a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

**Credit Risk.** State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investments policy that would further limit its investment choices. At June 30, 2017 only the District's investment in investment pools were subject to ratings.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

**Concentration of Credit Risk.** The District places no limit on the amount the District may invest in any one issuer. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District has restricted cash and investments in the governmental funds as of June 30, 2017 for future debt service of \$6,472,832.

**Custodial Credit Risk.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the amount of securities that can be held by counterparties.

**B. Accounts and Taxes Receivable**

Receivable at June 30, 2017 for the District's individual major funds and nonmajor, internal service, and fiduciary fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Governmental Funds</b>			
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Reserve Capital Projects Fund</b>	<b>Non-major Funds</b>
Receivables:				
Taxes	\$ 763,560	\$ 276,795	\$ -	\$ -
Other	136,765	-	-	-
Intergovernmental	347,792	-	-	8,481
Gross receivables	<u>1,248,117</u>	<u>276,795</u>	<u>-</u>	<u>8,481</u>
Less: allowance for uncollectible	-	-	-	-
<b>Net Receivables</b>	<u><u>\$ 1,248,117</u></u>	<u><u>\$ 276,795</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,481</u></u>

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

**Governmental Activities:** Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,524,133	\$ -	\$ -	\$ 2,524,133
Total capital assets, not being depreciated	<u>2,524,133</u>	<u>-</u>	<u>-</u>	<u>2,524,133</u>
Capital assets, being depreciated:				
Buildings and improvements	108,609,231	252,934	-	108,862,165
Transportation equipment	3,073,405	-	-	3,073,405
Other equipment	6,311,804	519,864	-	6,831,668
Total capital assets being depreciated	<u>117,994,440</u>	<u>772,798</u>	<u>-</u>	<u>118,767,238</u>
Total capital assets - Cost	<u>120,518,573</u>	<u>772,798</u>	<u>-</u>	<u>121,291,371</u>
Less: accumulated depreciation for:				
Buildings and improvements	(36,295,515)	(2,497,916)	-	(38,793,431)
Transportation equipment	(2,217,986)	(221,488)	-	(2,439,474)
Other equipment	(5,153,891)	(428,571)	-	(5,582,462)
Total accumulated depreciation	<u>(43,667,392)</u>	<u>(3,147,975)</u>	<u>-</u>	<u>(46,815,367)</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 76,851,181</u>	<u>\$ (2,375,177)</u>	<u>\$ -</u>	<u>\$ 74,476,004</u>

**Business-type Activities:** A summary of changes in the Business-type Activities capital assets is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 13,063,727	\$ -	\$ -	\$ 13,063,727
Total capital assets being depreciated	<u>13,063,727</u>	<u>-</u>	<u>-</u>	<u>13,063,727</u>
Less: accumulated depreciation for:				
Equipment	(4,048,894)	(430,781)	-	(4,479,675)
Total accumulated depreciation	<u>(4,048,894)</u>	<u>(430,781)</u>	<u>-</u>	<u>(4,479,675)</u>
Total capital assets, being depreciated, net	<u>9,014,833</u>	<u>(430,781)</u>	<u>-</u>	<u>8,584,052</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 9,014,833</u>	<u>\$ (430,781)</u>	<u>\$ -</u>	<u>\$ 8,584,052</u>

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets (continued)**

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

	<b>Depreciation Expense</b>
<b>Governmental activities:</b>	
Direct instruction	\$ 2,436,390
Indirect instruction	407,484
Transportation	225,845
Custodial and maintenance	1,500
Support services	74,184
General administration	2,572
<b>Total governmental activities</b>	<b>\$ 3,147,975</b>
<b>Business-type activities:</b>	
Employee housing	\$ 430,781
<b>Total business-type activities</b>	<b>\$ 430,781</b>

**D. Interfund Receivables, Payables and Transfers**

The outstanding balances between funds result mainly from the amount of pooled cash attributable to each fund, reported in its entirety in the *general fund*.

The composition of interfund balances as of June 30, 2017, is as follows:

	<b>Due (to)/from Other Funds</b>
General Fund	\$ (2,050,743)
Capital Reserve Capital	
Projects Fund	2,217,864
Non-major Funds	(5,605)
District Housing Fund	200,367
Agency Fund	(361,883)
	<b>\$ -</b>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and, 3) provide additional resources for current operations or debt service.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Interfund Receivables, Payables and Transfers (continued)**

For the year ended June 30, 2017, the District made the following transfers:

	<b>Transfer In (out)</b>	<b>Purpose</b>
General Fund	\$ (1,222,060)	Supplemental funding
Capital Reserve Capital		
Projects Fund	765,000	Supplemental funding
Non-major Funds	<u>457,060</u>	Supplemental funding
	<u>\$ -</u>	

**E. Long-Term Debt**

**1. General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are payable from general property taxes. These bonds generally are issued as 20 year serial bonds. General obligation bonds currently outstanding were issued as follows:

\$33,000,000 Series 2005 General Obligation Bonds, dated December 22, 2005, were issued to construct, furnish and equip a new middle school. Interest payments are due semi-annually on June 1 and December 1. Interest ranges from 3.75% to 5.0%. Principal payments are due December 1 until December 2016. These bonds were partially refunded and defeased by the Series 2011 General Obligation Refunding Bonds and the Series 2012 General Obligation Refunding Bonds. The remainder of these bonds were refunded and defeased by the Series 2016 General Obligation Refunding Bonds.

\$23,560,000 Series 2007 General Obligation Refunding Bonds, dated February 14, 2007, were issued to refund a portion of the Series 2001 General Obligation Bonds. Interest payments are due semi-annually on June 1 and December 1. Interest ranges from 4.0% to 5.25%. Principal payments are due December 1 until December 2020.

\$12,000,000 Series 2009 General Obligation Bonds, dated January 27, 2009, were issued to acquire and construct residences to be used as rental housing for school employees and related facilities. Interest payments are due semi-annually on June 1 and December 1. Interest ranges from 2.5% to 3.5%. Principal payments are due December 1 until December 2028. These bonds were partially refunded and defeased by the Series 2016 General Obligation Refunding Bonds.

\$14,810,000 Series 2011 General Obligation Refunding Bonds, dated September 22, 2011, were issued to partially refund the Series 2001 and Series 2005 General Obligation Bonds. Interest payments are due semi-annually on June 1 and December 1. Interest ranges from 2.0% to 4.0%. Principal payments are due December 1 until December 2022.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Long-Term Debt (continued)**

**1. General Obligation Bonds (continued)**

\$7,840,000 Series 2012 General Obligation Refunding Bonds, dated February 28, 2012, were issued to partially refund the Series 2005 General Obligation Bonds. Interest payments are due semi-annually on June 1 and December 1. Interest ranges from 2.0% to 3.0%. Principal payments are due December 1 until December 2025.

\$9,610,000 Series 2016 General Obligation Refunding Bonds, dated March 9, 2016, were issued to refund the Series 2005 General Obligation Bonds and partially refund the Series 2009 General Obligation Bonds. Interest payments are due semi-annually on June 1 and December 1. Interest ranges from 2.0% to 4.0%. Principal payments are due December 1 until December 2028.

Annual debt service requirement to maturity for general obligation bonds is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,510,000	\$ 1,483,606	\$ 6,993,606
2019	5,750,000	1,235,741	6,985,741
2020	6,005,000	976,006	6,981,006
2021	6,280,000	715,631	6,995,631
2022	2,930,000	537,850	3,467,850
2023 - 2027	12,990,000	1,307,550	14,297,550
2028	1,875,000	75,700	1,950,700
Total	<u>\$ 41,340,000</u>	<u>\$ 6,332,084</u>	<u>\$ 47,672,084</u>

**2. Compensated Absences**

The District's policy is to pay out accrued vacation upon termination at the employee's rate of pay. This liability along with the related employment taxes and benefits has been accrued on the District's government wide financial statement. Payments which are anticipated to be paid out from current available resources are accrued on the District's funds.

**3. Promissory Notes**

The District has entered into one promissory note financing the acquisition of certain residential properties as follows:

Note with Community Banks of Colorado, Aspen accrues interest at prime rate less 2.5% and matures January 13, 2025. The note is secured by a first deed of trust on units A, B, C, D, E, F, G and H of Building E, Pitkin Park Place Condos, Pitkin, Colorado. The balance outstanding at June 30, 2017 was \$224,647.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Long-Term Debt (continued)**

**4. Changes in General Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	(Reductions)	Balance June 30, 2017	Due Within One Year
<b>Governmental Activities:</b>					
Series 2007 GO Bonds	\$ 15,520,000	\$ -	\$ (2,805,000)	\$ 12,715,000	\$ 2,945,000
Series 2009 GO Bonds	2,435,000	-	(580,000)	1,855,000	600,000
Series 2011 Refunding Bonds	11,780,000	-	(100,000)	11,680,000	1,770,000
Series 2012 Refunding Bonds	7,385,000	-	(105,000)	7,280,000	105,000
Series 2016 Refunding Bonds	9,610,000	-	(1,800,000)	7,810,000	90,000
Bond premium	1,953,948	-	(436,895)	1,517,053	-
Net pension liability	50,419,922	47,973,438	-	98,393,360	-
Accrued compensated absences	254,161	206,600	(127,081)	333,680	166,840
Total governmental activities	<u>99,358,031</u>	<u>48,180,038</u>	<u>(5,953,976)</u>	<u>141,584,093</u>	<u>5,676,840</u>
<b>Business-type Activities:</b>					
Promissory notes	270,455	-	(45,808)	224,647	42,620
Total business type activities	<u>270,455</u>	<u>-</u>	<u>(45,808)</u>	<u>224,647</u>	<u>42,620</u>
<b>Total long-term debt</b>	<u>\$ 99,628,486</u>	<u>\$ 48,180,038</u>	<u>\$ (5,999,784)</u>	<u>\$ 141,808,740</u>	<u>\$ 5,719,460</u>

**F. Fund Balance Disclosure**

The District classifies governmental fund balances as follows:

*Non-spendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

*Spendable Fund Balance:*

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is Board of Education. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Education platform to review, and/or make changes to each department's budget. The Budget is then formally presented to Board of Education via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after Board of Education approval, must be presented via a public process and again approval by Board of Education.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Fund Balance Disclosure (continued)**

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education or its management designee.

*Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to Board of Education.

At June 30, 2017, the District had fund balances restricted for the following purposes:

Debt service on G.O. Debt	\$ 6,749,627
Tabor reserve	743,000
	<u>\$ 7,492,627</u>

At June 30, 2017, the District had fund balances committed for the following purposes:

Local option	\$ 66,790
Housing	800,651
Capital projects	2,217,864
Student athletics	683
	<u>\$ 3,085,988</u>

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

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

At June 30, 2017, the District reported a liability of \$98,393,360 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 District 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 District proportion was 0.3305%, as compared to 0.3297% at December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$2,807,352. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,230,068	\$ 866
Changes of assumptions or other inputs	31,926,593	443,704
Net difference between projected and actual earnings on pension plan investments	3,290,069	-
Changes in proportionate share of contributions	640,412	-
Difference between actual and reported contributions recognized	5,052	-
Contributions subsequent to the measurement date	1,340,291	-
Total	<u>\$ 38,432,485</u>	<u>\$ 444,570</u>

\$1,340,291 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	14,869,177
2019		14,592,650
2020		7,155,072
2021		30,725
		<u>\$ 36,647,624</u>

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

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

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

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
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
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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 1 year, and Females set back 2 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 2 years for males and set back 2 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.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

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

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.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

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

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
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%
Total	100.00%	

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

*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%.
- 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.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

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

- 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%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases 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.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 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 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Collective net pension liability	\$ 37,439,681,000	29,773,867,000	23,530,339,000
Proportionate share of net pension liability	\$ 123,726,488	98,393,360	77,760,444

*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](http://www.copera.org/investments/pera-financial-reports).

**V. Other Information**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and distortion of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District participates in the Colorado School Districts Self Insurance Pool. The Pool covers all insurance risks except for Worker's Compensation. The District pays annual premiums which are adjusted for any dividends during the year. Claim levels of the Pool may affect the District's premiums in future years. The District did not receive dividends during the year ended June 30, 2017. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund. The District is fully self-insured for unemployment compensation and has a \$10,000 deductible property insurance and a \$10,000,000 annual aggregate liability limit. The district paid unemployment claims totaling \$11,678 in fiscal year 2017. The District continues to carry commercial insurance for all other risks of loss, including errors and omissions. Settled claims resulting from these risks have not exceeded commercial coverage in the past four years.

*Pupil Counts:* Each year the District submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statute (s), including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

The Student October Count is based on a one (1) day membership count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each district's student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits districts every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the district, as well as issues or concerns that might have arisen from prior audits. The School believes its pupil count information is accurate and any adjustment would not be material.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**V. Other Information (continued)**

**B. Contingencies**

**Claims.** During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2017.

The District receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowability by the respective grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**Tabor Amendment - Revenue and Spending Limitation Amendment.** In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% of adjusted revenue. The District has reserved a portion of its June 30, 2017 year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$743,000, which is approximately 3% of the fiscal year spending at June 30, 2017.

The initial base for local government spending and revenue limits is June 30, 1993 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**Arbitrage Rebate.**

Investment of bond reserves and bond proceeds at net interest rates in excess of the net interest rate being paid on the bonds may cause the District to be subject to an arbitrage penalty on the difference between the net interest earned and net interest paid. This arbitrage penalty would be payable to the U.S. Treasury on the five-year anniversary date of the bonds. Final arbitrage rebate cannot be determined until the bond proceeds are expended.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**V. Other Information (continued)**

**C. Defined Benefit Pension Plan**

**Plan Description.** Eligible employees of the District are provided with pensions through the School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by 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](http://www.copera.org/investments/pera-financial-reports).

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

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

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

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

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**V. Other Information (continued)**

**C. Defined Benefit Pension Plan (continued)**

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve 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.

**Contributions.** Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate <sup>1</sup>	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) <sup>1</sup>	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF <sup>1</sup>	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF <sup>1</sup>	18.13%	18.63%

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 \$2,774,961 for the year ended June 30, 2017.

**Aspen School District No. 1 (RE)**  
**Notes to the Basic Financial Statements**  
**June 30, 2017**  
**(Continued)**

**V. Other Information (continued)**

**D. Postemployment Healthcare Benefits**

**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](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy.** The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016, and 2015, the District's contributions to HCTF were approximately \$150,600, \$150,200 and \$142,300 respectively, equal to their required contributions.

**E. Defined Contribution Pension Plan**

**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](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy.** 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. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the year ended June 30, 2017, 2016 and 2015.

Aspen School District No. 1 (RE)  
Required Supplemental Information



**Aspen School District No. 1 (RE)**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual (GAAP Basis)**  
**For the Year Ended June 30, 2017**  
**With Comparative Actual Amounts for 2016**

	2017			Variance with Final Budget- Positive (Negative)	2016
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 16,518,534	\$ 16,531,392	\$ 16,136,137	\$ (395,255)	\$ 16,214,502
Specific ownership taxes	761,047	761,047	875,370	114,323	820,775
State income	3,570,242	3,678,193	4,100,643	422,450	3,869,283
Federal income	727,826	746,746	801,645	54,899	744,598
Investment Income	42,455	42,455	32,517	(9,938)	32,291
Other	3,528,040	3,528,040	3,441,127	(86,913)	3,225,637
Total revenues	<u>25,148,144</u>	<u>25,287,873</u>	<u>25,387,439</u>	<u>99,566</u>	<u>24,907,086</u>
<b>EXPENDITURES</b>					
Current:					
Direct instruction	15,571,582	15,429,413	15,198,278	231,135	14,739,972
Indirect instruction	1,322,142	1,367,917	1,679,061	(311,144)	1,579,547
Transportation	982,122	983,435	1,006,775	(23,340)	994,535
Custodial and maintenance	1,910,190	1,971,294	1,983,972	(12,678)	2,013,083
Support services	1,937,602	1,960,514	1,158,975	801,539	1,904,740
General administration	1,899,469	1,899,359	1,886,478	12,881	1,845,534
Community service	6,000	6,000	-	6,000	-
Food service	653,775	652,902	703,101	(50,199)	656,233
Capital outlay	30,000	30,000	906,943	(876,943)	36,956
Contingency	7,604,681	7,722,454	-	7,722,454	-
Total expenditures	<u>31,917,563</u>	<u>32,023,288</u>	<u>24,523,583</u>	<u>7,499,705</u>	<u>23,770,600</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(6,769,419)</u>	<u>(6,735,415)</u>	<u>863,856</u>	<u>7,599,271</u>	<u>1,136,486</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (out)	(932,000)	(957,000)	(1,222,060)	(265,060)	(1,145,915)
Total other financing sources (uses)	<u>(932,000)</u>	<u>(957,000)</u>	<u>(1,222,060)</u>	<u>(265,060)</u>	<u>(1,145,915)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(7,701,419)	(7,692,415)	(358,204)	7,334,211	(9,429)
<b>FUND BALANCES, BEGINNING</b>	<u>7,701,419</u>	<u>7,692,415</u>	<u>8,435,420</u>	<u>743,005</u>	<u>8,444,849</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,077,216</u>	<u>\$ 8,077,216</u>	<u>\$ 8,435,420</u>

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

**Aspen School District No. 1 (RE)**  
**Schedule of Employer's Proportionate Share of the Net Pension Liability**  
**Colorado Public Employees' Retirement Association School Division Trust Fund**  
**Last 10 Fiscal Years \***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.3305%	0.3297%	0.3235%	0.3152%
District's proportionate share of the net pension liability	98,393,360	50,419,922	43,847,640	40,208,362
District's covered payroll	\$ 14,761,014	\$ 14,728,524	\$ 13,951,998	\$ 13,040,341
District's proportionate share of the net pension liability as a percentage of its covered payroll	666.58%	342.33%	314.27%	308.34%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.20%	62.84%	64.07%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

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

**Aspen School District No. 1 (RE)**  
**Schedule of District Contributions**  
**Colorado Public Employees' Retirement Association School Division Trust Fund**  
**Last 10 Fiscal Years \***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,689,048	\$ 2,489,753	\$ 2,226,776	\$ 1,973,583
Contributions in relation to the contractually required contribution	<u>\$ (2,689,048)</u>	<u>\$ (2,489,753)</u>	<u>\$ (2,226,776)</u>	<u>\$ (1,973,583)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,761,014	\$ 14,728,524	\$ 13,951,998	\$ 13,040,341
Contributions as a percentage of covered payroll	18.22%	16.90%	15.96%	15.13%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred the fiscal year. Information is only available beginning in fiscal year 2014.

**Aspen School District No. 1 (RE)**  
**Notes to the Required Supplementary Information**  
**June 30, 2017**

**I. Schedule of Employer's Proportionate Share of the Net Pension Liability**

**A. Changes to Assumptions or Other Inputs**

**1. Changes Since the December 31, 2015 Actuarial Valuation are as follows:**

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and Denver Public School ("DPS") Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The single equivalent interest rate (the "SEIR") for the School Division Trust Fund was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate

**2. Changes Since the December 31, 2014 Actuarial Valuation are as follows:**

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

**Aspen School District No. 1 (RE)**  
**Notes to the Required Supplementary Information**  
**June 30, 2017**  
**(Continued)**

**I. Schedule of Employer's Proportionate Share of the Net Pension Liability (continued)**

**B. Changes of Benefit Terms**

No changes during the years presented.

**C. Changes of Size or Composition of Population Covered by Benefit Terms**

No changes during the years presented.

**II. Notes to the Schedule of District Contributions**

**A. Changes to Assumptions or Other Inputs**

No changes during the years presented.

**B. Changes of Benefit Terms**

No changes during the years presented.

**C. Changes of Size or Composition of Population Covered by Benefit Terms**

No changes during the years presented.

Aspen School District No. 1 (RE)

Supplemental Information



**Aspen School District No. 1 (RE)**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual (GAAP Basis)**  
**For the Year Ended June 30, 2017**  
**With Comparative Actual Amounts for 2016**

	<u>2017</u>			<u>2016</u>	
	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>	<u>Actual</u> <u>Amounts</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 7,098,456	\$ 7,051,969	\$ 7,066,656	\$ 14,687	\$ 7,090,267
Investment income	-	-	5,221	5,221	17,349
Total revenues	<u>7,098,456</u>	<u>7,051,969</u>	<u>7,071,877</u>	<u>19,908</u>	<u>7,107,616</u>
<b>EXPENDITURES</b>					
Debt Service:					
Principal	5,390,000	4,975,000	5,390,000	(415,000)	4,975,000
Interest	1,702,956	2,071,469	1,702,956	368,513	1,899,978
Bond issue costs	5,500	5,500	1,487	4,013	140,836
Reserve expenses	6,550,368	6,550,368	-	6,550,368	-
Total expenditures	<u>13,648,824</u>	<u>13,602,337</u>	<u>7,094,443</u>	<u>6,507,894</u>	<u>7,015,814</u>
<b>EXCESS (DEFICIENCY) OF</b>					
<b>REVENUES OVER EXPENDITURES</b>	<u>(6,550,368)</u>	<u>(6,550,368)</u>	<u>(22,566)</u>	<u>6,527,802</u>	<u>91,802</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	-	-	9,610,000
Bond premium	-	-	-	-	724,884
Payment to refunding agent	-	-	-	-	(10,204,860)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,024</u>
<b>NET CHANGE IN FUND BALANCES</b>	(6,550,368)	(6,550,368)	(22,566)	6,527,802	221,826
<b>FUND BALANCES, BEGINNING</b>	<u>6,550,368</u>	<u>6,550,368</u>	<u>6,772,193</u>	<u>221,825</u>	<u>6,550,367</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,749,627</u>	<u>\$ 6,749,627</u>	<u>\$ 6,772,193</u>

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

**Aspen School District No. 1 (RE)**  
**Capital Reserve Capital Projects**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual (GAAP Basis)**  
**For the Year Ended June 30, 2017**  
**With Comparative Actual Amounts for 2016**

	<u>2017</u>			<b>Variance with Final Budget- Positive (Negative)</b>	<u>2016</u>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Actual Amounts</b>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Investment income	\$ 750	\$ 750	\$ 3,778	\$ 3,028	\$ 803
Other	250,000	250,000	1,275,176	1,025,176	324,527
Total revenues	<u>250,750</u>	<u>250,750</u>	<u>1,278,954</u>	<u>1,028,204</u>	<u>325,330</u>
<b>EXPENDITURES</b>					
Capital outlay	1,624,225	1,700,880	761,220	939,660	830,468
Total expenditures	<u>1,624,225</u>	<u>1,700,880</u>	<u>761,220</u>	<u>939,660</u>	<u>830,468</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,373,475)</u>	<u>(1,450,130)</u>	<u>517,734</u>	<u>1,967,864</u>	<u>(505,138)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	515,000	515,000	765,000	250,000	703,000
Total other financing sources (uses)	<u>515,000</u>	<u>515,000</u>	<u>765,000</u>	<u>250,000</u>	<u>703,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(858,475)	(935,130)	1,282,734	2,217,864	197,862
<b>FUND BALANCES, BEGINNING</b>	<u>858,475</u>	<u>935,130</u>	<u>935,130</u>	<u>-</u>	<u>737,268</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,217,864</u>	<u>\$ 2,217,864</u>	<u>\$ 935,130</u>

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

**Aspen School District No. 1 (RE)**  
**Combining Balance Sheet**  
**Non-Major Funds**  
**June 30, 2017**

	<b>Student Athletics Fund</b>	<b>Total Non-Major Funds</b>
<b>ASSETS AND OTHER DEBITS</b>		
Assets:		
Due from other governments	\$ 8,481	\$ 8,481
Total assets and other debits	8,481	8,481
 <b>FUND BALANCES</b>		
Liabilities:		
Accounts and other current payables	2,193	2,193
Due to other funds	5,605	5,605
Total liabilities	7,798	7,798
Fund balances:		
Committed	683	683
Total fund balances	683	683
Total liabilities and fund balances	\$ 8,481	\$ 8,481

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

**Aspen School District No. 1 (RE)**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Funds**  
**For the Year Ended June 30, 2017**

	<b>Student Athletics Fund</b>	<b>Total Non-Major Funds</b>
<b>REVENUES</b>		
Other	\$ 181,326	\$ 181,326
Total revenues	181,326	181,326
<b>EXPENDITURES</b>		
Student activities	638,505	638,505
Total expenditures	638,505	638,505
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(457,179)	(457,179)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	457,060	457,060
Total other financing sources (uses)	457,060	457,060
<b>NET CHANGE IN FUND BALANCES</b>	(119)	(119)
<b>FUND BALANCES, BEGINNING</b>	802	802
<b>FUND BALANCES, ENDING</b>	\$ 683	\$ 683

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

**Aspen School District No. 1 (RE)**  
**Student Athletics Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual (GAAP Basis)**  
**For the Year Ended June 30, 2017**  
**With Comparative Actual Amounts for 2016**

	<u>2017</u>			<b>Variance with Final Budget- Positive (Negative)</b>	<u>2016</u>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Actual Amounts</b>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Other	\$ 193,000	\$ 268,000	\$ 181,326	\$ (86,674)	\$ 141,687
Total revenues	<u>193,000</u>	<u>268,000</u>	<u>181,326</u>	<u>(86,674)</u>	<u>141,687</u>
<b>EXPENDITURES</b>					
Student activities	601,396	700,803	638,505	62,298	585,158
Total expenditures	<u>601,396</u>	<u>700,803</u>	<u>638,505</u>	<u>62,298</u>	<u>585,158</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(408,396)</u>	<u>(432,803)</u>	<u>(457,179)</u>	<u>(24,376)</u>	<u>(443,471)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	407,000	432,000	457,060	25,060	442,915
Total other financing sources (uses)	<u>407,000</u>	<u>432,000</u>	<u>457,060</u>	<u>25,060</u>	<u>442,915</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,396)	(803)	(119)	684	(556)
<b>FUND BALANCES, BEGINNING</b>	<u>1,396</u>	<u>803</u>	<u>802</u>	<u>(1)</u>	<u>1,358</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683</u>	<u>\$ 683</u>	<u>\$ 802</u>

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

**Aspen School District No. 1 (RE)**  
**Employee Housing Fund**  
**Schedule of Revenues, Expenditures and Changes in Net**  
**Assets - Budget (Non-GAAP Basis) and Actual with**  
**Reconciliation to GAAP Basis**  
**For the Year Ended June 30, 2017**  
**With Comparative Actual Amounts for 2016**

	2017			Variance with Final Budget- Positive (Negative)	2016
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>OPERATING REVENUES</b>					
Charges for services	\$ 578,412	\$ 578,412	\$ 583,528	\$ 5,116	\$ 559,487
Other income	-	-	2,294	2,294	556
Total operating revenues	578,412	578,412	585,822	7,410	560,043
<b>OPERATING EXPENSES</b>					
Purchased services	62,057	67,841	71,517	(3,676)	65,720
Operating supplies	190,000	220,000	267,750	(47,750)	212,976
Property	45,000	45,000	51,592	(6,592)	10,324
Other objects	25,000	30,000	32,175	(2,175)	29,348
Contingency	9,445,316	9,213,490	-	9,213,490	-
Interest expense	3,000	3,000	2,192	808	2,374
Total operating expenses	9,770,373	9,579,331	425,226	9,154,105	320,742
<b>INCOME (LOSS) FROM OPERATIONS</b>	(9,191,961)	(9,000,919)	160,596	9,161,515	239,301
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	-	-	1,328	1,328	440
Total nonoperating revenues (expenses)	-	-	1,328	1,328	440
<b>CHANGE IN NET POSITION - NON-GAAP BASIS</b>	\$ (9,191,961)	\$ (9,000,919)	161,924	\$ 9,162,843	239,741
<b>RECONCILIATION TO GAAP BASIS</b>					
Depreciation			(430,782)		(430,782)
<b>CHANGE IN NET POSITION - GAAP BASIS</b>			\$ (268,858)		\$ (191,041)

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

**Aspen School District No. 1 (RE)**  
**Pupil Activity Fund**  
**Schedule of Fiduciary Fund Increases and Decreases**  
**Budget and Actual (GAAP Basis)**  
**For the Year Ended June 30, 2017**  
**With Comparative Actual Amounts for 2016**

	2017			2016	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Actual Amounts
	Original	Final			
<b>INCREASES:</b>					
Student activities	\$ -	\$ 2,625,000	\$ 2,099,835	\$ (525,165)	\$ 2,125,290
Total Increases	-	2,625,000	2,099,835	(525,165)	2,125,290
<b>DECREASES:</b>					
Student activities	-	2,625,000	2,051,606	573,394	2,271,084
Total Decreases	-	2,625,000	2,051,606	573,394	2,271,084
<b>Change in Due to Students</b>	<u>\$ -</u>	<u>\$ -</u>	48,229	<u>\$ 48,229</u>	(145,794)
<b>Due to Students - Beginning of Year</b>			4,336		150,130
<b>Due to Students - End of Year</b>			<u>\$ 52,565</u>		<u>\$ 4,336</u>

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

Aspen School District No. 1 (RE)

STATISTICAL SECTION



**ASPEN SCHOOL DISTRICT**  
**Net Assets by Component**  
**(Accrual Basis of Accounting)**

*Last Five Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 19,791,802	\$ 22,773,379	\$ 25,568,490	\$ 28,167,233	\$ 31,618,951
Restricted for:					
TABOR	559,000	658,000	691,000	743,000	743,000
Capital Projects					
Debt Service	6,429,949	6,494,986	6,550,367	6,772,193	6,749,626
Unrestricted	12,045,265	10,872,656	(30,633,458)	(33,474,913)	(49,591,349)
Total governmental activities net assets	<u>\$ 38,826,016</u>	<u>\$ 40,799,021</u>	<u>\$ 2,176,399</u>	<u>\$ 2,207,513</u>	<u>\$ (10,479,772)</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 9,608,073	\$ 9,394,016	\$ 9,129,534	\$ 8,744,378	\$ 8,359,405
Unrestricted	(89,468)	177,851	107,428	301,543	417,659
Total business-type activities net assets	<u>\$ 9,518,605</u>	<u>\$ 9,571,867</u>	<u>\$ 9,236,962</u>	<u>\$ 9,045,921</u>	<u>\$ 8,777,064</u>
Primary government					
Invested in capital assets, net of related debt	\$ 29,399,875	\$ 32,167,395	\$ 34,698,024	\$ 36,911,611	\$ 39,978,356
Restricted for:					
TABOR	559,000	658,000	691,000	743,000	743,000
Capital Projects	-	-	-	-	-
Debt Service	6,429,949	6,494,986	6,550,367	6,772,193	6,749,626
Unrestricted	11,955,797	11,050,507	(30,526,030)	(33,173,370)	(49,173,690)
Total governmental activities net assets	<u>\$ 48,344,621</u>	<u>\$ 50,370,888</u>	<u>\$ 11,413,361</u>	<u>\$ 11,253,434</u>	<u>\$ (1,702,708)</u>

**ASPEN SCHOOL DISTRICT**  
**Changes in Net Assets**  
**(Accrual Basis of Accounting)**

*Last Five Years*

	2013	2014	2015	2016	2017
<b>Expenses</b>					
Governmental activities					
Current:					
Direct instruction	\$ 15,204,891	\$ 15,955,556	\$ 18,219,254	\$ 19,538,083	\$ 29,791,596
Indirect instruction	1,540,924	1,637,160	1,865,567	2,146,125	3,270,782
Transportation	986,351	1,063,034	1,092,101	1,430,131	1,951,660
Custodial and maintenance	1,926,774	1,954,497	2,025,531	2,141,536	2,669,736
Support services	1,177,038	1,532,776	2,016,413	1,883,390	2,167,298
General administration	1,593,813	1,605,506	1,871,429	2,111,963	3,385,667
Food service	-	302,510	321,933	710,315	1,007,403
Student activities	548,466	577,576	568,180	585,158	638,505
Interest	2,528,949	2,383,191	2,217,299	1,903,907	1,673,990
Total governmental activities	<u>25,507,206</u>	<u>27,011,806</u>	<u>30,197,707</u>	<u>32,450,608</u>	<u>46,556,637</u>
Business-type activities					
Employee housing	261,920	766,185	905,903	751,524	856,007
Food service	707,937	-	-	-	-
Total business-type activities	<u>969,857</u>	<u>766,185</u>	<u>905,903</u>	<u>751,524</u>	<u>856,007</u>
Total primary government expenses	<u>\$ 26,477,063</u>	<u>\$ 27,777,991</u>	<u>\$ 31,103,610</u>	<u>\$ 33,202,132</u>	<u>\$ 47,412,644</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services	\$ 743,894	\$ 1,142,868	\$ 1,074,985	\$ 1,405,661	\$ 1,570,915
Operating grants and contributions	689,808	949,919	888,103	973,771	953,476
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	<u>1,433,702</u>	<u>2,092,787</u>	<u>1,963,088</u>	<u>2,379,432</u>	<u>2,524,391</u>
Business-type activities					
Employee housing rental	505,841	538,114	569,120	559,487	583,528
Food service	250,666	-	-	-	-
Operating grants and contributions	27,280	-	1,823	556	2,294
Total business-type activities program revenues	<u>783,787</u>	<u>538,114</u>	<u>570,943</u>	<u>560,043</u>	<u>585,822</u>
Total primary government program revenues	<u>\$ 2,217,489</u>	<u>\$ 2,630,901</u>	<u>\$ 2,534,031</u>	<u>\$ 2,939,475</u>	<u>\$ 3,110,213</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (24,073,504)	\$ (24,919,019)	\$ (28,234,619)	\$ (30,071,176)	\$ (44,032,246)
Business-type activities	(186,070)	(228,071)	(334,960)	(191,481)	(270,185)
Total primary government net expense	<u>\$ (24,259,574)</u>	<u>\$ (25,147,090)</u>	<u>\$ (28,569,579)</u>	<u>\$ (30,262,657)</u>	<u>\$ (44,302,431)</u>
	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes, levied for general education	\$ 14,552,575	\$ 13,934,484	\$ 13,890,033	\$ 16,214,504	\$ 16,081,487
Property taxes, levied for debt service	7,336,554	7,123,751	7,112,267	7,090,267	7,066,656
Specific ownership taxes	666,939	747,541	749,541	820,775	875,370
State revenue	2,270,170	3,206,041	4,191,179	3,278,485	3,499,346
Grants and contributions not restricted to specific programs	382,236	2,105,260	2,769,207	2,647,815	3,780,589
Interest and investment earnings	81,327	56,280	40,128	50,444	41,514
Miscellaneous income	-	-	-	-	-
Transfers	-	(297,793)	-	-	-
Total governmental activities	<u>\$ 25,289,801</u>	<u>\$ 26,875,564</u>	<u>\$ 28,752,355</u>	<u>\$ 30,102,290</u>	<u>\$ 31,344,962</u>
Business-type activities					
Interest and investment earnings	-	-	19	440	1,328
Transfers	-	297,793	-	-	-
Total business-type activities	<u>-</u>	<u>297,793</u>	<u>19</u>	<u>440</u>	<u>1,328</u>
Total primary government	<u>\$ 25,289,801</u>	<u>\$ 27,173,357</u>	<u>\$ 28,752,374</u>	<u>\$ 30,102,730</u>	<u>\$ 31,346,290</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 1,216,297	\$ 1,956,545	\$ 517,736	\$ 31,114	\$ (12,687,284)
Business-type activities	(186,070)	69,722	(334,941)	(191,041)	(268,857)
Total primary government	<u>\$ 1,030,227</u>	<u>\$ 2,026,267</u>	<u>\$ 182,795</u>	<u>\$ (159,927)</u>	<u>\$ (12,956,141)</u>

**ASPEN SCHOOL DISTRICT**  
**Fund Balances of Governmental Funds**  
**(Modified Accrual Basis of Accounting)**

*Last Ten Years*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Non-spendable	\$ 300,443	\$ 363,023	\$ 725,034	\$ 698,494	\$ 563,615	\$ 355,959	\$ 598,577	\$ 317,721	\$ 80,764	\$ 80,000
Spendable										
Restricted	\$ 550,000	\$ 550,000	\$ 625,597	\$ 625,597	\$ 625,597	\$ 559,000	\$ 658,000	\$ 691,000	\$ 743,000	\$ 743,000
Committed	\$ 1,098,268	\$ 1,093,048	\$ 1,110,538	\$ 1,061,106	\$ 1,076,808	\$ 732,677	\$ 678,180	\$ 816,791	\$ 943,458	\$ 944,223
Assigned						\$ 6,580,690	\$ 550,324	\$ 531,954	\$ -	\$ -
Unassigned	5,103,985	5,331,231	5,118,791	6,989,067	7,251,541	728,901	6,495,588	6,087,385	6,668,198	6,314,400
Total general fund	<u>\$ 7,052,696</u>	<u>\$ 7,337,302</u>	<u>\$ 7,579,960</u>	<u>\$ 9,374,264</u>	<u>\$ 9,517,561</u>	<u>\$ 8,957,227</u>	<u>\$ 8,980,669</u>	<u>\$ 8,444,851</u>	<u>\$ 8,435,420</u>	<u>\$ 8,081,623</u>
All Other Governmental Funds										
Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	6,632,281	6,881,488	6,807,041	6,216,677	6,208,756	6,429,949	6,494,986	6,550,367	6,772,193	6,749,626
Committed	108,704	1,030,276	309,223	1,780,056	1,573,339	720,579	376,596	738,626	935,932	2,218,547
Assigned	1,118,293	8,188,688	2,689,232	355,678	300,170	297,793	36	-	-	-
Unassigned						(8,038)	-	-	-	-
Total governmental activities net assets	<u>\$ 7,859,278</u>	<u>\$ 16,100,452</u>	<u>\$ 9,805,496</u>	<u>\$ 8,352,411</u>	<u>\$ 8,082,265</u>	<u>\$ 7,440,283</u>	<u>\$ 6,871,618</u>	<u>\$ 7,288,993</u>	<u>\$ 7,708,125</u>	<u>\$ 8,968,173</u>

**ASPEN SCHOOL DISTRICT**  
**Changes in Fund Balances of Governmental Funds**  
**(Modified Accrual Basis of Accounting)**

*Last Ten Years*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>REVENUES</b>										
Taxes										
Property taxes	\$ 21,311,487	\$ 24,025,636	\$ 26,201,754	\$ 27,627,357	\$ 21,665,692	\$ 21,925,046	\$ 21,058,783	\$ 21,002,300	\$ 23,304,769	\$ 23,148,143
Specific ownership taxes	909,076	866,873	670,087	724,053	651,137	666,939	747,541	749,541	820,775	875,370
State income	1,248,404	1,585,326	157,058	326,523	2,889,064	2,625,898	3,834,735	4,755,073	3,869,283	4,105,050
Federal income	111,222	76,028	172,955	257,575	267,355	334,081	321,225	720,133	744,598	801,645
Interest income	495,904	188,290	91,907	84,186	(425)	81,327	56,281	40,128	50,443	41,515
Other	2,255,915	1,497,490	1,456,871	1,476,259	1,051,210	1,126,130	3,248,128	3,448,289	3,691,851	4,897,629
Total revenues	<u>26,332,008</u>	<u>28,239,643</u>	<u>28,750,632</u>	<u>30,495,953</u>	<u>26,524,033</u>	<u>26,759,421</u>	<u>29,266,693</u>	<u>30,715,464</u>	<u>32,481,719</u>	<u>33,869,352</u>
<b>EXPENDITURES</b>										
Current:										
Direct instruction	11,789,328	11,766,999	12,608,654	12,694,204	12,132,280	12,488,574	13,291,009	14,256,014	14,739,972	15,143,628
Indirect instruction	597,708	861,349	881,600	1,024,657	925,402	971,928	1,038,127	1,373,459	1,579,547	1,679,061
Transportation	660,307	730,925	749,773	756,547	743,268	743,645	805,109	757,946	994,535	1,006,775
Custodial and maintenance	1,585,811	1,716,775	1,760,203	1,689,133	1,642,973	1,830,317	1,953,944	1,951,496	2,013,083	1,983,972
Support services	1,078,205	911,220	1,190,668	973,190	1,143,457	1,215,506	1,457,035	1,863,754	1,904,740	1,158,975
General administration	1,852,341	2,046,221	1,914,639	1,833,764	1,430,674	1,560,098	1,593,350	1,708,067	1,845,534	1,886,478
Community service	150	9,749	-	-	-	-	-	-	-	-
Food service	-	2,000	-	-	-	-	302,510	307,419	656,233	703,101
Student activities	674,248	583,787	583,535	654,963	543,394	548,466	577,576	568,180	585,158	638,505
Debt Service:										
Principal	3,270,000	3,161,803	3,292,706	3,422,780	3,765,000	4,560,000	4,630,000	4,800,000	4,975,000	5,390,000
Interest	3,100,155	3,280,778	3,365,848	3,229,127	2,582,988	2,587,744	2,440,556	2,263,406	1,899,978	1,702,956
Bond issue cost	950	1,075	977	900	220,743	3,968	5,317	4,372	140,836	1,487
Other	-	-	-	29,376	-	-	-	-	-	-
Capital outlay	7,258,038	7,232,042	8,381,969	3,681,693	1,380,656	1,451,491	1,436,050	934,388	867,424	1,668,163
Total expenditures	<u>31,867,241</u>	<u>32,304,723</u>	<u>34,730,572</u>	<u>29,990,334</u>	<u>26,510,835</u>	<u>27,961,737</u>	<u>29,530,583</u>	<u>30,788,501</u>	<u>32,202,040</u>	<u>32,963,101</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(5,535,233)</u>	<u>(4,065,080)</u>	<u>(5,979,940)</u>	<u>505,619</u>	<u>13,198</u>	<u>(1,202,316)</u>	<u>(263,890)</u>	<u>(73,037)</u>	<u>279,679</u>	<u>906,251</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Bond proceeds	-	12,674,216	-	-	22,650,000	-	-	-	9,610,000	-
Bond premium	-	-	-	-	1,907,812	-	-	-	724,884	-
Payment to refunding agent	-	-	-	-	(24,339,973)	-	-	-	(10,204,860)	-
Transfers in	246,664	345,325	377,950	1,282,461	615,871	912,400	1,089,103	1,139,919	1,145,915	1,222,060
Transfers (out)	(253,515)	(428,683)	(450,308)	(1,446,860)	(615,871)	(912,400)	(1,386,896)	(1,139,919)	(1,145,915)	(1,222,060)
Total other financing sources (uses)	<u>(6,851)</u>	<u>12,590,858</u>	<u>(422,658)</u>	<u>(164,399)</u>	<u>217,839</u>	<u>-</u>	<u>(297,793)</u>	<u>-</u>	<u>130,024</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (5,542,084)</u>	<u>\$ 8,525,778</u>	<u>\$ (6,052,298)</u>	<u>\$ 341,220</u>	<u>\$ 231,037</u>	<u>\$ (1,202,316)</u>	<u>\$ (561,683)</u>	<u>\$ (73,037)</u>	<u>\$ 409,703</u>	<u>\$ 906,251</u>
Debt service as a percentage of noncapital expenditures	34.9%	34.6%	33.8%	34.0%	35.4%	36.9%	33.7%	31.0%	28.8%	29.3%

**ASPEN SCHOOL DISTRICT NO. 1 (RE)**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years <sup>(3)</sup>**  
**(Unaudited)**

Assessment Year	Collection Year	Assessed Value <sup>(1)</sup>	Estimated Actual Value <sup>(2)</sup>	Ratio of Assessed to Estimated Actual Value <sup>(1)</sup>
2006	2007	1,751,897,506	16,584,354,400	10.56
2007	2008	2,504,624,080	24,110,287,000	10.39
2008	2009	2,552,953,670	24,759,509,500	10.31
2009	2010	3,355,435,658	32,870,418,500	10.21
2010	2011	3,374,848,280	33,202,605,770	10.16
2011	2012	2,553,629,900	24,786,431,350	10.30
2012	2013	2,545,246,460	24,901,033,460	10.22
2013	2014	2,408,091,890	22,994,463,480	10.47
2014	2015	2,418,733,540	23,179,824,930	10.43
2015	2016	2,735,887,980	26,453,894,830	10.34
2016	2017	2,734,986,230	26,713,251,880	10.24

**Notes:**

<sup>(1)</sup> From 1998 to 2007, commercial property, vacant land, personal property and utilities were assessed at 29% of actual or depreciated value. Residential property is valued at market and all other property is valued considering the three approaches to appraisal (income, cost and market).

Residential real property was assessed as follows:

Assessment Year	Assessment Percentage	Base Year
2006	7.96%	2004 appraised value
2007	7.96%	2006 appraised value
2008	7.96%	2006 appraised value
2009	7.96%	2008 appraised value
2010	7.96%	2008 appraised value
2011	7.96%	2010 appraised value
2012	7.96%	2010 appraised value
2013	7.96%	2012 appraised value
2015	7.96%	2014 appraised value
2017	7.20%	2016 appraised value

<sup>(2)</sup> All residential and commercial properties are reappraised biennially from sales that occurred in the twenty-four month period ending June 30 of the odd-numbered base year bringing properties to their current market value. The residential assessment rate is set by the Colorado General Assembly and coincides with changes in value. This is constitutionally mandated and designed to even out the tax burden on residential property.

<sup>(3)</sup> The property tax collection year is January through December. Therefore all data is presented on a calendar year.

**ASPEN SCHOOL DISTRICT NO. 1 (RE)**  
**Direct and Overlapping Property Tax Rates**  
**(Per \$1,000 of Assessed Value)**  
**Last Ten Fiscal Years <sup>(1)</sup>**  
**(Unaudited)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Aspen School District</u>										
General Fund	6.154	6.725	5.848	6.267	6.291	6.289	6.362	6.342	6.496	6.491
Bond Redemption Fund	2.468	2.630	1.998	1.987	2.814	2.912	2.971	2.955	2.615	2.601
Total	<u>8.622</u>	<u>9.355</u>	<u>7.846</u>	<u>8.254</u>	<u>9.105</u>	<u>9.201</u>	<u>9.333</u>	<u>9.297</u>	<u>9.111</u>	<u>9.092</u>
<u>Other <sup>(2)</sup></u>										
Aspen Ambulance	0.170	0.176	0.138	0.014	0.198	0.204	0.220	0.400	0.451	0.503
Aspen Consolidated Sanitation	0.168	0.168	0.130	0.130	0.130	0.130	0.130	0.130	0.111	0.111
Aspen Fire Protection	1.397	1.506	1.146	1.306	1.455	1.455	1.477	1.476	1.411	1.423
Aspen Highlands Commercial	33.000	33.782	30.850	31.398	32.871	34.320	35.564	35.564	35.564	35.564
Aspen Highlands Residential	33.000	33.782	30.850	31.398	36.794	37.597	38.925	39.885	40.125	40.305
Aspen Historic Park & Rec.	0.300	0.300	0.236	0.237	0.300	0.300	0.300	0.300	0.300	0.300
Aspen Valley Hospital	1.280	1.280	0.969	1.931	2.664	2.920	2.539	2.818	2.819	2.791
Aspen Village Metropolitan	99.662	99.662	71.662	71.662	83.994	83.994	103.060	106.060	106.100	112.180
Base Village Metropolitan #2	29.500	29.500	43.500	43.500	43.500	43.500	43.500	43.500	43.500	43.500
Brush Creek Metropolitan	19.675	20.636	15.957	16.469	20.806	20.928	28.569	29.003	26.075	22.319
Buttermilk Metropolitan	17.545	17.545	11.878	11.878	14.205	14.205	14.205	14.205	15.205	15.205
City of Aspen	5.459	5.467	4.042	3.854	5.236	5.346	5.654	5.817	4.978	5.227
Colorado Mountain College	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997
Colorado River Water	0.191	0.198	0.166	0.188	0.228	0.242	0.254	0.253	0.243	0.253
East Aspen Metropolitan	0.350	0.350	0.276	0.284	0.395	0.393	0.395	0.410	0.390	0.390
Five Trees Metro	11.861	11.861	10.858	10.850	11.806	13.500	17.177	18.000	17.600	18.127
Meadowood Metro District	0.000	34.883	24.202	20.192	26.210	28.678	31.310	31.260	23.840	24.304
Pitkin County	6.620	6.756	5.677	5.737	7.044	7.194	7.500	7.564	7.274	7.635
Pitkin County Library	1.113	1.148	0.906	0.932	1.296	1.336	1.439	1.490	1.359	1.411
Snowmass Village	9.546	9.509	7.485	7.356	8.940	9.019	9.261	9.200	9.236	9.016
Snowmass Water & Sanitation	1.645	1.623	1.257	1.228	1.568	1.575	2.414	2.414	2.414	6.083
Snowmass Fire Protection	4.354	4.352	4.043	4.351	4.351	5.351	5.351	7.356	7.494	9.036
Starwood Metropolitan	16.510	25.449	16.366	19.257	22.378	22.175	26.794	26.483	21.580	21.753
Twining Flats Improvement	4.575	4.782	4.039	4.080	5.368	5.408	6.820	6.755	6.204	2.769
W/J Ranch Metro	48.500	48.500	43.500	43.500	48.500	48.500	48.500	48.500	48.500	48.500
West Divide Water	0.077	0.075	0.048	0.048	0.042	0.041	0.041	0.039	0.039	0.039
White Horse Springs Water	0.262	0.262	0.221	0.229	0.229	0.229	0.229	0.229	3.419	3.139

Notes:

<sup>(1)</sup> The property tax collection year is January through December. Therefore, all data is presented on a calendar year basis, even though the State of Colorado required a change to fiscal years ending June 30th, as of June 30, 1992.

<sup>(2)</sup> Totals are not shown since individual properties are not subject to all levies.

**Source:** Pitkin County Assessor's Office

**ASPEN SCHOOL DISTRICT NO. 1 (RE)**  
**Principal Property Tax Payers**  
**Current Year and Ten Years Ago**  
**(Unaudited)**

Taxpayer	2016			2007		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Value
Aspen Skiing Co	\$ 61,881,320	1	2.10%			
Aspen/Buttermilk/Snowmass Skiing Co/ Little Nell/Snowmass Club Associates				\$ 59,632,000	1	2.19%
315 East Dean Assoc. Inc.	27,162,850	2	0.92%			
Sheridan Luxury Trust, Aspen Dean St LLC				19,595,880	2	0.72%
Silvertree Property Co	17,955,340	3	0.61%	13,455,600	5	0.49%
Base Village Owner LLC				15,145,060	3	0.56%
The Residences at Little Nell Condo Assoc. Inc.	14,938,840	4	0.51%			
Hyatt Grand Aspen	14,086,350	5	0.48%	13,770,950	4	0.51%
SV Land Holdings	14,067,060	6	0.48%			
Holy Cross Electric Assn	12,510,200	7	0.42%	8,011,500	9	0.29%
Iconic Properties-Jerome Property LLC	12,369,710	8	0.42%			
Ritz Carlton				12,096,710	6	0.44%
Hotel Jerome, Inc				10,059,170	7	0.37%
Ajax Mountain Associates LLC	9,999,710	10	0.34%			
Brand Building LLC	9,716,260					
ASPCOL Corporation NV				8,452,770	9	0.31%
Snowmass Holding Co				7,774,600	10	0.29%
<b>Total</b>	<b>\$ 194,687,640</b>		<b>6.61%</b>	<b>\$ 167,994,240</b>		<b>6.16%</b>
<b>Total assessed valuation</b>	<b>\$ 2,943,772,090</b>			<b>\$ 2,726,650,670</b>		

**Source:** Pitkin County Assessor's Office

**ASPEN SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years <sup>(1)</sup>**  
**(Unaudited)**

<b>Fiscal Year Ended June 30,</b>	<b>Total Mill Levy</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collected in Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
2008	8.622	21,595,175	21,479,895	99.47	5,767	21,485,662	99.49
2009	9.355	23,882,577	23,793,483	99.63	8,322	23,801,805	99.66
2010	7.846	26,325,050	26,121,144	99.23	20,269	26,141,413	99.30
2011	8.254	27,854,879	27,500,827	98.73	14,553	27,515,380	98.78
2012	9.105	23,250,814	22,973,201	98.81	11,341	22,984,542	98.85
2013	9.201	23,421,519	23,304,407	99.50	15,422	23,319,829	99.57
2014	9.333	22,474,211	22,345,422	99.43	17,957	22,363,379	99.51
2015	9.297	22,485,894	22,282,212	99.09	1,167	22,283,379	99.10
2016	9.113	24,932,874	24,752,187	99.28	8,710	24,760,897	99.31
2017 <sup>(2)</sup>	9.092	24,867,166	23,866,262	95.97	N/A	N/A	N/A

**Notes:**

<sup>(1)</sup> The property tax collection year is January through December. Therefore all data is presented on a calendar year basis, even though the State of Colorado required a change to fiscal years ending June 30th, as of June 30, 1992.

<sup>(2)</sup> Full year collection data is not yet available for 2016.

**Source:** Information extracted from the Aspen School District No. 1 (RE) Comprehensive Annual Financial Reports and Audit Reports, Pitkin County Treasurer's Office and Pitkin County Assessor's Office.

**ASPEN SCHOOL DISTRICT NO. 1 (RE)**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Assessed Value<sup>(2)</sup></b>	<b>Gross Bonded Debt</b>	<b>Debt Service Funds Avail.<sup>(3)</sup></b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
2008	16,673	2,504,624,080	64,875,000	5,007,105	59,867,895	2.39	\$ 3,590.71
2009	17,053	2,552,953,670	73,725,000	5,415,099	68,309,901	2.68	\$ 4,005.74
2010	17,156	3,355,435,658	70,445,000	5,463,574	64,981,426	1.94	\$ 3,787.68
2011	17,131	3,374,848,280	67,035,000	5,512,318	61,522,682	1.82	\$ 3,591.31
2012	17,239	2,553,629,900	65,075,000	6,208,756	58,866,244	2.31	\$ 3,414.71
2013	17,412	2,545,246,460	60,515,000	6,429,951	54,085,049	2.12	\$ 3,106.19
2014	17,645	2,408,091,890	55,885,000	6,494,986	49,390,014	2.05	\$ 2,799.09
2015	17,845	2,418,733,540	51,085,000	6,550,367	44,534,633	1.84	\$ 2,495.64
2016	17,773	2,735,887,980	46,730,000	6,772,193	39,957,807	1.46	\$ 2,248.23
2017	17,773	2,734,986,230	41,340,000	6,749,626	34,590,374	1.26	\$ 1,946.23

**Notes:**

(1) 2016 is latest population amount available.

(2) Calculations on this schedule reflect assessed valuation and net bonded debt at year end.

**Source:** Information extracted from the Aspen School District No. 1 (RE) Comprehensive Annual Financial Reports and Audit Reports.

**ASPEN SCHOOL DISTRICT NO. 1 (RE)**  
**Direct and Overlapping Governmental Activities Debt**  
**Year Ended June 30, 2017**  
**(Unaudited)**

	<u>Total Debt Outstanding</u>	<u>Percent Applicable To Aspen School Dist.</u>	<u>Amount Applicable To Aspen School Dist.</u>
Aspen Fire Protection District	9,010,000	100%	9,010,000
Aspen Highlands Residential Metro	4,116,360	100%	4,116,360
Aspen Valley Hospital	37,955,000	100%	37,955,000
Base Village Metro District #2	31,260,000	100%	31,260,000
Brush Creek Water District	200,000	100%	200,000
Buttermilk Metro District	1,672,057	100%	1,672,057
City of Aspen	9,065,000	100%	9,065,000
Meadowood Metro District	1,807,350	100%	1,807,350
Pitkin County	14,090,000	93%	13,103,700
Starwood Water and Sanitation	2,165,000	100%	2,165,000
Town of Snowmass Village	<u>4,285,000</u>	100%	<u>4,285,000</u>
			Subtotal, overlapping debt
			\$ 114,639,467
			Self supporting debt
			<u>9,205,000</u>
			Net overlapping debt
			\$ 105,434,467
			Aspen School District direct debt
			<u>41,340,000</u>
			Total direct and overlapping debt
			<u><u>\$ 146,774,467</u></u>

**Source:** Pitkin County Finance Office

**ASPEN SCHOOL DISTRICT**  
**Legal Debt Margin Information**  
**(Unaudited)**

**Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed valuation	\$ 2,504,624,080	\$ 2,552,953,670	\$ 3,355,435,658	\$ 3,374,848,280	\$ 2,553,629,900	\$ 2,545,246,460	\$ 2,408,091,890	\$ 2,418,733,540	\$ 2,735,887,980	\$ 2,734,986,230
Debt limit (20% of assessed valuation)	500,924,816	510,590,734	671,087,132	674,969,656	510,725,980	509,049,292	481,618,378	483,746,708	547,177,596	546,997,246
Debt applicable to limit:										
General obligation bonds	\$ 64,875,000	\$ 73,725,000	\$ 70,445,000	\$ 67,035,000	\$ 65,075,000	\$ 60,515,000	\$ 55,885,000	\$ 51,085,000	\$ 46,730,000	\$ 41,340,000
Less: Amount set aside for repayment of general obligation debt	(5,007,105)	(5,415,099)	(5,463,574)	(5,512,318)	(6,208,756)	(6,429,951)	(6,494,986)	(6,550,367)	(6,772,193)	(6,749,626)
Total net debt applicable to limit	\$ 59,867,895	\$ 68,309,901	\$ 64,981,426	\$ 61,522,682	\$ 58,866,244	\$ 54,085,049	\$ 49,390,014	\$ 44,534,633	\$ 39,957,807	\$ 34,590,374
Legal debt margin	\$ 441,056,921	\$ 442,280,833	\$ 606,105,706	\$ 613,446,974	\$ 451,859,736	\$ 454,964,243	\$ 432,228,364	\$ 439,212,075	\$ 507,219,789	\$ 512,406,872
Total net debt applicable to the limit as a percentage of debt limit	11.95%	13.38%	9.68%	9.11%	11.53%	10.62%	10.26%	9.21%	7.30%	6.32%

**Note:** Under state finance law, the District's outstanding general obligation debt should not exceed 20% of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**ASPEN SCHOOL DISTRICT NO. 1 (RE)**  
**Demographic Statistics**  
**(Unaudited)**

**Last Ten Years <sup>(5)</sup>**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Population <sup>(1)</sup>	16,236	16,673	17,053	17,156	17,131	17,239	17,412	17,645	17,845	17,773
Percent Change	0.9%	2.7%	2.3%	0.6%	-0.1%	0.6%	1.0%	1.3%	1.1%	-0.4%
Births	166	162	171	141	175	128	139	119	127	146
Deaths	40	43	44	38	53	51	23	33	54	64
Net Migration	23	318	253	-	(184)	35	182	158	150	(154)
Population Change	149	437	380	103	(25)	108	173	233	200	(72)
School Enrollment <sup>(2)</sup>	1,633	1,656	1,698	1,727	1,712	1,732	1,728	1,756	1,728	1,728
Percent Change	1.7%	1.4%	2.5%	1.7%	0.3%	0.9%	-0.2%	1.6%	-1.6%	0.0%
School Employment <sup>(3)</sup>	210.4	218.3	219.0	225.2	225.2	230.1	237.4	254.5	265.8	265.5
Percent Change	0.4%	3.7%	0.3%	2.8%	0.0%	2.2%	3.2%	7.2%	4.4%	-0.1%
Labor Force <sup>(4)</sup>	11,518	11,950	12,248	12,509	12,683	10,772	10,827	10,992	11,174	11,360
Percent Change	9.0%	3.8%	2.5%	2.1%	1.4%	-15.1%	0.5%	1.5%	1.7%	1.7%
Unemployment rate	2.5%	3.7%	4.3%	7.1%	7.7%	7.1%	6.4%	4.9%	3.8%	3.4%
Per Capita Income	\$ 86,609	\$ 92,680	\$ 84,264	\$ 74,414	\$ 79,086	\$ 80,331	\$ 88,766	\$ 112,796	\$ 126,137	N/A
Percent Change	8.2%	7.0%	-9.1%	-11.7%	6.3%	1.6%	10.5%	27.1%	11.8%	N/A
Median Age	42.0	41.9	42.0	42.1	42.7	43.2	43.6	43.8	43.9	43.2

**Notes:**

- (1) Estimate of the population as of December 31.
- (2) Fall of calendar year. Includes the Aspen Community School beginning in 2001.
- (3) Full time equivalents, fall of calendar year. Including bus drivers starting in 1998.
- (4) Calendar year average monthly labor force estimates.
- (5) Data is for the total county, on a calendar year basis.

N/A = Information not available

**Source:** All the information was jointly compiled by the demographic section of the Colorado Division of Local Government and the Pitkin County Finance Office, except for school statistics which were provided by the Aspen School District No. 1 (RE).

**ASPEN SCHOOL DISTRICT NO. 1 RE  
Principal Employers  
(Unaudited)**

*Current Year and Ten Years Ago*

<u>Employers</u>	<u>2016</u>			<u>2007</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Aspen Skiing Company/Little Nell Hotel	3,887	1	36.08%	3,675	1	31.91%
Aspen Valley Hospital	500	2	4.64%	421	4	3.66%
Roaring Fork Transit Agency	370	3	3.43%	191	8	1.66%
St Regis Aspen Resort	325	4	3.02%	333	5	2.89%
Viceroy Snowmass Resort	300	5	2.78%			
City of Aspen	293	6	2.72%	434	3	3.77%
Pitkin County	266	7	2.47%	245	6	2.13%
Aspen School District	254	8	2.36%	229	7	1.99%
Hotel Jerome	250	9	2.32%	184	10	1.60%
Westin Snowmass Wildwood Resort Hotel	180	10	1.67%			
Ritz Carlton				190	9	1.65%
Silvertree Hotel of Snowmass				477	2	4.14%
<b>Total</b>	<u>6,625</u>		<u>61.50%</u>	<u>6,379</u>		<u>55.38%</u>
<b>Total Pitkin County Labor Force</b>	<u>10,772</u>			<u>11,518</u>		

**Source:** Pitkin County Finance Department

**ASPEN SCHOOL DISTRICT NO. 1 (RE)**  
**Miscellaneous Statistical Data**  
**(Unaudited)**

Form of Government: Board - Superintendent  
Area: 144 square miles of Pitkin County  
Year of Reorganization: 1953

**Employees Fall of 2016: Full Time Equivalent**

<u>Administration</u>	
Superintendent	1.00
Assistant Superintendent	1.00
Curriculum Director	1.00
Chief Financial Officer	1.00
Principals	3.00
Assistant Principals	3.00
Director of Special Education	1.00
Director of Transportation	1.00
Director of Human Resources	1.00

<u>Instruction/Classroom</u>	
Certified Teachers	145.00
Para Professionals	36.00
Librarians/Aides	3.50

<u>Support Staff</u>	
School Psychologist/Occupation Therapist	3.00
Computer Technicians/Counseling Support	9.00
Nurses	1.00
District/Business Office	4.00
School Secretaries/Admin. Assistants	9.00
Maintenance Technicians	4.00
Custodians/kitchen staff	20.00
Mechanics	2.00
Bus Drivers (Full time is 3.5 hrs./day)	16.00
Total	265.50

<b>Student Enrollment by School:</b>	<b>Oct. 2015</b>	<b>Oct. 2016</b>
Preschool	57	59
Elementary School	508	520
Middle School	462	449
High School	567	565
Aspen Community School	134	135
Total	1,728	1,728

Student/Teacher Ratio 11.0  
Percentage of Students Eligible for Free or Reduced Lunch 6.8%

<u>Facilities</u>	<u>Year Built/Renovated</u>	<u>Square Footage</u>	<u>Capacity</u>	<u>% Capacity</u>
Elementary School	1991/1995/2007	120,000	550	95%
Middle School	2007	113,000	600	75%
High School	2003	184,900	550	103%

**Source:** Aspen School District Business Office.

**ASPEN SCHOOL DISTRICT NO. 1 RE**  
**Operating Statistics**  
**(Unaudited)**

*Last Ten Fiscal Years*

<u>Fiscal Year</u>	<u>Governmental Fund Expenditures</u>	<u>Student Count</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff FTE</u>	<u>Pupil Teacher Ratio</u>
2007	52,768,383	1,485	\$ 35,534	140.1%	131.5	11.3
2008	31,937,878	1,512	\$ 21,123	-40.6%	132.0	11.5
2009	32,304,723	1,534	\$ 21,059	-0.3%	135.5	11.3
2010	34,730,572	1,576	\$ 22,037	4.6%	138.0	11.4
2011	29,990,334	1,601	\$ 18,732	-15.0%	137.0	11.7
2012	26,510,835	1,583	\$ 16,747	-10.6%	137.0	11.6
2013	27,961,737	1,606	\$ 17,411	4.0%	139.0	11.6
2014	29,530,583	1,603	\$ 18,422	10.0%	144.7	11.1
2015	30,197,707	1,627	\$ 18,560	6.6%	145.4	11.2
2016	32,202,040	1,594	\$ 20,202	9.7%	149.0	10.7
2017	32,963,101	1,593	\$ 20,692	11.5%	145.0	11.0

**Note:** All figures exclude the Aspen Community School.

**ASPEN SCHOOL DISTRICT NO. 1 RE  
SCHEDULE OF INSURANCE  
(Unaudited)**

<u>Description of Insurance</u>	<u>Carrier or Pool</u>	<u>Coverage Limit</u>	<u>Deductible</u>
General Liability	Colorado School Districts Self Insurance Pool (CSDSIP)	\$5,000,000	\$10,000
Property Including:			
Inland marine	CSDSIP	\$130,304,345	\$10,000
Boiler and machinery	HUB International	\$5,000,000	\$1,000
Automobile Liability:	CSDSIP		
Combined single limit		\$5,000,000	\$5,000
Personal injury protection		\$5,000	\$0
Uninsured motorist		\$2,000,000	\$0
School Leaders Errors and Omissions	CSDSIP	\$2,000,000	\$1,000
Public Officials Bond	CSDSIP	\$10,000	\$100
Crime:	CSDSIP		
Employee dishonesty		\$150,000	\$500
Theft		\$10,000	\$500
Forgery/alteration		\$100,000	\$500
Employment Practices Liability	CSDSIP	\$1,000,000	\$1,000
Worker's Compensation	Pinnacol		
Unemployment	Claims basis		

Source: Aspen School District Business Office

**ASPEN SCHOOL DISTRICT NO. 1 (RE)**  
**Construction and Property Values**  
**Last Ten Fiscal Years (4)**  
**(Unaudited)**

Fiscal Year	Total Value of Construction <sup>(1)</sup> (in millions)	Percent Change	Property Values <sup>(2)</sup>	
			Assessed Value (in millions)	Estimated Actual Value <sup>(3)</sup> (in millions)
2007	227.2	-5.7%	1,751.9	16,584.3
2008	283.3	24.7%	2,504.6	24,110.3
2009	95.3	-66.4%	2,552.9	24,759.5
2010	108.1	13.4%	3,355.4	32,870.4
2011	246.2 (4)	n/a	3,374.8	33,202.6
2012	268.9	9.2%	2,553.6	24,786.4
2013	342.5	27.4%	2,545.2	24,901.0
2014	571.2	66.8%	2,408.1	22,994.5
2015	545.0	-4.6%	2,418.7	23,179.8
2016	675.8	24.0%	2,735.8	26,453.9

**Notes:**

(1) Source: Pitkin County Finance Office.

(2) For the Aspen School District No. 1 (RE) only.

(3) Beginning in 1987 (fiscal year 1988) statutory actual value was reappraised biennially from sales that occurred in the eighteen month period prior to July 1 of the indicated valuation base year. All property is valued at 100% of market value with the exception of agricultural, natural resources, and state assessed properties.

(4) City of Aspen changed the method of reporting permits from permits issued to permits applied for.

N/A = Information not available

Aspen School District No. 1 (RE)

STATE COMPLIANCE SECTION





**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 2640 - ASPEN 1  
 Fiscal Year 2016-17  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

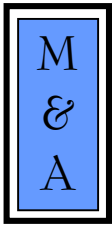
Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	8,435,415	23,949,805	24,308,007	8,077,213
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	215,574	215,574	0
<b>Sub-Total</b>	<b>8,435,415</b>	<b>24,165,379</b>	<b>24,523,581</b>	<b>8,077,213</b>
11 Charter School Fund	125,865	2,271,126	1,960,446	436,545
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	803	638,386	638,505	684
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	6,772,195	7,071,875	7,094,443	6,749,627
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	935,130	2,043,954	761,220	2,217,864
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>16,269,408</b>	<b>36,190,721</b>	<b>34,978,194</b>	<b>17,481,934</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	9,045,919	587,150	856,007	8,777,063
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>9,045,919</b>	<b>587,150</b>	<b>856,007</b>	<b>8,777,063</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	4,336	2,099,835	2,051,606	52,565
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	1,781,520	3,692,691	3,121,596	2,352,614
<b>Totals</b>	<b>1,785,856</b>	<b>5,792,526</b>	<b>5,173,202</b>	<b>2,405,179</b>

FINAL

Aspen School District No. 1 (RE)

SINGLE AUDIT SECTION





# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

### Independent Auditor's Report

**To the Board of Education  
Aspen School District No. 1 (RE)  
Aspen, 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Aspen School District No. 1 (RE) (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 December 8, 2017.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit on the financial statements, we considered the District's internal control over financial reporting (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 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.

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.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**To the Board of Education  
Aspen School District No. 1 (RE)**

***Compliance and Other Matters***

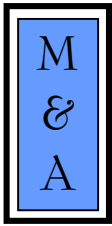
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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*.

***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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
Avon, Colorado  
December 8, 2017**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### Independent Auditor's Report

To the Board of Education  
Aspen School District No. 1 (RE)  
Aspen, Colorado

#### **Report on Compliance for Each Major Program**

We have audited the Aspen School District No. 1 (RE)'s (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the Guide. Those standards and 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 on the District's compliance with those requirements.

#### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
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AVON: (970) 845-8800  
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***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, we considered the District's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB 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 or on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to indentify 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 in 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 Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**December 8, 2017**

**Aspen School District No. 1 (RE), Colorado**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2017**

**Part I: Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

*Federal Awards*

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major program – Schools and Roads - Grants to States	CFDA #10.665
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	No

**Part II: Findings Related to Financial Statements**

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

**Part III: Findings Related to Federal Awards**

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

**Aspen School District No. 1 (RE), Colorado**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2017**

**Note:** There were no findings for the fiscal year ended June 30, 2016.

**Aspen School District No. 1 (RE)**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Project Code</u>	<u>Expenditures</u>
<b>United States Department of Education:</b>			
<b>Passed through Colorado Department of Education:</b>			
Title I	84.010	4010	\$ 76,634
Title II, Part A Training	84.367	4367	24,086
Special Education - Preschool Grants	84.173	4173	5,026 <b>A</b>
Special Education - Grants to States	84.027	4027	242,026 <b>A</b>
<b>Total United States Department of Education</b>			<u>347,772</u>
<b>United States Department of Agriculture:</b>			
<b>Passed through Pitkin County Colorado</b>			
Schools and Roads - Grants to States	10.665	7665	453,873
<b>Total United States Department of Agriculture</b>			<u>453,873</u>
<b>Total Federal Expenditures</b>			<u>\$ 801,645</u>
<b>Additional Information for Clusters:</b>			
<b>A</b> Special Education Cluster (IDEA)			\$ 247,052

**Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2017:**

**Note 1. Basis of Presentation:**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Aspen School District No.1 (RE) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

**Note 2. Determining the Value of Non-cash Awards Expended:**

Food Commodities: Assessed value provided by the Federal agency.

**Note 3. Sub recipients:**

The District had no sub-recipients as of June 30, 2017.

**Note 4. Indirect Facilities and Administration Costs:**

The District has elected to not use the 10% de minimis cost rate allowed in § 200.414, Indirect (F&A) Costs, of the Uniform Guidance.