

2017-18



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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



E

RECEIVED

Office of the State Auditor

November 27, 2018

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

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

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

BOARD OF EDUCATION

Marques Ivey, J.D., President

Kyla Armstrong-Romero, Ph.D., Vice President

Kevin Cox, Treasurer

Debra E. Gerkin, Secretary

Cathy Wildman, Director

Dan Jorgensen, Ph.D., Director

Monica Colbert, Director

Superintendent

D. Rico Munn

Prepared by:

Brett J. Johnson, Chief Financial Officer

Gina M. Lanier, Controller

Sandy W. Woods, Accounting Manager

Thomas G. McNish, Senior Accountant

Lisa D. Bollers, Senior Accountant

Jerrid M. Haywood, Grant Accountant

Kaylee E. Huelsing, Accountant

Theresa M. Larson, Accountant

Donna L. McClary, Accountant

Lucas A. Winder, Accountant

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018**

Table of Contents	Page
INTRODUCTORY SECTION.....	1
Governing Board of Education – Function and Composition	3
Letter of Transmittal	5
Aurora Public Schools 2017-18 Organizational Chart	11
2017 Certificate of Achievement for Excellence in Financial Reporting	12
FINANCIAL SECTION	13
Independent Auditor's Report	15
Management's Discussion and Analysis (Unaudited).....	19
Basic Financial Statements.....	31
Government-wide Financial Statements	
Statement of Net Position	32
Statement of Financial Position – Aurora Public Schools Foundation	33
Statement of Activities	34
Statement of Activities – Aurora Public Schools Foundation	35
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	36
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	38
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds ..	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	42
Statement of Fiduciary Net Position – Fiduciary Funds – Trust and Agency Funds	43
Statement of Changes in Fiduciary Net Position – Fiduciary Fund – Trust Fund	44
Notes to Basic Financial Statements.....	45
Required Supplementary Information	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
General Fund	83
Special Revenue Fund – Grants Fund	84
Special Revenue Fund – Nutrition Services Fund	85
Schedule of the District's Proportionate Share of the Net Pension Liability	86
Schedule of the District's Pension Contributions	87
Schedule of the District's Proportionate Share of the Net OPEB Liability	88
Schedule of the District's OPEB Contributions.....	89
Notes to the Required Supplementary Information	90
Supplementary Information	91
Major and Nonmajor Governmental Funds	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual	
Debt Service Fund – Bond Redemption Fund	93
Capital Projects Fund – Building Fund	94
Capital Projects Fund – Capital Reserve Fund	95
Combining Balance Sheet – Nonmajor Governmental Funds.....	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual	
Special Revenue Fund – Athletic Fund	98
Special Revenue Fund – Medicaid Fund	99
Special Revenue Fund – Pickens Post-Secondary Fund	100
Agency Fund.....	101
Statement of Changes in Assets and Liabilities – Fiduciary Fund – Agency Fund	102
Nonmajor Component Units – Charter Schools	103
Combining Statement of Net Position – Component Units – Charter Schools.....	104

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018**

Table of Contents	Page
Combining Statement of Activities – Component Units – Charter Schools	105
CDE Auditor's Electronic Financial Data Integrity Check Figures Report	106
STATISTICAL SECTION	107
Net Position by Component	109
Expenses, Program Revenues and Net (Expense)/Revenue	110
General Revenues and Total Change in Net Position	111
Fund Balances, Governmental Funds	112
Governmental Funds Revenues	113
Governmental Funds Expenditures and Debt Service Ratio	114
Other Financing Sources (Uses) and Net Change in Fund Balances	115
Assessed Value and Actual Value of Taxable Property	116
Direct and Overlapping Property Tax Rates	118
Principal Property Taxpayers	120
Property Tax Levies and Collections	121
Outstanding Debt by Type	122
General Bonded Debt	123
Direct and Overlapping Governmental Activities Debt	124
Legal Debt Margin Information	125
Demographic and Economic Statistics	126
Principal Employers	127
Full-time Equivalent District Employees by Type	128
Operating Statistics	129
Teacher Salaries	130
School Building Information	131
REPORTS REQUIRED BY UNIFORM GUIDANCE	133
Schedule of Expenditures of Federal Awards	136
Notes to Schedule of Expenditures of Federal Awards	138
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	139
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	141
Schedule of Findings and Questioned Costs	145
Summary of Prior Audit Findings	149
Management Corrective Action Plan	150
REPORT ON STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS	151
Introduction and Description of Programs	151
Report Summary	152
Independent Auditor's Report on the Statement of Allocations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs	153
Statement of Allocations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs	155
Notes to Statement of Allocations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs	156
Independent Auditor's Report on Compliance For Each State-Funded Student Assistance Program and Report on Internal Control Over Compliance	157



Aurora
Public
Schools

INTRODUCTORY SECTION



GOVERNING BOARD OF EDUCATION FUNCTION AND COMPOSITION

Clockwise from top left:

Cathy Wildman, Kyla Armstrong-Romero, Ph.D., Dan Jorgensen, Ph.D.,
Debra E. Gerkin, Monica Colbert, Kevin Cox, Superintendent D. Rico Munn
and Board President Marques Ivey, J.D.

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

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





Division of Finance
15701 E. 1st Avenue, Suite 106
Aurora, CO 80011

Phone – 303-365-5813
Fax – 303-326-1890
Web – aurorak12.org

November 1, 2018

To the Members of the Board of Education:

The Comprehensive Annual Financial Report for Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, is hereby presented to the Board of Education and stakeholders of Aurora Public Schools. This report for fiscal year ended June 30, 2018, was prepared by the Division of Finance and includes the audit opinion of the independent auditors, BKD, LLP, who conducted the annual audit of the financial statements in accordance with generally accepted auditing standards and in compliance with state statutes.

BKD, LLP, certified public accountants, have issued an unmodified (clean) opinion on the financial statements of the District for the fiscal year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of the District

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

The district is located in Aurora, Colorado, a city on the eastern border of Denver, Colorado, and covers nearly 121 square miles. APS provides a full range of educational programs to a funded enrollment of 38,874 students, as authorized by Colorado state statutes. The district is an independent school district that is a public corporation duly organized and existing under the constitution and laws of the state of Colorado.

The district operates four preschools, 28 elementary schools, seven combination elementary and middle schools, six middle schools, six high schools, one combination grades 6-12 school, one technical college, one on-line and eight charter schools. In school year 2017-18, 2,216 teachers were employed by the district.

Three schools, William Smith High School, Fulton Academy of Excellence and Lyn Knoll Elementary, have been designated as pilot schools. Pilot school designation allows more autonomy in the areas of governance, budget, curriculum and assessment, staffing and scheduling, but still requires a high degree of accountability for student achievement.

In addition to regular education, special education, vocational education at its technical college, pre-school, gifted & talented, English language acquisition, and International Baccalaureate are among the programs offered to our students.

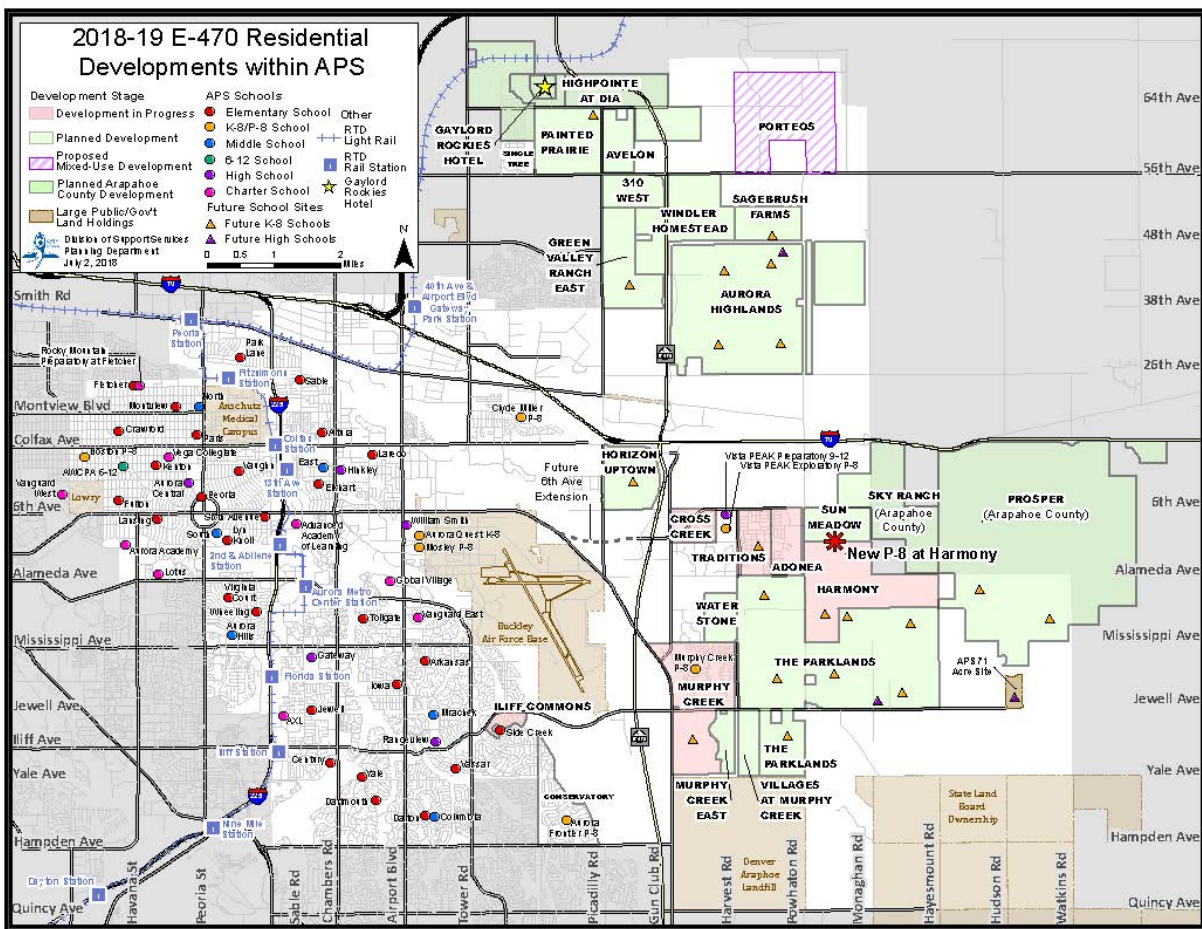
The transportation department travels over 1.345 million miles annually, transporting over 10,332 general education students and over 944 special needs students to and from school each day. This requires 58 general education buses and 52 special needs buses to accomplish this daily transportation service. In total, 138 buses are available to cover routes, 2,951 field trips and activity trips.

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

Local Economy

The school district resides almost entirely within the city of Aurora, with some of the district located in parts of unincorporated Adams and Arapahoe counties. With over 366,000 residents, Aurora is the 54th largest city in the nation and the third largest in the state of Colorado. The city of Aurora covers 154 square miles. Approximately 10,710 businesses, employing 109,298 people, however 168,912 employees are located in the city. City demographics indicate that 37.1 percent are college graduates. Median household income is \$53,011, and the median age is 33.6. Most of Aurora's new residential development continues to take place in southeast and northeast Aurora along the E-470 tollway, shown on the map on the next page, providing a major north-south thoroughfare in the center of the district. This map of planned residential development also illustrates that approximately 55 percent of the area within the district boundaries has not been developed. The Painted Prairie, Green Valley Ranch East and Horizon Uptown are examples of mixed use development currently operating or planned along the E-470 corridor.

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



Map provided by: Aurora Public Schools Planning Department

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

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

Long-term Financial Planning

The fund balance in the General Fund is a measure of the ability of the district's finances to sustain operations in the event of a financial downturn. Fund balance increased by \$25.6 million, from \$40.6 million to \$66.3 million. Total fund balance in the General Fund is 18.0 percent of total ordinary General Fund revenues (excluding other financing sources), which exceeds the Board's cash fund emergency reserve policy and is in compliance with the statutory three percent TABOR emergency reserve.

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

Outstanding net general obligation debt as of June 30, 2018, is \$458.5 million. During 2017-18, \$54.7 million from the district's bond program authorized in 2016 was expended to renovate existing schools. Approximately 88 percent of the district's 52 schools are over 20 years old and roughly 47 percent are over 40 years old. Every school will benefit from various projects funded from the 2016 bond program.

Financial Policies

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

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

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

Colorado Public School Finance

School funding in Colorado is governed by the School Finance Act with per pupil revenues distributed to districts based upon a finance formula. This formula is designed to equalize school funding across districts for variations in local property values and student needs. However, revenue shortfalls at the state level caused by the economic recession continued to stress school district budgets in 2017-18. Statewide, Colorado school district funding was reduced over \$680 million. During 2017-18, Aurora received \$7,974 per pupil (post-rescission), \$273 more than the prior year. If sufficient revenue were available in Colorado's General Fund, APS would receive \$8,920 per pupil, or over \$31 million more in state per pupil funding.

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

During 2018-19, state per pupil funding is expected to increase by \$470, from \$7,974 to \$8,444. Along with the per pupil increase, the 2018-19 budget was developed based on a projected decrease of 281 funded pupils, resulting in decreased state funding of \$2.4 million. The increase in per pupil funding does not restore state funding to the level that would have occurred if the state could fully fund the school finance formula.

The Public School Finance Act of 1994 provides state funding for charter schools authorized by the local Board of Education. Funding flows from the state, through the district, and then to the charter schools. Schools receive state per pupil funding, a proportionate share of local mill levy override funding, state capital construction funding, and federal start-up funds, if applicable. The district had eight charter schools operating in 2017-18: Aurora Academy, Lotus School for Excellence, Global Village Academy, Vanguard Classical School, AXL Charter School, Rocky Mountain Preparatory School at Fletcher, Academy of Advanced Learning and Vega Collegiate Academy.

Local Property Tax Support

Property taxes collected during the 2017-18 fiscal period were based on assessed valuations which increased by \$384 million, from \$2.174 billion in 2016-17 to \$2.558 billion in 2017-18.

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

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

Major Initiatives

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

The new strategic plan has provided a foundation for change, helping APS move off of the district accountability clock for the 2017-18 school year. Far too many APS students are not achieving in key performance areas. Our graduation rates and SAT scores, both measures of academic achievement, have seen significant increases over the last two school years but are still below state average. In 2017-18, eight schools moved off the accountability clock and eight schools moved onto the state's accountability clock, bringing the district's total to thirteen. APS continues to find and develop opportunities to build staff capacity for implementing a comprehensive reform strategy that will increase the quality of teaching and learning for every student, every day.

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

In addition to the APS 2020 strategic plan, the district will engage in a new comprehensive, long-term educational facilities plan called Blueprint APS. As the city of Aurora has seen tremendous economic growth and development, demographic changes have resulted in a decreasing enrollment trend on the district's western corridor and the potential of substantial growth on the eastern corridor. Blueprint APS will start an engagement process to help guide the district's long-term planning so that our facilities planning aligns with our delivery of educational services and academic strategic planning.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the district for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 34th consecutive year that the government has achieved this prestigious award. In order to receive a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to generally accepted accounting principles and applicable legal requirements. This report must satisfy accounting principles generally accepted in the United States of America and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe that our current report continues to meet the certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

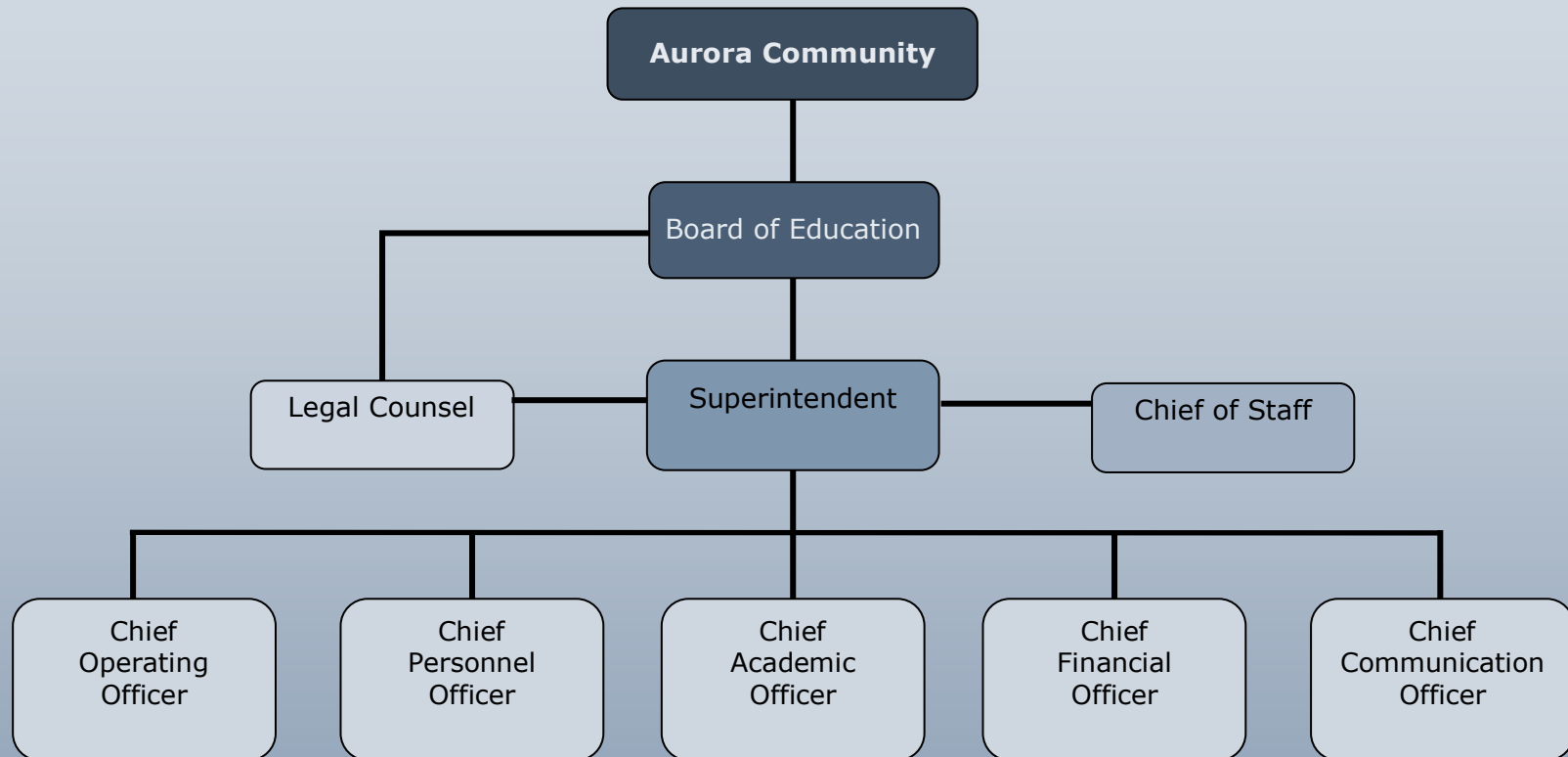


D. Rico Munn
Superintendent of Schools



Brett Johnson
Chief Financial Officer

District Organizational Structure 2017-18 School Year





Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Aurora Academy, Global Village Academy, Lotus School for Excellence, Vanguard Classical School, AXL Academy, Rocky Mountain Preparatory School, or Vega Collegiate Academy, all of which are included as discretely presented component units, which represent 88.15% of total assets and deferred outflows and 88.02% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2018. Those statements were audited by other auditors whose reports thereon have been furnished to us and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts included for Aurora Academy, Global Village Academy, Lotus School for Excellence, Vanguard Classical School, AXL Academy, Rocky Mountain Preparatory School, or Vega Collegiate Academy. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Aurora Public Schools Foundation, AXL Academy and Vega Collegiate Academy, component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 14, during the year ended June 30, 2018, the District adopted new accounting guidance, Statement No. 75 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

As discussed in Note 15 to the financial statements, the beginning net position of the aggregate discretely presented component units has been restated for a change in reporting entity. Our opinion on the aggregate discretely presented component unit financial statements is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary, pension and OPEB information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required

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

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.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information including the combining and individual major and nonmajor fund financial statements and schedules, Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures Report, and the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as well as other information including the introductory and statistical sections, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other information as defined above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
November 1, 2018



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

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

The management of Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, offers to readers this discussion and analysis of the district's financial performance for the year ended June 30, 2018. This discussion and analysis focuses on the primary government and does not include its discretely presented component units. We encourage readers to consider the information presented here in conjunction with the transmittal letter, basic financial statements, notes to the basic financial statements, the required supplementary information, supplementary information, and the statistical section to further enhance their understanding of APS's financial performance.

Financial Highlights

In the current fiscal year the district implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 requires employers such as Aurora Public Schools that participate in cost-sharing multiple-employer defined benefit OPEB plans such as the Colorado Public Employees' Retirement Association (PERA), to record their proportionate share of the unfunded liability of other postemployment benefits (OPEB). APS has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits or annual required contribution decisions made by PERA. Prior year information included herein has not been restated for adoption of GASB 75.

On the statement of net position, assets and deferred outflows of resources were less than the district's liabilities and deferred inflows of resources, resulting in a net position deficit of \$1.1 billion. Total assets increased by \$33.1 million, deferred outflows of resources decreased by \$155.5 million, total liabilities increased by \$50.1 million and deferred inflows of resources increased by \$103.2 million.

On the statement of activities, general revenues totaling \$414.8 million accounted for 84.0 percent of all revenues of the primary government. Program revenues provided \$78.9 million, or 16.0 percent of all revenues, directly supporting the functions and programs of the primary government.

Outstanding liability for general obligation bonds payable, including accreted interest and principal, decreased by \$30.1 million due to scheduled principal payments, leaving \$461.7 million in principal payments outstanding.

Governmental funds reported combined ending fund balances of \$290.9 million, a decrease of \$8.4 million from the prior year. Unassigned fund balance of \$35.5 million in the General Fund is available for district use. Nonspendable fund balance for prepaid items and inventories totaled \$1.9 million; restricted fund balance for statutory requirements or committed for contractual agreements totaled \$230.6 million; fund balance amounts assigned by district management for various operations totaled \$22.9 million.

Overview of the Basic Financial Statements

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

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

Fiduciary Funds

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

Notes to Basic Financial Statements

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

Required Supplementary Information and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also includes required supplementary information containing the district's budgetary schedules for the district's General Fund, Grants Fund, and Nutrition Services Fund, as well as pension information as required by GASB 68 and OPEB information as required by GASB 75. Other supplementary information, including financial statements and budgetary comparisons for the district's other governmental funds, trust funds and component units, follows the required supplementary information. Legal compliance information for budgetary requirements and the Auditor's Integrity Report is included in other supplementary information.

Government-wide Financial Analysis

Governmental Activities

As of June 30, 2018, assets were not sufficient to fund liabilities. As required by accounting standard, GASB 68, the district has recorded a noncurrent liability of \$1.6 billion for its net pension liability. APS has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits or annual required contribution decisions made by PERA. The district also recorded a noncurrent liability of \$37.4 million as required by the new accounting standard GASB 75. Deferred inflows of resources related to the pension plan increased by \$103.2 million due to the difference between projected and actual earnings on investments. As a result, the total net position decreased from a deficit of \$844.7 million to a deficit of \$1.1 billion. A significant portion of the district's assets are its investments in capital assets, such as land, buildings and equipment. The value of capital assets, net of depreciation, increased by \$31.7 million, from \$378.0 million to \$409.7 million due to increased depreciation of \$21.7 million which offset the \$53.4 million addition of new assets. Noncurrent assets consisting of cash, cash equivalents and investments restricted for capital construction and renovations of schools and support buildings, bond debt service, and charter school agreements totaled \$304.1 million, an increase of \$6.3 million over the previous year. The resulting change is due to an increase of non-depreciable assets of \$44.2 million, which is offset by a reduction in restricted cash, cash equivalents and investments of \$36.8 million as the district uses the proceeds of \$200 million in general obligation bonds approved by voters in November 2016 for construction projects.

Current assets increased by \$38.2 million primarily due to increased property and specific ownership taxes of \$28.1 million and increased cash due to timing variances for accounts receivable. Current liabilities increased by approximately \$9.1 million primarily due to accounts payable increase of \$8.8 million due to increased construction related invoices. Noncurrent liabilities were increased by recording the net OPEB liability of \$37.4 million required by GASB Statement No. 75. Notes, leases and mortgages payable increased by \$3.1 million due to the schedule utilization of the bus lease program.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

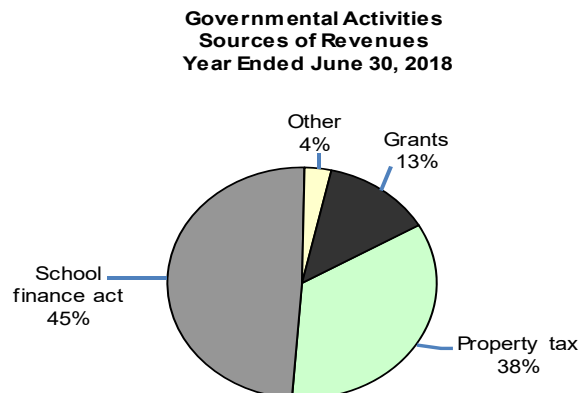
Restricted net position of the district include six categories: 1) funds provided by C.R.S. 22-28-101 for use in the Colorado Preschool Program, 2) an emergency fund mandated by the Article X, Section 20, of the Colorado constitution, 3) funds provided by Medicaid grants restricted for the improvement of student achievement, 4) student fees charged for instructional programs and restricted by CRS 22-32-117(2)(c), 5) funds restricted for charter school agreements and 6) funds generated from property taxes accounted for in the Bond Redemption Fund which are restricted for the payment of long-term debt. In accordance with the emergency fund mandate, the primary government and its component units have reserved 3.0 percent of applicable expenditures, totaling \$10.2 million.

Net position for governmental activities decreased by \$237.2 million. Expenses for governmental activities increased by \$6.6 million. Of that increase, other support services increased by \$4.5 million due to non-capitalizable facility improvements. Interest on long-term debt increased by \$3.3 million due to newly issued general obligation bonds in 2017.

Property tax revenue increased by \$28.8 million in 2017-18 due to significant increase of assessed valuations. The state's budget balancing factor, the budget stabilization factor, was marginally reduced. In 2017-18, the district's total program funding was reduced by 11.0 percent, or \$39.5 million, compared to a reduction of 11.5 percent, or \$40.0 million in the prior year. The budget stabilization factor continues to have an adverse impact on the district's budget; state funding has not been restored to the level that would have occurred if the state could fully fund the school finance formula. If sufficient revenue were available in Colorado's General Fund, the district would receive \$8,920 per pupil, compared to \$7,974 per pupil actually received in 2017-2018.

The cost of governmental activities after program revenues are applied was \$652.0 million in 2017-18 and \$650.4 million in 2016-17. This cost represents the district's expenses funded by general revenues, such as property taxes and school finance act revenue. General revenue support for governmental activities was 56.8 percent in 2017-18, and 54.2 percent in 2016-17.

As shown in the following graph, school finance act and property tax revenues for most of the district's revenue, providing 45.0 percent and 38.0 percent, respectively. Another 13.0 percent came from local, state, and federal grants with the remainder from miscellaneous sources.



**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

Net Position

The table below provides a summary of the district's net position for June 30, 2018. Comparative data for June 30, 2017, is also presented.

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

Comparative Condensed Summary of Net Position

	Primary Government			
	Governmental Activities			
	June 30, 2018	June 30, 2017	Increase (Decrease)	% Change from 2017
Current assets	\$ 127,550,547	\$ 89,321,750	\$ 38,228,797	42.8%
Noncurrent assets, excluding capital assets	211,638,467	248,434,844	(36,796,377)	-14.8%
Capital assets, net	409,641,515	377,968,291	31,673,224	8.4%
Total assets	748,830,529	715,724,885	33,105,644	4.6%
Deferred outflows of resources	492,213,665	647,671,219	(155,457,554)	-24.0%
Current liabilities	79,227,304	70,171,455	9,055,849	12.9%
Noncurrent liabilities outstanding	2,171,236,274	2,130,197,127	41,039,147	1.9%
Total liabilities	2,250,463,578	2,200,368,582	50,094,996	2.3%
Deferred inflows of resources	110,928,106	7,768,489	103,159,617	1327.9%
Net investment in capital assets	64,577,395	33,582,219	30,995,176	92.3%
Restricted	76,663,926	68,241,264	8,422,662	12.3%
Unrestricted (deficit)	(1,261,588,811)	(946,564,450)	(315,024,361)	33.3%
Total net position (deficit)	\$ (1,120,347,490)	\$ (844,740,967)	\$ (275,606,523)	32.6%

The deferred outflow decrease of \$155.5 million is primarily due to the difference between the expected and actual experience as reported by PERA. The deferred inflow increase of \$103.2 million is primarily due to the difference between projected and actual earnings on investments. See footnotes 1, 10 and 11 in Notes to the Financial Statements for additional information on GASB 68 and GASB 75.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

The following condensed financial information was derived from the government-wide statement of activities and reflects how the district's net position changed from June 30, 2017 to June 30, 2018.

Comparative Summary of Activities and Changes in Net Position

	Primary Government			
	Governmental Activities			
	Year Ended June 30, 2018	Year Ended June 30, 2017	Increase (Decrease)	% Change from 2017
REVENUES				
Program revenues:				
Charges for services	\$ 15,334,788	\$ 12,545,510	\$ 2,789,278	22.2%
Operating grants & contributions	58,038,488	57,223,026	815,462	1.4%
Capital grants & contributions	5,532,458	4,181,729	1,350,729	32.3%
General revenues:				
Property taxes	189,896,466	161,122,405	28,774,061	17.9%
School finance act	221,921,447	228,988,569	(7,067,122)	-3.1%
Other	2,975,954	2,443,425	532,529	21.8%
Total revenues	493,699,601	466,504,664	27,194,937	5.8%
EXPENSES				
Instruction	380,254,999	387,982,826	(7,727,827)	-2.0%
Pupil support	65,598,901	65,751,003	(152,102)	-0.2%
Instructional staff support	42,969,988	40,046,191	2,923,797	7.3%
General administration	13,043,903	11,017,449	2,026,454	18.4%
School administration	60,485,937	59,817,951	667,986	1.1%
Business administration	8,489,944	7,318,971	1,170,973	16.0%
Operations & maintenance	51,445,540	52,019,388	(573,848)	-1.1%
Transportation	19,233,264	16,901,585	2,331,679	13.8%
Personnel/data/risk mgmt	28,921,045	29,199,643	(278,598)	-1.0%
Other support services	16,466,875	11,955,507	4,511,368	37.7%
Food service operations	23,297,106	23,652,945	(355,839)	-1.5%
Interest on long-term debt	20,695,296	17,363,928	3,331,368	19.2%
Bond issuance costs	-	1,287,557	(1,287,557)	100.0%
Total expenses	730,902,798	724,314,944	6,587,854	0.9%
Change in net position	(237,203,197)	(257,810,280)	20,607,083	-8.0%
Net position (deficit) - beginning of year	(844,740,967)	(586,930,687)	(257,810,280)	43.9%
Restatement for change in accounting principle	(38,403,326)	-	(38,403,326)	-100.0%
Net position - beginning of year, as restated	(883,144,293)	(586,930,687)	(296,213,606)	50.5%
Net position (deficit) - end of year	\$ (1,120,347,490)	\$ (844,740,967)	\$ (275,606,523)	32.6%

See footnotes 1, 10 and 11 in Notes to the Financial Statements for additional information on GASB 68 and GASB 75.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

Analysis of the School District's Funds

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

Governmental Funds

Governmental funds had total revenues and other financing sources of \$503.4 million and expenditures including other financing uses of \$511.8 million. As of the end of the current fiscal year, the district's nine governmental funds reported combined ending fund balances of \$290.9 million, a decrease of \$8.4 million.

The Building Fund is used to account for construction projects financed by the sale of general obligation bonds. The fund recorded an ending fund balance of \$146.8 million, a decrease of \$50.0 million from the prior year. This is the result of spending a portion of the proceeds that Aurora voters approved in November 2016. \$200 million of the \$300 million approved general obligation bonds were sold in January 2017.

The Colorado constitution requires an emergency reserve of 3.0 percent of expenditures, with certain federal and local expenditures excluded from this requirement. On the district's Balance Sheet for Governmental Funds, the required amount of \$10.2 million is shown as fund balance restricted for TABOR emergency reserve. The General Fund's unassigned fund balance is \$35.6 million, which provides a measure of the district's net resources available for spending at the end of the fiscal year. The district's board of education established a policy in November 2003, and revised it in June 2011, that requires a minimum total fund balance of 4.0 percent of General Fund actual ordinary revenue. This year's fund balance exceeds this requirement by \$51.5 million, or 14.0 percent of General Fund ordinary revenue.

Revenues and Other Financing Sources
Governmental Funds

	Year Ended		Increase (Decrease)	% Change from 2017
	June 30, 2018	June 30, 2017		
Local:				
Property and specific ownership taxes	\$ 188,761,532	\$ 160,613,613	\$ 28,147,919	17.5%
Other	26,850,084	21,461,518	5,388,566	25.1%
State	229,721,725	234,409,035	(4,687,310)	-2.0%
Federal	47,423,359	50,158,343	(2,734,984)	-5.5%
Subtotal	492,756,700	466,642,509	26,114,191	5.6%
Other financing sources	10,639,550	272,707,494	(262,067,944)	-96.1%
Total	<u>\$ 503,396,250</u>	<u>\$ 739,350,003</u>	<u>\$ (235,953,753)</u>	-31.9%

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

Property and specific ownership revenue tax revenue increased by \$28.2 million compared to last year primarily due to an increase in assessed valuations. Specific ownership tax revenue, which is directly related to new vehicle purchases within the district, increased from \$12.3 million to \$14.4 million, or 17.3 percent, in 2017-18. Other financing sources decreased by \$262.1 million due to the \$200.0 million sale of general obligation bonds in 2016-17, \$32.8 million premium on bond sale and transfer of \$29.3 million from the building fund to the capital reserve fund to pay off the 2014 Certificate of Participation in 2016-17.

Expenditures and Other Financing Uses
Governmental Funds

	Year Ended		Increase (Decrease)	% Change from 2017
	June 30, 2018	June 30, 2017		
Instruction	\$ 200,128,521	\$ 214,929,614	\$ (14,801,093)	-6.9%
Pupil support	36,619,052	38,355,985	(1,736,933)	-4.5%
Instructional staff support	24,661,603	24,725,079	(63,476)	-0.3%
General administration	8,798,086	7,608,582	1,189,504	15.6%
School administration	32,107,009	33,598,915	(1,491,906)	-4.4%
Business administration	4,495,054	3,903,091	591,963	15.2%
Operations and maintenance	32,112,476	34,003,115	(1,890,639)	-5.6%
Transportation	11,661,225	11,842,509	(181,284)	-1.5%
Personnel/data/risk management	17,720,182	19,374,198	(1,654,016)	-8.5%
Other support services	7,839,104	6,468,817	1,370,287	21.2%
Food service operations	16,181,459	16,993,913	(812,454)	-4.8%
Facilities acquisition/improvement	57,472,970	24,542,014	32,930,956	134.2%
Debt service	55,092,153	71,674,992	(16,582,839)	-23.1%
Subtotal	504,888,894	508,020,824	(3,131,930)	-0.6%
Other financing uses	6,870,789	37,516,541	(30,645,752)	-81.7%
Total	<u>\$ 511,759,683</u>	<u>\$ 545,537,365</u>	<u>\$ (33,777,682)</u>	-6.2%

Governmental fund expenditures decreased by 6.2 percent due to a variety of factors:

- Instructional costs decreased by \$14.8 million due to declining enrollment.
- Facilities acquisition and improvement costs increased by \$32.9 million due to the continued use of approved general obligation bond funded projects.
- Debt service decreased by \$16.6 million primarily due to the repayment of the 2014 Certificate of Participation used to build a new P-8 in FY2016-17.

The majority of the district's governmental expenses, 57.3 percent, are directly related to the delivery of instruction, caring for, feeding and transporting students. These programs decreased expenditures by \$17.5 million compared to 2016-17 and are accounted for in the instruction, pupil support, instructional support, food service operations and transportation programs. The district's administrative expenses increased year over year by \$1.6 million and are 10.5 percent of total costs. These programs are accounted for in the general administration, school administration, business administration, and other support services programs.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

Capital Assets and Debt Administration

Capital Assets

Net of depreciation, the district's capital assets as of June 30, 2018, totaled \$409.6 million, which is invested in land, buildings, equipment, software and construction-in-progress. Depreciation charges this year totaled \$23.6 million.

**Capital Assets
(Net of Depreciation)**

	Primary Government		Increase (Decrease)	% Change from 2017
	Governmental Activities			
	June 30, 2018	June 30, 2017		
Land	\$ 20,451,625	\$ 20,451,625	\$ -	0.0%
Buildings & improvements	304,720,072	317,738,333	(13,018,261)	-4.1%
Equipment, software & vehicles	12,452,960	10,827,845	1,625,115	15.0%
Subtotal	337,624,657	349,017,803	(11,393,146)	-3.3%
Construction-in-progress	72,016,858	28,950,488	43,066,370	148.8%
Total	\$ 409,641,515	\$ 377,968,291	\$ 31,673,224	8.4%

The most significant impact on capital assets this year was the additions made to construction-in-progress due to the start of renovations and improvements to school buildings and other facilities funded by the sale of general obligation bonds in January 2017. Additions to construction in progress totaled \$51.5 million. For more information on the district's capital assets, refer to Note 5 Capital Assets in the Notes to the Financial Statements.

Long-Term Debt

Long-term debt principal, accreted interest and premiums on general obligation debt totaled \$511.6 million in general obligations bonds, with \$30.9 million due in one year. For more information on the district's long-term debt, refer to Note 6 Noncurrent Liabilities in the Notes to the Financial Statements.

Outstanding Debt as of June 30, 2018

	Primary Government			
	Governmental Activities			
	June 30, 2018	June 30, 2017	Increase (Decrease)	% Change from 2017
General obligation bonds	\$ 461,733,482	\$ 491,840,604	\$ (30,107,122)	-6.1%
Capital lease	5,271,895	2,154,433	3,117,462	100.0%
Premiums/(discounts)	49,878,212	57,212,797	(7,334,585)	-12.8%
Total	\$ 516,883,589	\$ 551,207,834	\$ (34,324,245)	-6.2%

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

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools**
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2018

Economic Factors and Fiscal Year 2018-2019 Budget

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

The District follows a multi-step budget development process that involves receiving input on values and priorities from staff, parents and community members. District leadership prepares a budget plan that balances priorities of the community with federal, state and local regulations, desired academic outcomes, student safety and fiscal responsibility. The budget plan for 2018-19 supports the educational commitments of student learning, professional practice and collective responsibility.

Due to the economic downturn and the state of Colorado's associated budget crisis, the School Finance Act implemented a budget stabilization factor for program funding in fiscal year 2010-11. For 2018-19, the budget stabilization factor is estimated to reduce funding available to public education by \$672.4 million statewide. In 2018-19, the district's total program funding will be reduced by 9.5 percent, or \$32.0 million, virtually unchanged from the prior year. The budget stabilization factor continues to have an adverse impact on the district's budget; state funding has not been restored to the level that would have occurred if the state could fully fund the school finance formula. If sufficient revenue were available in Colorado's General Fund, the district would receive \$9,260 per pupil, compared to the projected amount of \$8,443.

As with any plan, the 2018-19 budget is based upon key assumptions. These range from changes in enrollment and per pupil revenue amounts to assessed valuations and staffing ratios. Assumptions upon which the 2018-19 budget are based include:

- State per pupil revenue: \$8,443.73
- Total mill levy override revenues: \$50.27 million
- Decrease in enrollment, including charter schools: 912 students, a decrease of 2.21 percent
- Assessed value of property within Aurora Public School's boundaries: \$2.5 billion
- General Fund revenue collection rate: 99.5 percent
- School staffing funding allocation ratios: 25.200 for elementary schools, 20.650 for middle schools and 21.600 for high schools

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

At June 30, 2018, total fund balance in the General Fund is \$66.3 million (including the reserve for Risk Management).

Contacting the District's Financial Management

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



BASIC FINANCIAL STATEMENTS

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Net Position
June 30, 2018**

	Primary Government Governmental Activities	Component Units Charter Schools
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 102,400,501	\$ 8,273,232
Due from other governments	-	275,325
Receivables (net of allowance for uncollectibles)	20,413,372	976,048
Escrow deposit	-	3,645,029
Inventories	729,330	-
Prepaid items and other assets	4,007,344	410,419
Total current assets	127,550,547	13,580,053
Noncurrent assets:		
Restricted: Cash, cash equivalents and investments	211,638,467	5,296,231
Nondepreciable capital assets	92,468,483	2,526,365
Depreciable capital assets	317,173,032	37,607,934
Total noncurrent assets	621,279,982	45,430,530
Total assets	748,830,529	59,010,583
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	16,757,450	-
Items related to pension plan	474,101,997	56,571,118
Items related to OPEB	1,354,218	644,705
Total deferred outflows of resources	492,213,665	57,215,823
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	20,885,227	1,605,088
Accrued salaries and benefits	19,975,496	2,077,120
Liability claims and premiums	1,519,275	-
Intergovernmental payable	509,747	-
Unearned revenue	1,402,865	18,713
Accrued interest payable	1,944,687	144,136
Noncurrent liabilities, due within one year:		
General obligation bonds	30,850,000	-
Compensated absences	1,575,481	-
Notes, leases and mortgages payable	564,526	1,121,435
Total current liabilities	79,227,304	4,966,492
Noncurrent liabilities, due beyond one year:		
Notes, leases and mortgages payable	4,707,369	44,016,220
General obligation bonds	480,761,694	-
Net pension liability	1,639,450,659	138,731,451
Net OPEB liability	37,438,154	3,168,495
Compensated absences	8,878,398	-
Total noncurrent liabilities	2,171,236,274	185,916,166
Total liabilities	2,250,463,578	190,882,658
DEFERRED INFLOWS OF RESOURCES		
Items related to pension plan	108,384,613	5,981,360
Items related to OPEB	2,543,493	58,175
Total deferred inflows of resources	110,928,106	6,039,535
NET POSITION		
Net investment in capital assets	64,577,395	4,050,975
Restricted for:		
Colorado Preschool Program	322,281	-
TABOR emergency reserve	10,190,640	1,407,257
Legal contingency	-	50,000
Medicaid	8,800,201	-
Student fees	5,277,559	-
Charter school agreements	550,000	-
Debt service	51,523,245	-
Unrestricted (deficit)	(1,261,588,811)	(86,204,019)
Total net position (deficit)	\$ (1,120,347,490)	\$ (80,695,787)

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Financial Position
Aurora Public Schools Foundation
June 30, 2018**

ASSETS

Cash and cash equivalents	\$	966,236
Investments		179,707
Other receivables		84,750
Prepaid expenses		4,500
Total current assets	\$	1,235,193

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	33,954
Total liabilities		33,954

Net Assets:

Unrestricted		439,723
Temporarily restricted		661,516
Permanently restricted		100,000
Total net assets		1,201,239

Total liabilities and net assets	\$	1,235,193
---	-----------	------------------

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Activities
For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
					Governmental Activities	Charter Schools
Primary government:						
Governmental activities:						
Instruction	\$ 380,254,999	\$ 7,993,537	\$ 35,623,752	\$ -	\$ (336,637,710)	\$ -
Pupil support	65,598,901	-	5,953,396	-	(59,645,505)	-
Instructional staff support	42,969,988	-	838,322	-	(42,131,666)	-
General administration	13,043,903	-	15,130	-	(13,028,773)	-
School administration	60,485,937	-	-	-	(60,485,937)	-
Business administration	8,489,944	-	-	-	(8,489,944)	-
Operations and maintenance	51,445,540	1,225,502	-	-	(50,220,038)	-
Transportation	19,233,264	-	-	-	(19,233,264)	-
Personnel/data services/risk management	28,921,045	-	-	-	(28,921,045)	-
Other support services	16,466,875	4,734,135	-	5,532,458	(6,200,282)	-
Food service operations	23,297,106	1,381,614	15,607,888	-	(6,307,604)	-
Interest on long-term debt	20,695,296	-	-	-	(20,695,296)	-
Total governmental activities	730,902,798	15,334,788	58,038,488	5,532,458	(651,997,064)	-
Component units:						
Charter schools	\$ 80,101,654	\$ 1,123,334	\$ 4,167,383	\$ 1,955,160	-	(72,855,777)
General revenues:						
Property taxes, levied for general use					131,816,568	-
Property taxes, levied for debt service					58,079,898	-
School Finance Act, unrestricted					221,921,447	37,981,566
Net earnings on investments					2,975,954	140,839
Grants and contributions not restricted to programs					-	1,182,255
Other - component units					-	3,230,793
Total general revenues					414,793,867	42,535,453
Change in net position					(237,203,197)	(30,320,324)
Net position (deficit) - July 1, 2017, before restatement					(844,740,967)	(48,546,108)
Restatement for change in reporting entity					-	162,727
Restatement for change in accounting principle					(38,403,326)	(1,992,082)
Net position (deficit) - July 1, 2017, as restated					(883,144,293)	(50,375,463)
Net position (deficit) - June 30, 2018					\$ (1,120,347,490)	\$ (80,695,787)

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Statement of Activities
Aurora Public Schools Foundation
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions – general	\$ 51,537	\$ 508,666	\$ -	\$ 560,203
Special events revenue	160,692	21,000	-	181,692
Less special events direct expenses	(50,621)	-	-	(50,621)
Investment income	3,038	72	-	3,110
Net assets released from restrictions	697,559	(697,559)	-	-
 Total revenues, gains and other support	 862,205	 (167,821)	 -	 694,384
Expenses:				
Program services:				
Scholarships	87,707	-	-	87,707
Special projects	339,005	-	-	339,005
Future centers	224,799	-	-	224,799
 Total program services	 651,511	 -	 -	 651,511
Support services:				
General and administrative	124,762	-	-	124,762
Fundraising	20,552	-	-	20,552
 Total expenses	 796,825	 -	 -	 796,825
 Change in net assets	 65,380	 (167,821)	 -	 (102,441)
Net assets, beginning of the year	374,343	829,337	100,000	1,303,680
Net assets, end of the year	\$ 439,723	\$ 661,516	\$ 100,000	\$ 1,201,239

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**

**Balance Sheet
Governmental Funds
June 30, 2018**

		Debt Service	Special Revenue	
		Bond		
	General	Redemption	Grants	Nutrition Services
ASSETS				
Assets:				
Cash and cash equivalents	\$ 82,792,875	\$ -	\$ -	\$ 4,745,367
Deposits	12,558	-	-	-
Receivables (net of allowance for uncollectibles):				
Property taxes	7,459,633	2,692,750	-	-
Grants	-	-	8,530,631	109,725
Interfund receivable	5,703,880	-	-	-
Other	1,080,909	-	-	72
Prepaid items	1,095,346	-	-	690
Inventories	-	-	-	729,330
Restricted: Cash, cash equivalents and investments	774,005	49,676,532	-	-
Total assets	<u>\$ 98,919,206</u>	<u>\$ 52,369,282</u>	<u>\$ 8,530,631</u>	<u>\$ 5,585,184</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,131,252	\$ -	\$ 859,645	\$ 61,834
Intergovernmental payable	509,747	-	-	-
Retainages payable	1,172	-	-	-
Interfund payable	-	-	5,703,880	-
Accrued compensation	17,944,839	-	1,117,692	432,648
Unearned revenue - grants	528,547	-	849,414	-
Unearned revenue - other	24,904	-	-	-
Future claims liability	1,519,275	-	-	-
Compensated absences	645,716	-	-	-
Total liabilities	<u>30,305,452</u>	<u>-</u>	<u>8,530,631</u>	<u>494,482</u>
Deferred inflows of resources:				
Unavailable fund resources	<u>2,336,054</u>	<u>846,037</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Prepaid items	1,095,346	-	-	690
Inventories	-	-	-	729,330
Restricted for:				
Colorado Preschool Program	322,281	-	-	-
TABOR emergency reserve	10,190,640	-	-	-
Medicaid	-	-	-	-
Student fees	-	-	-	-
Charter school agreements	550,000	-	-	-
Debt service	-	51,523,245	-	-
Capital projects	-	-	-	-
Committed for:				
Contractual agreement	150,000	-	-	-
Assigned to:				
Athletic activity	-	-	-	-
Nutrition services	-	-	-	4,360,682
Instructional - carryover	2,506,163	-	-	-
Risk related activity	2,102,118	-	-	-
Fiscal management	6,793,760	-	-	-
Future land purchases	1,900,000	-	-	-
Instructional textbook adoption	2,300,000	-	-	-
Hard to fill stipends	1,800,000	-	-	-
Exceptional student services	1,000,000	-	-	-
Unassigned	35,567,392	-	-	-
Total fund balances	<u>66,277,700</u>	<u>51,523,245</u>	<u>-</u>	<u>5,090,702</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 98,919,206</u>	<u>\$ 52,369,282</u>	<u>\$ 8,530,631</u>	<u>\$ 5,585,184</u>

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

Capital Projects		Other Governmental	Total Governmental
Building	Capital Reserve		
\$ -	\$ -	\$ 14,862,259	\$ 102,400,501
2,700,000	-	-	2,712,558
-	-	-	10,152,383
-	-	-	8,640,356
-	-	-	5,703,880
-	515,730	23,922	1,620,633
9,327	19,257	42,665	1,167,285
-	-	-	729,330
154,268,952	6,918,978	-	211,638,467
<u>\$ 156,978,279</u>	<u>\$ 7,453,965</u>	<u>\$ 14,928,846</u>	<u>\$ 344,765,393</u>
\$ 7,405,416	\$ 466,323	\$ 195,473	\$ 18,119,943
-	-	-	509,747
2,756,365	3,436	4,311	2,765,284
-	-	-	5,703,880
4,835	-	475,482	19,975,496
-	-	-	1,377,961
-	-	-	24,904
-	-	-	1,519,275
-	-	-	645,716
<u>10,166,616</u>	<u>469,759</u>	<u>675,266</u>	<u>50,642,206</u>
-	-	-	3,182,091
9,327	19,257	42,665	1,167,285
-	-	-	729,330
-	-	-	322,281
-	-	-	10,190,640
-	-	8,800,201	8,800,201
-	-	5,277,559	5,277,559
-	-	-	550,000
-	-	-	51,523,245
146,802,336	6,964,949	-	153,767,285
-	-	-	150,000
-	-	133,155	133,155
-	-	-	4,360,682
-	-	-	2,506,163
-	-	-	2,102,118
-	-	-	6,793,760
-	-	-	1,900,000
-	-	-	2,300,000
-	-	-	1,800,000
-	-	-	1,000,000
-	-	-	35,567,392
<u>146,811,663</u>	<u>6,984,206</u>	<u>14,253,580</u>	<u>290,941,096</u>
<u>\$ 156,978,279</u>	<u>\$ 7,453,965</u>	<u>\$ 14,928,846</u>	<u>\$ 344,765,393</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018**

Total fund balances for governmental funds		\$ 290,941,096
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		409,641,515
Deferred losses on debt refundings are not recognized in the fund statements but are deferred outflows of resources in the government-wide financial statements.		16,757,450
Noncurrent liabilities related to debt applicable to the district's governmental activities are not reported in the fund statements. However, these items are reported in the statement of net position.		(516,883,589)
Certain deferred inflows related to unavailable fund resources do not provide current financial resources and the revenues are not recognized on the fund financial statements but are recognized on the government-wide financial statements.		3,182,091
Certain long-term activities related to the district's pension plan are not reported in the governmental funds as they are not available in the current period, do not provide financial resources to the district, or are not due and payable in the current period. Those long-term activities include:		
Deferred outflows of resources	\$ 474,101,997	
Deferred inflows of resources	(108,384,613)	
Net pension liability	(1,639,450,659)	
Total pension effects		(1,273,733,275)
Certain long-term activities related to the district's OPEB plan are not reported in the governmental funds as they are not available in the current period, do not provide financial resources to the district, or are not due and payable in the current period. Those long-term activities include:		
Deferred outflows of resources	1,354,218	
Deferred inflows of resources	(2,543,493)	
Net OPEB liability	(37,438,154)	
Total OPEB effects		(38,627,429)
The current operating resources measurement focus in the governmental fund statements does not require the recognition of accrued interest payable for long-term debt. This amount represents the amount of interest payable accrued in the government-wide financial statements for long-term debt for general obligation debt.		(1,944,687)
Certain prepaid expense items are not recognized on the fund financial statements but are recognized on the government-wide financial statements.		127,500
Compensated absences are included in the fund statements to the extent they are due and payable and the remainder are only included in the government-wide statement of net position.		(9,808,162)
Total net position (deficit) of governmental activities		<u>\$ (1,120,347,490)</u>

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



**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018**

	General	Debt Service Bond Redemption	Special Revenue	
			Grants	Nutrition Services
REVENUES				
Local:				
Property taxes	\$ 116,235,125	\$ 58,079,898	\$ -	\$ -
Specific ownership	14,446,509	-	-	-
Pupil activities	-	-	-	-
Tuition	1,182,149	-	-	-
Gifts and grants	170,025	-	953,461	-
Charges for services	4,027,525	-	-	1,381,614
Other	7,663,847	-	-	7,252
Cash in lieu of land dedication	-	-	-	-
Rental of buildings	1,202,016	-	-	-
Net earnings on investments	1,880,484	347,883	-	27,786
State:				
State equalization	201,192,094	-	-	-
Vocational education	1,561,128	-	-	-
Special education	8,382,197	-	-	-
Grants	-	-	1,988,253	282,769
Transportation	1,580,675	-	-	-
English Language Proficiency Act	5,789,488	-	-	-
READ Act	3,027,751	-	-	-
Gifted and talented	388,114	-	-	-
Federal grants	117,823	-	27,115,343	15,325,119
Medicaid reimbursements	-	-	-	-
Total revenues	368,846,950	58,427,781	30,057,057	17,024,540
EXPENDITURES				
Current:				
Instruction	183,563,711	-	13,281,558	-
Pupil support	27,288,441	-	5,673,220	-
Instructional staff support	17,722,877	-	6,790,928	-
General administration	5,933,877	5,750	2,717,458	-
School administration	31,940,343	-	115,419	-
Business administration	4,322,623	-	105	-
Operations and maintenance	31,401,259	-	-	-
Transportation services	9,685,256	-	4,329	-
Personnel/data/risk management	15,956,464	-	460,802	-
Other support services	7,061,048	-	740,625	-
Food service operations	-	-	-	16,181,459
Facilities acquisition and improvements	1,494,549	-	272,613	-
Debt service:				
Principal	-	31,180,000	-	-
Interest	-	23,231,419	-	-
Total expenditures	336,370,448	54,417,169	30,057,057	16,181,459
Excess (deficiency) of revenues over (under) expenditures	32,476,502	4,010,612	-	843,081
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	-	-
Transfers in:				
General fund	-	-	-	500,000
Transfers out:				
Nutrition Services Fund	(500,000)	-	-	-
Capital Reserve Fund	(5,835,958)	-	-	-
Nonmajor governmental funds	(534,831)	-	-	-
Total other financing sources (uses)	(6,870,789)	-	-	500,000
Net change in fund balances	25,605,713	4,010,612	-	1,343,081
Fund balances - July 1, 2017	40,671,987	47,512,633	-	3,747,621
Fund balances - June 30, 2018	\$ 66,277,700	\$ 51,523,245	\$ -	\$ 5,090,702

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

Capital Projects		Other Governmental	Total Governmental
Building	Capital Reserve		
\$ -	\$ -	\$ -	\$ 174,315,023
-	-	-	14,446,509
-	-	813,557	813,557
-	-	4,903,552	6,085,701
35,000	-	278	1,158,764
-	-	-	5,409,139
-	35,994	7,513	7,714,606
-	1,490,347	-	1,490,347
-	-	-	1,202,016
712,864	6,937	-	2,975,954
-	-	-	201,192,094
-	-	-	1,561,128
-	-	-	8,382,197
5,529,256	-	-	7,800,278
-	-	-	1,580,675
-	-	-	5,789,488
-	-	-	3,027,751
-	-	-	388,114
-	-	-	42,558,285
-	-	4,865,074	4,865,074
6,277,120	1,533,278	10,589,974	492,756,700
-	-	3,283,252	200,128,521
-	-	3,657,391	36,619,052
-	-	147,798	24,661,603
135,000	-	6,001	8,798,086
-	-	51,247	32,107,009
142,377	-	29,949	4,495,054
-	711,217	-	32,112,476
-	1,929,699	41,941	11,661,225
1,302,916	-	-	17,720,182
-	-	37,431	7,839,104
-	-	-	16,181,459
54,724,726	889,997	91,085	57,472,970
-	648,300	-	31,828,300
-	32,434	-	23,263,853
56,305,019	4,211,647	7,346,095	504,888,894
(50,027,899)	(2,678,369)	3,243,879	(12,132,194)
-	3,768,761	-	3,768,761
-	5,835,958	534,831	6,870,789
-	-	-	(500,000)
-	-	-	(5,835,958)
-	-	-	(534,831)
-	9,604,719	534,831	3,768,761
(50,027,899)	6,926,350	3,778,710	(8,363,433)
196,839,562	57,856	10,474,870	299,304,529
\$ 146,811,663	\$ 6,984,206	\$ 14,253,580	\$ 290,941,096

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018**

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

Net changes in fund balances - total governmental funds:	\$ (8,363,433)
--	----------------

Repayment of long-term debt is an expenditure in the governmental funds but reduces the liability in the statement of net position.	31,831,300
---	------------

Governmental funds report the effect of bond issuances, premiums, discounts, and deferred gain (loss) on refunding issued as an other financing source (use). However, in the statement of activities, the funds associated with the issuances are recorded as long-term liabilities and amounts associated with premiums, discounts, and deferred gain (loss) on refunding are allocated over the life of the debt and netted with interest expense. Also, in the statement of activities interest is accreted on the capital appreciation bonds, but is not reported in the governmental funds.

Issuance of long-term debt, including refunding debt and capital leases	\$ (3,768,761)	
Accreted interest on capital appreciation bonds	(1,072,878)	
Amortization of bond discount/premium and deferred loss on refunding	<u>3,500,327</u>	
		(1,341,312)

Unearned revenue does not provide current financial resources on the governmental fund financial statements, but this change in unearned revenue from year to year is recognized on the government-wide financial statements.	939,908
---	---------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period and also includes asset retirement activity and non-cash capital contributions, which is reported differently between the fund and government-wide financial statements.

Capital outlays	55,337,870	
Depreciation expense	(23,587,513)	
Asset retirement activity	<u>(77,133)</u>	
Total capital outlay reported as expenditures		31,673,224

A portion of the expense related to pension (\$291,831,845) and OPEB (\$224,104) recorded in the statement of activities does not require use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	(292,055,949)
---	---------------

The current operating resources measurement focus in the governmental fund statements does not require the recognition of accrued interest payable for long-term debt. This amount represents the change in amount of interest payable accrued in the government-wide statements for long-term debt for general obligation debt (\$1,944,687) from the previous year's balance (\$2,085,795).	141,108
---	---------

The change in compensated absences is not recognized as an expenditure in the fund financial statements but is recognized in the statement of activities.	99,457
---	--------

The amortization of prepaid expense items that are not recognized on the governmental fund statements but are recognized on the government-wide financial statements.	<u>(127,500)</u>
---	------------------

Change in net position of governmental activities.	<u><u>\$ (237,203,197)</u></u>
--	--------------------------------

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Fiduciary Net Position
Fiduciary Funds - Trust and Agency Funds
June 30, 2018**

	<u>Trust</u>	<u>Agency</u>
	<u>Health Trust</u>	<u>Pupil Activity</u>
ASSETS		
Cash and investments	\$ 1,431,419	\$ 1,881,231
Accounts receivable	4,305	34,333
Prepaid expense	-	5,719
Total assets	<u>\$ 1,435,724</u>	<u>\$ 1,921,283</u>
LIABILITIES		
Accounts payable	\$ 96,215	\$ 45,763
Unearned revenue	150,679	-
Due to student groups	-	1,875,520
Total liabilities	<u>246,894</u>	<u>\$ 1,921,283</u>
NET POSITION		
Held in trust for employee benefits	<u>1,188,830</u>	
Total net position and liabilities	<u>\$ 1,435,724</u>	

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Trust Fund
For the Year Ended June 30, 2018**

	<u>Trust</u>
	<u>Health Trust</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 900,901
Employee contributions	<u>1,224,261</u>
Total contributions	2,125,162
Investment activity:	
Investment earnings	1,300
Investment expense	<u>(3,236)</u>
Net investment loss	<u>(1,936)</u>
Total additions, net	<u>2,123,226</u>
DEDUCTIONS	
Benefits	2,000,468
Administrative expense	<u>206,872</u>
Total deductions	<u>2,207,340</u>
Change in net position	(84,114)
Total net position, July 1, 2017	<u>1,272,944</u>
Total net position, June 30, 2018	<u><u>\$ 1,188,830</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Discretely Presented Component Units – Charter Schools

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

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

<u>School name:</u>	<u>Address:</u>	
Academy of Advanced Learning	441 Sable Boulevard	Aurora, CO 80011
Aurora Academy	10251 E. First Avenue	Aurora, CO 80010
AXL Charter School	14100 E. Jewell Avenue	Aurora, CO 80012
Global Village Academy	16401 E. Alameda Place	Aurora, CO 80017
Lotus School for Excellence	11001 E. Alameda Avenue	Aurora, CO 80012
Rocky Mountain Preparatory Schools	10455 E. 25 th Avenue	Aurora, CO 80010
Vanguard Classical School	801 Yosemite Street	Denver, CO 80230
Vega Collegiate Academy	1345 Macon Street	Aurora, CO 80010

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Discretely Presented Component Unit – Aurora Public Schools Foundation

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

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

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

Governmental Funds

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

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

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

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

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

The Capital Reserve Fund is a capital projects fund and accounts for ongoing capital outlay needs of the district such as equipment purchases.

Fiduciary Funds

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

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

Major and Nonmajor Funds

The district reports the following major funds.

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

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

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

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

Deposits and Investments

As mandated by §22-45-103, C.R.S., the district maintains deposits for the Bond Redemption Fund in a third-party custodial bank, U.S. Bank N.A., 950 Seventeenth Street, Denver, Colorado 80202. In order to maximize interest earnings, all other funds' cash deposits are maintained in a cash and investment pool.

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

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

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

Interfund Transactions

Transactions between funds that are representative of lending or borrowing arrangements result in interfund balances. Balances representing the current portion of interfund loans are reported as due to/from other funds, while advances to/from other funds represent the noncurrent portion of interfund loans. Another type of interfund transaction is a transfer, which occurs when resources of one fund are transferred to another fund. For the fiscal year ended June 30, 2018, the district reported both interfund transfers and current interfund loans.

Receivables and Payables

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

In the governmental statements, which use the modified accrual basis of accounting, property taxes are reported as receivables and deferred inflows of resources when taxes are levied. Taxes received within 60 days after year-end are reported as revenue and as county treasurers' receivables. In the government-wide financial statements, which use the full accrual basis of accounting, property taxes are recognized as revenue for the full levy amount in the period for which they are levied. All property tax receivables are shown net of an allowance for doubtful accounts, calculated as 1.4 percent of the year's total levy amount.

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

Inventories

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

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

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

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

Refer to Notes 10 and 11 for information on deferred outflows of resources and deferred inflows of resources related to pension items and OPEB items.

Accrued Compensation

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Compensated Absences – Accumulated Unused Paid Leave and Vacation Pay

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

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

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

Noncurrent Liabilities

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

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

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

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

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Fund Balances and Net Position

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

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

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

Estimates

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Encumbrances

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

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

To comply with the TABOR amendment, the district has budgeted and continues to report an emergency reserve. Recognition of this year's reserve of \$10,190,640 is shown as restricted fund balance in the General Fund. The district's charter schools recorded \$1,407,257 in TABOR reserves related to their operations. The emergency reserve cannot be used for adverse economic conditions, revenue shortfalls, or district salary or fringe benefit increases. If at any time the board of education expends any money

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Notes to Basic Financial Statements
June 30, 2018**

from the district emergency reserve, the board is required to restore the reserve to 3.0 percent of the amount budgeted to the General Fund as follows:

- If the board of education expends money from the district emergency reserve in a single fiscal year, the board shall restore the reserve within 36 months of the first draw of the money from the reserve, and
- If the board of education expends money from the district emergency reserve in two consecutive fiscal years, the board shall restore the reserve by the end of the fiscal year following the second fiscal year in which the board expended money from the reserve. The following table summarizes the calculation of this year's 3.0 percent emergency reserve mandated by the TABOR amendment, as recorded, for the district and its charter schools.

TABOR Fund Balance Reserve for Emergencies

Qualifying revenues, all district funds		\$ 496,516,461
Less excludable amounts:		
Federal Sources	\$ 47,423,359	
Override Funding	49,424,309	
Gifts	1,158,764	
Property Sales	394,247	
Bond Redemption	58,427,781	
Total excludable amounts		<u>156,828,460</u>
Revenues subject to TABOR		339,688,001
TABOR reserve percentage		3%
Amount reserved for emergencies:		<u><u>10,190,640</u></u>

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

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

Minimum Fund Balance/Cash Fund Emergency Policy

As designated in district policy, DA-Fiscal Management Goals/Priority Objectives, the superintendent is required to maintain a minimum General Fund or cash fund emergency reserve of 5.0 percent of current year General Fund revenues less the 3.0 percent restricted amount required by the Taxpayer Bill of Rights (TABOR). The policy does not specify the circumstances under which these funds can be used or the method of repayment, if the funds are used. For the current fiscal year, the 5.0 percent reserve total is \$16,984,400 less the district's emergency reserve of \$10,190,640, or \$6,793,760. The fiscal management amount of \$6,793,760 is shown as an assigned fund balance on the Balance Sheet for Governmental Funds.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Subsequent Year Expenditures

Budgets for each subsequent fiscal year are approved by the board of education. Some governmental funds have budgeted expenditures in excess of budgeted revenues; it is the intent of the district to utilize the ending fund balances from the prior fiscal year to provide for the excess expenditures. Of significance is the Building Fund, funded by the sale of general obligation bonds in 2008, 2010 and 2017. These funds are included in restricted fund balances that are restricted specifically for capital projects and improvements of district facilities. Also, the Bond Redemption Fund has appropriated all of its fund balance for the purpose of scheduled payments of bond principal and interest and the defeasance of outstanding debt.

NOTE 3: DEPOSITS AND INVESTMENTS

Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments as of June 30, 2018, are classified in the financial statements as follows.

	Primary Government	Fiduciary Funds	Total
Cash and cash equivalents	\$ 102,400,501	\$ -	\$ 102,400,501
Restricted cash & investments	211,638,467	-	211,638,467
Fiduciary funds	-	3,312,650	3,312,650
Total	<u>\$ 314,038,968</u>	<u>\$ 3,312,650</u>	<u>\$ 317,351,618</u>

Unspent proceeds of the 2008, 2010 and 2017 general obligation bonds in the Building Fund and the cash balances in the Bond Redemption Fund are restricted cash on the basic financial statements.

Deposits

The Colorado General Assembly passed the Public Deposit Protection Act (the PDPA) in 1975. The purpose of the PDPA is to protect all public funds held on deposit in financial institutions. In the event eligible banks or savings and loan institutions default, statutes provide for the expedited repayment of public deposits not covered by the Federal Deposit Insurance Corporation. The district has no custodial credit risk because all deposits are insured by the Federal Deposit Insurance Corporation or are held in PDPA-eligible institutions. The district's cash deposits had a carrying amount of \$64,155,306 and a corresponding bank balance of \$68,164,461. Of the bank balance, \$67,914,461 was uninsured but collateralized in accordance with provisions of the PDPA.

Reconciliation of Deposits to Cash, Cash Equivalents and Investments

Primary Government and Fiduciary Funds

<u>Description</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking, money market and trust accounts	\$ 64,155,306	\$ 68,164,461
Cash with fiscal agent	534,720	-
Cash on hand	16,385	-
Total	<u>\$ 64,706,411</u>	<u>\$ 68,164,461</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Investments

The district has deposits in five COLOTRUST accounts and one UMB account, in the amount of \$252,645,207 which are invested in overnight investment accounts and fixed income accounts and are rated AAAM by Standard & Poor's.

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

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

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

At June 30, 2018, the District's investment balances and maturities, in years for those investments subject to interest rate risk were as follows:

Asset	Value	Investment Maturities (in years)				
		Less Than 1	1 - 2	2 - 3	3 - 4	4 - 5
U.S. Treasuries	\$ 61,130,910	\$ 12,892,530	\$ 48,238,380	\$ -	\$ -	\$ -
U.S. Agencies						
FFCB	12,879,250	2,987,250	9,892,000	-	-	-
FHLB	6,951,980	6,951,980	-	-	-	-
FHLM	8,894,610	-	8,894,610	-	-	-
FNMA	8,927,190	-	8,927,190	-	-	-
Subtotal for U.S. Agencies	37,653,030	9,939,230	27,713,800	-	-	-
Corporate bonds	8,883,030	-	8,883,030	-	-	-
Total investments	<u>\$ 107,666,970</u>	<u>\$ 22,831,760</u>	<u>\$ 84,835,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Fair Value Measurements

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

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

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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

At June 30, 2018, the District has the following recurring fair value measurements:

Fair Value Measurements				
Asset	Fair Value	Level 1	Level 2	Level 3
U.S. Treasuries	\$ 61,130,910	\$ 61,130,910	\$ -	\$ -
U.S. Agencies	37,653,030	-	37,653,030	-
Corporate bonds	8,883,030	-	8,883,030	-
Total investments	<u>\$ 107,666,970</u>	<u>\$ 61,130,910</u>	<u>\$ 46,536,060</u>	<u>\$ -</u>

Additionally, at June 30, 2018, the District holds investments at COLOTRUST in the amount of \$144,978,237 which are measured at net asset value. The district utilizes one local government investment pool when a high degree of liquidity is prudent. COLOTRUST is a local government investment pool with a stable net asset value. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. COLOTRUST may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of the U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as a custodian for COLOTRUST's portfolio pursuant to a custodian agreement. The custodian acts as a safekeeping agent for COLOTRUST's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. COLOTRUST does not have any limitations or restrictions on participant withdrawals.

NOTE 4: RECEIVABLES, PAYABLES AND INTERFUND TRANSACTIONS

Receivables

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

	Governmental Funds							Total Governmental Funds
	General	Bond Redemption	Grants	Nutrition Services	Building	Capital Reserve	Nonmajor Governmental	
Receivables:								
Property taxes, paid within 60 days of year-end	\$ 5,763,381	\$ 1,846,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,610,094
Reimbursements for federal and state grants	-	-	8,530,631	109,725	-	-	-	8,640,356
Property taxes, due within one year	3,226,172	1,610,897	-	-	-	-	-	4,837,069
Interfund	5,703,880	-	-	-	-	-	-	5,703,880
Accounts	1,080,909	-	-	72	-	515,730	23,922	1,620,633
Gross receivables	15,774,342	3,457,610	8,530,631	109,797	-	515,730	23,922	28,412,032
Less allowance for uncollectibles	(1,529,920)	(764,860)	-	-	-	-	-	(2,294,780)
Net total receivables	<u>\$ 14,244,422</u>	<u>\$ 2,692,750</u>	<u>\$ 8,530,631</u>	<u>\$ 109,797</u>	<u>\$ -</u>	<u>\$ 515,730</u>	<u>\$ 23,922</u>	<u>\$ 26,117,252</u>

Balances due to/from other funds are presented as interfund receivable and payable amounts on the balance sheet for governmental funds. Many federal and state grants operate on a reimbursement basis, causing the need for a short-term loan from the General Fund. Balance due to the General Fund from the Grants Fund at June 30, 2018 was \$5,703,880.

Interfund Transactions

Transfers are used to move unrestricted revenues from the fund that collects them to specific programs accounted for in other funds in accordance with budget authorizations. The General Fund transferred money to the Nutrition Services Fund, Pickens Post Secondary Fund, and Athletic Fund to provide subsidies for operations and transfer revenues related to programs offered by those specific funds. The General Fund transferred money to the Capital Reserve Fund to meet current and future capital needs. Transfers processed during the fiscal year ended June 30, 2018, were as follows:

	Transfers in:				
Transfers out:	Nutrition Services Fund	Pickens Post Secondary	Athletic Fund	Capital Reserve Fund	Total
General Fund	\$ 500,000	\$ 74,681	\$ 460,150	\$ 5,835,958	\$ 6,870,789
Total	<u>\$ 500,000</u>	<u>\$ 74,681</u>	<u>\$ 460,150</u>	<u>\$ 5,835,958</u>	<u>\$ 6,870,789</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Notes to Basic Financial Statements
June 30, 2018**

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the fiscal year ended June 30, 2018, follows:

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 20,451,625	\$ -	\$ -	\$ -	\$ 20,451,625
Construction in progress	27,365,663	51,479,953	-	(7,299,807)	71,545,809
Construction in progress - intangible assets	1,584,825	17,789	-	(1,131,565)	471,049
Total capital assets, not being depreciated	<u>49,402,113</u>	<u>51,497,742</u>	<u>-</u>	<u>(8,431,372)</u>	<u>92,468,483</u>
Capital assets, being depreciated:					
Buildings and site improvements	630,029,145	1,807	-	7,299,807	637,330,759
Machinery, equipment and vehicles	31,100,917	3,838,321	(1,922,285)	-	33,016,953
Intangible assets - software	5,625,564	-	-	1,131,565	6,757,129
Total capital assets, being depreciated	<u>666,755,626</u>	<u>3,840,128</u>	<u>(1,922,285)</u>	<u>8,431,372</u>	<u>677,104,841</u>
Less accumulated depreciation for:					
Building and site improvements	(312,290,812)	(20,319,875)	-	-	(332,610,687)
Machinery, equipment and vehicles	(23,183,206)	(2,297,888)	1,845,152	-	(23,635,942)
Intangible assets - software	(2,715,430)	(969,750)	-	-	(3,685,180)
Total accumulated depreciation	<u>(338,189,448)</u>	<u>(23,587,513)</u>	<u>1,845,152</u>	<u>-</u>	<u>(359,931,809)</u>
Total capital assets, being depreciated, net	<u>328,566,178</u>	<u>(19,747,385)</u>	<u>(77,133)</u>	<u>8,431,372</u>	<u>317,173,032</u>
Governmental activities capital assets, net	<u>\$ 377,968,291</u>	<u>\$ 31,750,357</u>	<u>\$ (77,133)</u>	<u>\$ -</u>	<u>\$ 409,641,515</u>

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

Governmental activities:	
Instruction	\$ 15,259,791
Instructional staff support	389,301
General administration	243,763
Business administration	294,882
Operations and maintenance	4,424,702
Transportation	1,527,964
Personnel/data services/risk management	1,167,031
Food service operations	280,079
Total depreciation expense - governmental activities	<u>\$ 23,587,513</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

NOTE 6: NONCURRENT LIABILITIES

General Obligation Bonds

The district issues bonds to finance construction, renovation, and repair of schools and support site facilities. When market and interest rates are favorable, the district may refinance outstanding debt with new debt to reduce interest payments or restructure the debt service requirement of the Bond Redemption Fund. The bonds are serviced from property tax revenues. As of June 30, 2018, total general obligation bonds outstanding are \$458,515,000, total unamortized premium is \$49,878,212, total accreted interest is \$3,218,482. Management of the district believes it has complied with all significant financial bond covenants regarding its original bond issues and refunding bond issues. In general, bond covenants for each of the following issues include:

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

General Obligation Bonds

A description of each issue follows.

- In November 2008, the voters approved a referendum authorizing a total debt amount of \$215,000,000. In December 2008, the *2008 Series General Obligation Bonds* were issued with a face value of \$132,685,000. Current outstanding principal balance is \$6,920,000. Maturity dates began December 1, 2009, and will continue through December 1, 2020. Interest rates range from 5.25 percent to 5.75 percent. Remaining annual payments for principal and interest range from \$3,646,375 to \$3,745,000.
- In May 2010, the *2010 Series Refunding Bonds* were issued with a total face value of \$101,460,000. As of June 30, 2018, outstanding principal balance for the *2010 Series Refunding Bonds* was \$56,365,000. Maturity dates began December 1, 2010, and will continue through December 1, 2022. Interest rates range from 3.25 percent to 5.0 percent. Remaining annual payments for principal and interest range from \$693,600 to \$15,406,106.
- On September 15, 2010, the district issued \$38,000,000 in the *2010B Series General Obligation Bonds – Direct Pay Build America Bonds*. Current outstanding balance is \$31,630,000. These bonds began maturing on December 1, 2012, with the final principal payment due on December 1, 2028. The interest rate ranges from 3.380 percent to 5.312 percent. Remaining annual payments for principal and interest range from \$2,377,101 to \$10,534,144.
- On December 22, 2010, the district issued \$37,315,000 in the *2010D Series General Obligation Bonds – Direct Pay Build America Bonds*. Current outstanding balance is \$29,955,000. These bonds began maturing on December 1, 2014, with the final principal payment due on December 1, 2028. The interest rate ranges from 4.036 percent to 6.045 percent. Remaining annual payments for principal and interest range from \$3,593,296 to \$3,883,948.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

- In February 2012, the *2012 Series Refunding Bonds* were issued with a total face value of \$149,535,000. Concurrently, the district issued capital appreciation bonds with an original principal amount of \$385,000. The capital appreciation bonds will accrete interest over the term of 10 years to the maturity date of December 1, 2022, to the redeemable amount of \$17,250,000. Total current outstanding principal balance for both types of bonds is \$141,085,000. Maturity dates began December 1, 2012, and will continue through December 1, 2028. Interest rates range from 2.0 percent to 5.0 percent. Remaining annual payments for principal and interest range from \$7,916,950 to \$27,458,625. As of June 30, 2018, accreted interest for the capital appreciation bonds was \$3,218,482.
- In January 2017, the district issued \$200,000,000 in the *2017A General Obligation Bonds*. Current outstanding balance is \$188,895,000. These bonds begin maturing on December 1, 2017, with the final principal payment due on December 1, 2036. The interest rate is 5.0 percent. Remaining annual payments for principal and interest range from \$1,025,000 to \$40,400,750.
- In January 2017, the district issued \$3,665,000 in the *2017B General Obligation Refunding Bonds*. Current outstanding balance is \$3,665,000. These bonds begin maturing on June 1, 2017, with the final principal payment due on December 1, 2020. The interest rate is 5.0 percent. Remaining annual payments for principal and interest range from \$183,250 to \$3,756,625.

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

Capital Leases

The Board of Education approved a master lease purchase agreement for the purpose of financing the costs of acquiring approximately 80 buses and support vehicles for school purposes and other essential need equipment in an amount not to exceed \$12.0 million over approximately a five year period.

On September 1, 2016, the district financed 14 buses and 36 support vehicles in the amount of \$2,411,380 with an interest rate of 1.726 percent per year to be repaid over the next 10 years. Assets in the amount of \$2,411,380 were capitalized in fiscal year 2017 into machinery and equipment and had related amortization of \$475,707 as of June 30, 2018.

On September 11, 2017, the district financed 16 buses and 7 support vehicles in the amount of \$1,931,000 with an interest rate of 2.098 percent per year to be repaid over the next 10 years. Assets in the amount of \$1,931,000 were capitalized into machinery and equipment and had related amortization of \$193,842 as of June 30, 2018.

On June 21, 2018, the district financed 14 buses and 4 support vehicles in the amount of \$1,837,761 with an interest rate of 3.414 percent per year to be repaid over the next 10 years.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2018, was as follows:

<u>Issue</u>	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Amount Due Within One Year
2008 General obligation bonds	\$ 10,135,000	\$ -	\$ 3,215,000	\$ 6,920,000	\$ 3,370,000
2010 Series refunding bonds	68,730,000	-	12,365,000	56,365,000	12,955,000
2010B Build America Bonds	32,920,000	-	1,290,000	31,630,000	1,310,000
2010D Build America Bonds	31,895,000	-	1,940,000	29,955,000	2,025,000
2012 Refunding bonds	142,350,000	-	1,265,000	141,085,000	1,290,000
2017A General obligation bonds	200,000,000	-	11,105,000	188,895,000	9,900,000
2017B Series refunding bonds	3,665,000	-	-	3,665,000	-
2012 Refunding bonds accreted interest	2,145,604	1,072,878	-	3,218,482	-
Subtotal general obligation debt	491,840,604	1,072,878	31,180,000	461,733,482	30,850,000
Premiums/(discounts) on GO debt	57,212,797	-	7,334,585	49,878,212	-
Subtotal general obligation debt, net	549,053,401	1,072,878	38,514,585	511,611,694	30,850,000
Capital Leases	2,154,434	3,768,761	651,300	5,271,895	564,526
Subtotal capital lease	2,154,434	3,768,761	651,300	5,271,895	564,526
Total debt outstanding	551,207,835	4,841,639	39,165,885	516,883,589	31,414,526
Compensated absences:					
Unpaid vacation	4,219,395	963,363	832,375	4,350,383	607,386
Unpaid sick leave	6,588,744	889,072	1,374,320	6,103,496	968,095
Total compensated absences	10,808,139	1,852,435	2,206,695	10,453,879	1,575,481
Net pension liability	1,601,209,456	81,427,053	43,185,850	1,639,450,659	-
Net OPEB liability	39,633,141	137,863	2,332,850	37,438,154	-
Total changes in noncurrent liabilities	\$ 2,202,858,571	\$ 88,258,990	\$ 86,891,280	\$ 2,204,226,281	\$ 32,990,007

Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the district has recorded the accrued liability for compensated absences in the accompanying basic financial statements. The previous table summarizes total liabilities and current year activity for compensated absences. Per GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, the amount of \$645,716 recorded in the General Fund in the governmental statements represents the mature portion of total compensated absences liabilities.

Computation of Legal Debt Margin

Pursuant to state law, a school district has a limit of bonded indebtedness of the greater of 20 percent of its valuation for taxable property as it exists on the December 10 prior to the date of issuance or 6.0 percent of its statutory actual valuation of the taxable property in the district as of the December 10 prior to the date of issuance. Additionally, the limit on bonded indebtedness is increased to 25 percent of its valuation for taxable property of the district if such district qualifies as a "high growth" district. In the November 2016 Election, voters approved the use of the higher 6.0 percent limit. The debt limit is only applicable at the time of issuance of bonds. Refunding bonds may be issued notwithstanding the debt limit because they are issued at a lower interest rate and would save the district money. The percentages and amounts used in the following calculation are based on the December 2017 actual valuation and the June 30, 2018 outstanding general obligation bonds payable.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Debt Limit Factors	Actual Valuation	Percentage of Actual Valuation
Valuation - Adams County	\$ 4,915,704,882	
Valuation - Arapahoe County	16,321,567,491	
Total valuation	21,237,272,373	
Apply percentage	6.0%	
Legal debt limit	1,274,236,342	6.0%
Less general obligation bonds payable	461,733,482	2.2%
Debt margin	\$ 812,502,860	3.8%

Summary of Debt Service Requirements to Maturity

The following schedules reflects the debt service requirements of the district's long-term debt. The long-term debt is included in the governmental activities, as of June 30, 2018:

Date	General Obligation Debt	Total Interest	Total
2019	\$ 30,850,000	\$ 21,852,583	\$ 52,702,583
2020	29,790,000	20,423,769	50,213,769
2021	34,210,000	18,898,639	53,108,639
2022	52,705,000	17,200,436	69,905,436
2023	19,070,000	15,856,404	34,926,404
2024-2028	137,630,000	55,107,283	192,737,283
2029-2033	139,240,000	18,438,923	157,678,923
2034-2038	31,885,000	1,297,125	33,182,125
Total	475,380,000	\$ 169,075,162	\$ 644,455,162
Unaccreted interest on 2012 bonds	(13,646,518)		
Total outstanding principal	\$ 461,733,482		

Date	Capital Lease	Total Interest	Total
2019	\$ 564,526	\$ 119,208	\$ 683,734
2020	571,983	111,751	683,734
2021	585,266	98,468	683,734
2022	598,885	84,849	683,734
2023	612,851	70,883	683,734
2024-2028	2,338,384	136,604	2,474,988
Total	\$ 5,271,895	\$ 621,763	\$ 5,893,658

NOTE 7: SHORT-TERM DEBT

To meet short-term General Fund cash flow needs, the District participates in the state of Colorado Interest-Free Loan Program. There was one draw made on February 14, 2018. The payment back to the state was made on March 12, 2018. Short-term debt activity relating to this program for the year ended June 30, 2018 was as follows:

Balance July 1, 2017	Draws	Payments	Balance June 30, 2018
\$ -	\$ 6,488,168	\$ 6,488,168	\$ -

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

NOTE 8: RISK MANAGEMENT

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

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

Self-insurance Programs and Purchased Insurance Coverages

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

Workers' Compensation

In 1986, the district joined other Colorado school districts to form the Joint School Districts' Workers' Compensation Self-Insurance Pool (JSD) with the purpose to control costs related to workers' compensation incidents. JSD is managed by an independent manager chosen by the pool's board of directors. Board membership consists of one member from each of four participating school districts. Each member's initial contribution and subsequent share of expenses and contributions is based on JSD's and respective member's payroll, projected losses, standard premiums, experience modifications, and other variable expenses as estimated by JSD management and approved by the JSD board. The district's share of expenses is reported in the district's basic financial statements. JSD has no current or long-term debt. Each member of JSD is responsible for the first \$100,000 of each loss. Losses between \$100,000 and \$500,000 are shared between the member districts and losses in excess of \$500,000 are reinsured for up to statutory limits. This pool is audited each year by Clifton Larson Allen LLP. Actuarial services are performed by Willis Towers Watson. Requests for JSD financial statements can be sent to Beecher Carlson, 8000 E. Maplewood Avenue, Suite 350, Greenwood Village, Colorado 80111.

Liability

The district self-insures the first \$150,000 of each liability loss/claim and purchases insurance for the next \$10,000,000 of each loss/claim. General liability, auto liability and errors and omissions coverage is purchased through the Excess-of-Loss Self Insurance Pool (ELSIP), a public entity risk pool. ELSIP is managed by an independent manager chosen by ELSIP's board of directors. The board is comprised of one member from each of three participating districts. Each member's initial and subsequent share of expenses is determined by its student enrollment, as approved by the board. This pool is audited each year by Clifton Larson Allen LLP. Provision for estimated insurance claims incurred but not reported includes components for each type of coverage in effect (see Note 9.) Requests for ELSIP financial statements can be sent to Arrowhead General Insurance Agency, Inc. 8000 E. Maplewood Avenue, Suite 350, Greenwood Village, CO 80111.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

NOTE 9: COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2018, the district had various commitments for the acquisition and construction of capital projects. Resources in the Building and Capital Reserve Capital Projects Funds are restricted for construction commitments. The following table provides a detail of significant commitments:

Project Description	Project to Date Expenditures	Commitments at June 30, 2018
Controls, Lighting, & Equipment - Districtwide Improvements	\$ 1,175,098	\$ 4,458
Sixth & Harvest: P-12 Campus - Infrastructure-P8-HS	70,422,720	68,229
Mrachek MS-Kitchen/Cafeteria Addn & Renewal	2,421,902	52,620
Mrachek MS-Kitchen/Cafeteria Addn & Renewal	4,613,998	826,139
Hinkley HS-Pool Building & Roof Repairs, Renewal	4,136,755	149,392
William Smith HS-Building Renewal	37,349	15,559
ESC 1 Windows, ESC 1 & 2 Renewal	516,108	72,790
Technology Equipment Renewal	2,108,449	118,870
Application Upgrades	43,935	15,530
IT Safety & Security	400,042	735,471
IT Infrastructure Upgrades	374,116	615,529
District Building Renewal Admin	176,031	37,938
Districtwide Improvements - Energy	483,846	280,332
Districtwide Improvements - Safety	751,887	729,318
Security Vestibules - 2016 Bond	1,604,230	1,332,203
New P-8 School	383,972	1,396,200
New Post-Secondary Building	638,004	6,475,302
Window Repairs at Elementary Schools	38,525	37,950
Arkansas HVAC Repairs & Renewal	94,573	24,548
Crawford Building Renewal	160,026	54,423
Iowa Building Renewal	91,908	32,416
Jewell Building Renewal	22,400	88,988
Kenton Building Renewal	82,328	47,584
Laredo Roof Repairs & Renewal	-	56,105
Montview Building Remodel	220,858	350,025
Park Lane Building Renewal	100,158	15,834
Side Creek Improvements & Renewal	991,475	1,530,756
Vaughn Building Renewal	46,214	38,527
Yale Building Renewal	106,529	10,535
Aurora Frontier K8 Addition & Renewal	6,750	9,000
Clyde Miller P-8 Roof Repairs & Renewal	83,098	3,868
Murphy Creek K-8 Addition & Renewal	6,750	9,000
Aurora Hills MS Building Renewal	36,618	8,905
Columbia MS Building Renewal	2,002	3,953
East MS Whole Building Remodel	29,850	15,150
Mrachek MS Replacement Project	27,907,050	6,001,331
North MS Building Renewal	30,885	154,370
South MS Building Renewal	163,036	98,465
ACHS Mechanical Repairs, Addition & Renewal	5,287,931	3,504,561
Gateway Chilled Water Efficiency Upgrade	307,776	326,838
Hinkley Addition, Remodel, Repairs & Renewal	66,450	14,735
Rangeview Addition & Renewal	2,910,661	1,663,110
Vista Peak Prep Addition & Renewal	17,237,508	3,125,619
CDC Jamaica Building Renewal	32,002	2,751
CDC Laredo Building Renewal	11,936	16,249
Total Building Fund	\$ 146,363,739	\$ 30,171,476
School-Based Health Center - Gateway	\$ 43,582	\$ 3,194
Total Grants Fund	\$ 43,582	\$ 3,194
Total	\$ 146,407,321	\$ 30,174,670

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Refunded and Defeased Bonds

At various dates in prior years, the district has placed proceeds from refunding bond issues and the district cash contributions in irrevocable refunding escrow accounts. The monies deposited in the escrow accounts are invested in U.S. Treasury obligations that, together with interest earned thereon, should provide amounts sufficient for payment of all principal and interest on refunded bond issues and the refinanced capital lease obligation on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded obligations appears remote. The escrow accounts and the following refunded obligations are not included in the district's basic financial statements, even though the district is contingently liable for these amounts. The following table provides a detail of contingently liable amounts as of June 30, 2018:

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

Grants

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

Litigation

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

Insurance Claims

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Unpaid claims, beginning of the year	\$ 690,618	\$ 599,377
Incurred claims, including changes in IBNR	1,019,434	1,128,653
Claim payments	(190,777)	(1,037,412)
Unpaid claims, end of year	<u>\$ 1,519,275</u>	<u>\$ 690,618</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and June 30, 2018*.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 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 (AIR) for the SCHDTF.

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

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

Contribution provisions as of June 30, 2018. Eligible employees and the district are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the years ended December 31	
	2017	2018
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	-1.02%	-1.02%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.50%
Total Employer Contribution Rate to the SDTF ¹	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the district is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the district were \$43,185,850 for the year ended June 30, 2018.

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

At June 30, 2018, the district reported a liability of \$1,639,450,659 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The district proportion of the net pension liability was based on the district's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

At December 31, 2017, the districts proportion was 5.070 percent, which was a decrease of .308 percent from its proportionate share measured as of December 31, 2016.

For the year ended June 30, 2018, the district recognized pension expense of \$335,017,695. At June 30, 2018, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 30,142,590	\$ -
Changes of assumptions or other inputs	418,612,660	2,656,415
Net difference between projected and actual earnings on pension plan investments	-	64,382,787
Changes in proportional share	3,269,097	41,345,411
Contributions subsequent to the measurement date	22,077,650	-
Total	<u>\$ 474,101,997</u>	<u>\$ 108,384,613</u>

The \$22,077,650 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Fiscal Year Ending June 30,	Amount
2019	\$ 244,105,716
2020	129,389,532
2021	(5,634,455)
2022	(24,221,059)
	<u>\$ 343,639,734</u>

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Assumptions	
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)	Finance by the Annual Increase Reserve

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Notes to Basic Financial Statements
June 30, 2018**

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

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.

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 percent.

Discount rate. The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

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 Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

Sensitivity of the districts proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.78 percent) or one-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$ 2,070,905,015	\$ 1,639,450,659	\$ 1,287,864,626

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.

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of three years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018, the District reported a liability of \$1,639,450,659 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78 percent. For comparative purposes, the following schedule presents an estimate of what the district's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$1,059,176,135

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$580,274,524 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 11: Defined Benefit Other Post Employment Benefit (OPEB) Plan

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

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. 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.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

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

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

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

PERA Benefit Structure. The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5.0 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$2,332,850 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability of \$37,438,154 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 2.881 percent, which was a decrease of .176 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$2,556,954. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 177,051	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	626,331
Changes in proportional share	-	1,917,162
Contributions subsequent to the measurement date	1,177,167	-
Total	<u>\$ 1,354,218</u>	<u>\$ 2,543,493</u>

\$1,177,167 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ending June 30,	Amount
2019	\$ (498,450)
2020	(498,450)
2021	(498,450)
2022	(498,393)
2023	(341,853)
Thereafter	(30,846)
	<u>\$ (2,366,442)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions	
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 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount Rate	7.25 percent
Health care cost trend rates	
PERA benefit structure	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

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.

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

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

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 percent.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$ 36,408,087	\$ 37,438,154	\$ 33,465,752

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 42,092,256	\$ 37,438,154	\$ 33,465,752

OPEB plan fiduciary net position. Detailed information about the HCTF'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.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2018

NOTE 12: DEFINED CONTRIBUTION PENSION PLAN & DEFERRED COMPENSATION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The district does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$1,800,719.

Deferred Compensation Plan

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

Funding Policy – The deferred compensation plan is funded by voluntary member contributions up to the maximum limit set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$2,214,365.

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

NOTE 13: RELATED-PARTY TRANSACTIONS

The district provides administrative and other services to its eight charter schools, shown as discretely presented component units. The amount of charges for services, in accordance with governing state statutes, for the fiscal year ended June 30, 2018 was \$4,027,525, which have been recorded in the district's financial statements.

NOTE 14: IMPLEMENTATION OF NEW ACCOUNTING STANDARD

Effective July 1, 2017, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with other postemployment benefits. The District provides its employees with OPEB through the Health Care Trust Fund described in Note 11. Statement No. 75 requires employers participating in such plans, to record their proportionate share, as defined in Statement No. 75, of PERA's unfunded OPEB liability. The District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. The implementation of

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Notes to Basic Financial Statements
June 30, 2018**

GASB 75 resulted in a (\$38,403,326) restatement of net deficit as of July 1, 2017, which was comprised of the following:

Net OPEB liability at July 1, 2017	\$ (39,633,141)
Deferred outflows of resources - employer contributions from January 1, 2017 through June 30, 2017	<u>1,229,815</u>
Restatement	<u><u>\$ (38,403,326)</u></u>

Information regarding PERA's current funding status can be found in their Comprehensive Annual Financial Report.

NOTE 15: CHANGE IN REPORTING ENTITY

The aggregate discretely presented component unit financial statements reflect a change in reporting entity. The change resulted from the beginning of operations of Vega Collegiate Academy during the fiscal year. Prior to July 1, 2017, Vega Collegiate Academy had no operating activity and had a net position of \$162,727, which has been reported as an adjustment to beginning net position of the discretely presented component units.

Required Supplementary Information

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

Budgetary Comparisons

General Fund

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

Grants Fund

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

Nutrition Services Fund

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Property	\$ 101,703,093	\$ 116,608,200	\$ 116,235,125	\$ (373,075)
Specific ownership	10,611,885	10,611,885	14,446,509	3,834,624
Tuition	908,436	908,436	1,182,149	273,713
Net earnings on investments	1,000,000	1,000,000	1,880,484	880,484
Rental of buildings	1,200,000	1,200,000	1,202,016	2,016
Gifts and grants	53,150	153,000	170,025	17,025
Charges for services	3,559,808	3,559,808	4,027,525	467,717
Other	6,710,148	7,071,689	7,663,847	592,158
State sources:				
State equalization	206,737,785	200,826,649	201,192,094	365,445
Vocational education	1,000,000	1,300,000	1,561,128	261,128
Special education	8,023,709	8,023,709	8,382,197	358,488
English Language Proficiency Act	5,896,412	5,896,412	5,789,488	(106,924)
Transportation	1,250,000	1,250,000	1,580,675	330,675
READ Act	3,104,497	3,104,497	3,027,751	(76,746)
Gifted and talented	389,294	389,294	388,114	(1,180)
Federal	100,000	100,000	117,823	17,823
Total revenues	<u>352,248,217</u>	<u>362,003,579</u>	<u>368,846,950</u>	<u>6,843,371</u>
EXPENDITURES				
Current:				
Instruction	187,479,613	196,469,041	183,563,711	12,905,330
Pupil support	26,962,449	27,740,475	27,288,441	452,034
Instructional staff support	19,975,325	20,525,287	17,722,877	2,802,410
General administration	7,088,169	6,797,958	5,933,877	864,081
School administration	32,698,390	33,136,931	31,940,343	1,196,588
Business administration	5,770,605	5,861,525	4,322,623	1,538,902
Operations and maintenance	33,659,705	33,688,172	31,401,259	2,286,913
Transportation	8,063,657	8,626,558	9,685,256	(1,058,698)
Personnel/data/risk management	18,031,901	18,790,415	15,956,464	2,833,951
Other support services	6,944,966	7,295,430	7,061,048	234,382
Facilities acquisition	323,500	333,292	1,494,549	(1,161,257)
Contingencies	29,984,744	36,714,372	-	36,714,372
Total expenditures	<u>376,983,024</u>	<u>395,979,456</u>	<u>336,370,448</u>	<u>59,609,008</u>
Excess (deficiency) of revenues over (under) expenditures	(24,734,807)	(33,975,877)	32,476,502	66,452,379
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,986,108)	(6,696,108)	(6,870,789)	(174,681)
Total other financing sources (uses)	<u>(5,986,108)</u>	<u>(6,696,108)</u>	<u>(6,870,789)</u>	<u>(174,681)</u>
Net change in fund balance	<u>\$ (30,720,915)</u>	<u>\$ (40,671,985)</u>	<u>25,605,713</u>	<u>\$ 66,277,698</u>
Fund balance - July 1, 2017			40,671,987	
Fund balance - June 30, 2018			<u>\$ 66,277,700</u>	

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Grants Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Gifts and grants	\$ 5,814,294	\$ 2,998,548	\$ 953,461	\$ (2,045,087)
State:				
State grants	1,745,375	2,523,627	1,988,253	(535,374)
Federal grants	27,287,468	30,964,480	27,115,343	(3,849,137)
Total revenues	<u>34,847,137</u>	<u>36,486,655</u>	<u>30,057,057</u>	<u>(6,429,598)</u>
EXPENDITURES				
Current:				
Instruction	12,768,266	15,919,881	13,281,558	2,638,323
Pupil support	5,133,010	5,202,072	5,673,220	(471,148)
Instructional staff support	7,063,073	8,607,569	6,790,928	1,816,641
General administration	2,873,193	2,622,014	2,717,458	(95,444)
School administration	100,665	203,812	115,419	88,393
Business administration	-	-	105	(105)
Operations and maintenance	1,000	1,000	-	1,000
Transportation services	7,050	12,050	4,329	7,721
Personnel/data/risk management	1,156,775	696,775	460,802	235,973
Other support services	922,789	960,666	740,625	220,041
Facilities acquisition and improvements	259,816	259,816	272,613	(12,797)
Other uses	1,000	1,000	-	1,000
Contingencies	4,560,500	2,000,000	-	2,000,000
Total expenditures	<u>34,847,137</u>	<u>36,486,655</u>	<u>30,057,057</u>	<u>6,429,598</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - July 1, 2017			-	
Fund balance - June 30, 2018			<u>\$ -</u>	

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues and Expenses Compared to Budget
Budget and Actual
Special Revenue Fund - Nutrition Services Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Charges for services	\$ 1,852,596	\$ 1,852,596	\$ 1,381,614	\$ (470,982)
Other	2,000	2,000	7,252	5,252
Earnings on investments	-	-	27,786	27,786
State:				
State grants	218,000	218,000	282,769	64,769
Federal grants	14,959,000	14,959,000	15,325,119	366,119
Total revenues	17,031,596	17,031,596	17,024,540	(7,056)
EXPENDITURES				
Current:				
Food service operations	20,127,733	21,279,217	16,181,459	5,097,758
Total expenditures	20,127,733	21,279,217	16,181,459	5,097,758
Excess (deficiency) of revenues over (under) expenditures	(3,096,137)	(4,247,621)	843,081	5,090,702
OTHER FINANCING SOURCES				
Transfers in	400,000	500,000	500,000	-
Total other financing sources	400,000	500,000	500,000	-
Net change in fund balance	\$ (2,696,137)	\$ (3,747,621)	1,343,081	\$ 5,090,702
Fund balance - July 1, 2017			3,747,621	
Fund balance - June 30, 2018			\$ 5,090,702	

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's Proportionate Share of the Net Pension Liability
PERA - School Division Trust Fund
For the Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	5.070%	5.378%	5.383%	5.243%
District's proportionate share of the net pension liability	\$ 1,639,450,659	\$ 1,601,209,456	\$ 823,387,622	\$ 710,633,013
District's covered payroll	\$ 233,872,275	\$ 241,369,031	\$ 234,613,404	\$ 219,654,425
District's proportionate share of the net pension liability as a percentage of its covered payroll	701.00%	663.39%	350.96%	323.52%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	62.84%

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

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

Note 3: The notes to the required supplementary information are an integral part of this statement.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's Pension Contributions
PERA - School Division Trust Fund
For the Year Ended June 30, 2018**

	2018	2017	2016	2015
Contractually required contribution	\$ 43,185,850	\$ 44,036,255	\$ 42,960,962	\$ 38,200,248
Contributions in relation to the contractually required contribution	<u>(43,185,850)</u>	<u>(44,036,255)</u>	<u>(42,960,962)</u>	<u>(38,200,248)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 228,710,727	\$ 239,566,489	\$ 242,250,288	\$ 226,217,490
Contributions as a percentage of covered payroll	18.88%	18.38%	17.73%	16.89%

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

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

Note 3: The notes to the required supplementary information are an integral part of this statement.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's Proportionate Share of the Net OPEB Liability
Health Care Trust Fund
For the Year Ended December 31, 2017**

	2017
District's proportion of the net pension liability	2.881%
District's proportionate share of the net pension liability	\$ 37,438,154
District's covered payroll	\$ 233,872,275
District's proportionate share of the net pension liability as a percentage of its covered payroll	16.01%
Plan fiduciary net position as a percentage of the total pension liability	17.50%

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

Note 2: Information is not currently available for years prior to 2017; additional years will be displayed as they become available.

Note 3: The notes to the required supplementary information are an integral part of this statement.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's OPEB Contributions
Health Care Trust Fund
For the Year Ended June 30, 2018**

	<u>2018</u>
Statutorily required contribution	\$ 2,332,850
Contributions in relation to the statutorily required contribution	<u>(2,332,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered payroll	\$ 228,710,727
Contributions as a percentage of covered payroll	1.02%

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

Note 2: Information is not currently available for years prior to 2018; additional years will be displayed as they become available.

Note 3: The notes to the required supplementary information are an integral part of this statement.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

NOTE 1: BUDGETARY INFORMATION

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

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

NOTE 2: SIGNIFICANT CHANGES AFFECTING TRENDS IN ACTUARIAL INFORMATION

Changes in assumptions or other inputs since the December 31, 2016 actuarial valuation are as follows:

Defined Benefit Pension plan:

- The single equivalent interest rate (SIER) for the School Division was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (FNP), and the resulting application of the municipal bond rate.
- The municipal bond index rate used in the determination of the SIER for the State, School, and Judicial Divisions changed from 3.86 percent to 3.43 percent on the measurement date.

Defined Benefit Other Post Employment Pension plan:

- There were no changes made to the actuarial methods of assumptions.

Supplementary Information

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

Major Governmental Funds

Bond Redemption Fund

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

Building Fund

This fund is used to account for expenditures related to major construction, repair, or remodel of district sites. Funding for these projects was provided by the sale of the 2008, 2010 and 2017 General Obligation Bonds.

Capital Reserve Fund

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

Nonmajor Governmental Funds

Athletic Fund

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

Medicaid Fund

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

Pickens Post-Secondary Fund

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund - Bond Redemption Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Property taxes	\$ 49,465,375	\$ 58,835,418	\$ 58,079,898	\$ (755,520)
Earnings on investments	125,000	125,000	347,883	222,883
Total revenues	49,590,375	58,960,418	58,427,781	(532,637)
EXPENDITURES				
Current:				
General administration	24,000	24,000	5,750	18,250
Business administration	1,250	1,250	-	1,250
Debt service:				
Principal	31,180,000	31,180,000	31,180,000	-
Interest	23,231,419	23,231,419	23,231,419	-
Contingency	43,161,231	52,036,382	-	52,036,382
Total expenditures	97,597,900	106,473,051	54,417,169	52,055,882
Excess (deficiency) of revenues over (under) expenditures	(48,007,525)	(47,512,633)	4,010,612	51,523,245
Net change in fund balance	\$ (48,007,525)	\$ (47,512,633)	4,010,612	\$ 51,523,245
Fund balance - July 1, 2017			47,512,633	
Fund balance - June 30, 2018			\$ 51,523,245	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund - Building Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Gifts and grants	\$ -	\$ -	\$ 35,000	\$ 35,000
Earnings on investments	1,494,000	1,494,000	712,864	(781,136)
State:				
State Grants	-	-	5,529,256	5,529,256
Total revenues	<u>1,494,000</u>	<u>1,494,000</u>	<u>6,277,120</u>	<u>4,783,120</u>
EXPENDITURES				
Current:				
General administration	-	-	135,000	(135,000)
Business administration	72,000	72,000	142,377	(70,377)
Personnel/data/risk management	-	-	1,302,916	(1,302,916)
Capital outlay:				
Facilities acquisition and improvements	<u>198,262,000</u>	<u>198,262,000</u>	<u>54,724,726</u>	<u>143,537,274</u>
Total expenditures	<u>198,334,000</u>	<u>198,334,000</u>	<u>56,305,019</u>	<u>142,028,981</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(196,840,000)</u>	<u>(196,840,000)</u>	<u>(50,027,899)</u>	<u>146,812,101</u>
Net change in fund balance	<u>\$ (196,840,000)</u>	<u>\$ (196,840,000)</u>	<u>(50,027,899)</u>	<u>\$ 146,812,101</u>
Fund balance - July 1, 2017			<u>196,839,562</u>	
Fund balance - June 30, 2018			<u>\$ 146,811,663</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund - Capital Reserve Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Earnings on investments	\$ -	\$ -	\$ 6,937	\$ 6,937
Other	-	-	35,994	(35,994)
Cash in lieu of land dedication	-	-	1,490,347	1,490,347
Total revenues	-	-	1,533,278	1,533,278
EXPENDITURES				
Current:				
Operations and maintenance	620,000	620,000	711,217	(91,217)
Transportation	2,423,753	2,423,753	1,929,699	494,054
Facilities acquisition and improvements	4,152,814	4,152,814	889,997	3,262,817
Budgetary reserves	101,000	101,000	-	101,000
Debt:				
Principal	467,566	467,566	648,300	(180,734)
Interest	32,434	32,434	32,434	-
Total expenditures	7,797,567	7,797,567	4,211,647	3,585,920
Excess (deficiency) of revenues over (under) expenditures	(7,797,567)	(7,797,567)	(2,678,369)	5,119,198
OTHER FINANCING SOURCES				
Debt:				
Issuance of long-term debt	1,904,000	1,904,000	3,768,761	1,864,761
Transfers in	5,836,000	5,836,000	5,835,958	(42)
Total other financing sources	7,740,000	7,740,000	9,604,719	1,864,719
Net change in fund balance	\$ (57,567)	\$ (57,567)	6,926,350	\$ 6,983,917
Fund balance - July 1, 2017			57,856	
Fund balance - June 30, 2018			\$ 6,984,206	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Special Revenue			Total Nonmajor Governmental Funds
	Athletic	Medicaid	Pickens Post- Secondary	
ASSETS				
Cash and cash equivalents	\$ 177,948	\$ 9,184,583	\$ 5,499,728	\$ 14,862,259
Receivables - other	2,547	-	21,375	23,922
Prepaid items	6,720	262	35,683	42,665
Total assets	<u>\$ 187,215</u>	<u>\$ 9,184,845</u>	<u>\$ 5,556,786</u>	<u>\$ 14,928,846</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 47,340	\$ 102,978	\$ 45,155	\$ 195,473
Retainages payable	-	4,311	-	4,311
Accrued compensation	-	277,093	198,389	475,482
Total liabilities	<u>47,340</u>	<u>384,382</u>	<u>243,544</u>	<u>675,266</u>
Fund balances:				
Nonspendable:				
Prepaid items	6,720	262	35,683	42,665
Restricted for:				
Medicaid	-	8,800,201	-	8,800,201
Student fees	-	-	5,277,559	5,277,559
Assigned to:				
Athletic activity	133,155	-	-	133,155
Total fund balances	<u>139,875</u>	<u>8,800,463</u>	<u>5,313,242</u>	<u>14,253,580</u>
Total liabilities and fund balances	<u>\$ 187,215</u>	<u>\$ 9,184,845</u>	<u>\$ 5,556,786</u>	<u>\$ 14,928,846</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018**

	Special Revenue			Total Nonmajor Governmental Funds
	Athletic	Medicaid	Pickens Post- Secondary	
REVENUES				
Local:				
Pupil activities	\$ 373,196	\$ -	\$ 440,361	\$ 813,557
Tuition	-	-	4,903,552	4,903,552
Gifts and grants	-	-	278	278
Other	7,513	-	-	7,513
Medicaid reimbursements	-	4,865,074	-	4,865,074
Total revenues	<u>380,709</u>	<u>4,865,074</u>	<u>5,344,191</u>	<u>10,589,974</u>
EXPENDITURES - CURRENT				
Instruction	777,889	-	2,505,363	3,283,252
Pupil support	-	3,441,309	216,082	3,657,391
Instructional staff support	-	-	147,798	147,798
General administration	-	-	6,001	6,001
School administration	-	-	51,247	51,247
Business administration	18	-	29,931	29,949
Transportation services	-	41,941	0	41,941
Other support services	22,204	-	15,227	37,431
Facilities acquisition and improvements	-	86,221	4,864	91,085
Total expenditures	<u>800,111</u>	<u>3,569,471</u>	<u>2,976,513</u>	<u>7,346,095</u>
Excess (deficiency) of revenues over (under) expenditures	(419,402)	1,295,603	2,367,678	3,243,879
OTHER FINANCING SOURCES				
Transfers in:				
General fund	460,150	-	74,681	534,831
Total other financing sources	<u>460,150</u>	<u>-</u>	<u>74,681</u>	<u>534,831</u>
Net change in fund balances	40,748	1,295,603	2,442,359	3,778,710
Fund balances - July 1, 2017	99,127	7,504,860	2,870,883	10,474,870
Fund balances - June 30, 2018	<u>\$ 139,875</u>	<u>\$ 8,800,463</u>	<u>\$ 5,313,242</u>	<u>\$ 14,253,580</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Athletic Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Pupil activities	\$ 352,300	\$ 352,300	\$ 373,196	\$ 20,896
Other	1,302	1,302	7,513	6,211
Total revenues	<u>353,602</u>	<u>353,602</u>	<u>380,709</u>	<u>27,107</u>
EXPENDITURES				
Current:				
Instruction	753,379	809,679	777,889	31,790
Instructional staff support	3,200	3,200	-	3,200
Business administration	-	-	18	(18)
Other support services	-	-	22,204	(22,204)
Total expenditures	<u>756,579</u>	<u>812,879</u>	<u>800,111</u>	<u>12,768</u>
Excess (deficiency) of revenues over (under) expenditures	(402,977)	(459,277)	(419,402)	39,875
OTHER FINANCING SOURCES				
Transfers in:				
General fund	360,150	360,150	460,150	(100,000)
Total other financing sources	<u>360,150</u>	<u>360,150</u>	<u>460,150</u>	<u>100,000</u>
Net change in fund balance	<u>\$ (42,827)</u>	<u>\$ (99,127)</u>	40,748	<u>\$ 139,875</u>
Fund balance - July 1, 2017			99,127	
Fund balance - June 30, 2018			<u>\$ 139,875</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Medicaid Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Medicaid reimbursements	\$ 2,816,000	\$ 2,816,000	\$ 4,865,074	\$ 2,049,074
Total revenues	<u>2,816,000</u>	<u>2,816,000</u>	<u>4,865,074</u>	<u>2,049,074</u>
EXPENDITURES				
Current:				
Pupil support	10,285,890	10,320,860	3,441,309	6,879,551
Transportation services	-	-	41,941	(41,941)
Facilities acquisition and improvements	-	-	86,221	(86,221)
Total expenditures	<u>10,285,890</u>	<u>10,320,860</u>	<u>3,569,471</u>	<u>6,751,389</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,469,890)</u>	<u>(7,504,860)</u>	<u>1,295,603</u>	<u>8,800,463</u>
Net change in fund balance	<u>\$ (7,469,890)</u>	<u>\$ (7,504,860)</u>	<u>1,295,603</u>	<u>\$ 8,800,463</u>
Fund balance - July 1, 2017			<u>7,504,860</u>	
Fund balance - June 30, 2018			<u>\$ 8,800,463</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Pickens Post-Secondary Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local:				
Pupil activities	\$ 150,000	\$ 150,000	\$ 440,361	\$ 290,361
Tuition	3,720,200	3,720,200	4,903,552	1,183,352
Donations and grants	-	-	278	278
Total revenues	<u>3,870,200</u>	<u>3,870,200</u>	<u>5,344,191</u>	<u>1,473,991</u>
EXPENDITURES				
Current:				
Instruction	6,122,858	6,136,041	2,505,363	3,630,678
Pupil support	177,681	177,681	216,082	(38,401)
Instructional staff support	366,189	366,189	147,798	218,391
General administration	-	-	6,001	(6,001)
School administration	-	-	51,247	(51,247)
Business administration	26,172	26,172	29,931	(3,759)
Other support services	35,000	35,000	15,227	19,773
Facilities acquisition and improvements	-	-	4,864	(4,864)
Total expenditures	<u>6,727,900</u>	<u>6,741,083</u>	<u>2,976,513</u>	<u>3,764,570</u>
Excess (deficiency) of revenues over (under) expenditures	(2,857,700)	(2,870,883)	2,367,678	5,238,561
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund	-	-	74,681	74,681
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>74,681</u>	<u>74,681</u>
Net change in fund balance	<u>\$ (2,857,700)</u>	<u>\$ (2,870,883)</u>	2,442,359	<u>\$ 5,313,242</u>
Fund balance - July 1, 2017			<u>2,870,883</u>	
Fund balance - June 30, 2018			<u>\$ 5,313,242</u>	

AGENCY FUND

Pupil Activity Fund - Non-Subsidized Fund

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Changes in Assets and Liabilities
Fiduciary Fund - Agency Fund
For the Year Ended June 30, 2018**

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 1,626,775	\$ 3,300,185	\$ 3,045,729	\$ 1,881,231
Accounts receivable	52,238	34,333	52,238	34,333
Prepaid expense	-	5,719	-	5,719
Total	<u>\$ 1,679,013</u>	<u>\$ 3,340,237</u>	<u>\$ 3,097,967</u>	<u>\$ 1,921,283</u>
LIABILITIES				
Accounts payable	\$ 30,981	\$ 46,261	\$ 31,479	\$ 45,763
Due to student groups	1,648,032	2,766,230	2,538,742	1,875,520
Total	<u>\$ 1,679,013</u>	<u>\$ 2,812,491</u>	<u>\$ 2,570,221</u>	<u>\$ 1,921,283</u>

Supplementary Schedules – Nonmajor Component Units

Charter Schools

Aurora Academy

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

Lotus School for Excellence

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

Academy of Advanced Learning

Academy of Advanced Learning began operations with the district July 1, 2017. The school serves students in kindergarten through sixth grades.

AXL Charter School

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

Vanguard Classical School

Vanguard began operations with the district on July 1, 2007. The school operates two campuses, East and West, and serves students in kindergarten through twelfth grades.

Global Village Academy

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

Rocky Mountain Preparatory

Rocky Mountain Preparatory began operations with the district on July 1, 2016. The school serves students in preschool through second grades.

Vega Collegiate Academy

Vega Collegiate Academy began operations with the district on July 1, 2017. The school serves students in kindergarten and fifth grade.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Combining Statement of Net Position
Component Units - Charter Schools
June 30, 2018

	Aurora Academy	Lotus School for Excellence	Academy of Advanced Learning	AXL Charter School	Vanguard Classical School	Global Village Academy	Rocky Mountain Preparatory	Vega Collegiate Academy	Total
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 1,012,683	\$ 1,819,145	\$ 72,798	\$ 252,408	\$ 1,454,355	\$ 2,778,795	\$ 742,699	\$ 140,349	\$ 8,273,232
Receivables (net of allowance for uncollectibles)	74,097	34,439	48,542	10,243	93,277	4,634	590,370	120,446	976,048
Due from other governments	-	9,481	-	173,492	-	67,351	-	25,001	275,325
Prepaid items and other assets	-	35,589	84,475	22,325	231,354	24,121	-	12,555	410,419
Escrow deposit	-	3,645,029	-	-	-	-	-	-	3,645,029
Inventory	-	-	-	-	-	-	-	-	-
Total current assets	1,086,780	5,543,683	205,815	458,468	1,778,986	2,874,901	1,333,069	298,351	13,580,053
Noncurrent assets:									
Restricted: Cash and cash equivalents	-	1,476,436	25,000	-	50,000	3,088,410	-	-	4,639,846
Restricted: Investments	656,385	-	-	-	-	-	-	-	656,385
Capital assets (net of accumulated depreciation):									
Land	310,000	590,820	-	-	-	1,101,789	-	-	2,002,609
Buildings and improvements	5,667,742	5,817,345	-	674,530	-	22,808,487	-	8,036	34,976,140
Equipment and vehicles	222,657	491,857	1,835,810	9,457	-	40,171	-	31,842	2,631,794
Construction in progress	-	113,370	410,386	-	-	-	-	-	523,756
Total noncurrent assets	6,856,784	8,489,828	2,271,196	683,987	50,000	27,038,857	-	39,878	45,430,530
Total assets	7,943,564	14,033,511	2,477,011	1,142,455	1,828,986	29,913,758	1,333,069	338,229	59,010,583
DEFERRED OUTFLOWS OF RESOURCES									
Items related to pension plan	5,260,247	10,265,486	9,932,003	4,269,513	9,705,276	11,380,951	2,852,301	2,905,341	56,571,118
Items related to OPEB	30,214	69,632	277,718	14,413	33,143	77,552	65,448	76,585	644,705
Total deferred outflows of resources	5,290,461	10,335,118	10,209,721	4,283,926	9,738,419	11,458,503	2,917,749	2,981,926	57,215,823
LIABILITIES									
Current liabilities:									
Accounts payable and other current liabilities	77,623	159,450	51,941	94,590	291,733	184,158	724,016	21,577	1,605,088
Accrued salaries and benefits	185,994	340,062	466,018	200,583	465,483	418,980	-	-	2,077,120
Unearned revenue	-	5,204	-	2,122	-	10,990	397	-	18,713
Accrued interest payable	62,391	19,337	19,065	-	-	43,343	-	-	144,136
Noncurrent liabilities, due within one year									
Notes, leases and mortgages payable	250,907	-	85,156	440,372	-	345,000	-	-	1,121,435
Total current liabilities	576,915	524,053	622,180	737,667	757,216	1,002,471	724,413	21,577	4,966,492
Noncurrent liabilities, due beyond one year									
Net pension liability	15,457,373	26,939,119	14,342,116	13,898,703	30,621,638	29,191,136	4,430,368	3,850,998	138,731,451
Net OPEB liability	352,975	616,228	327,514	317,388	699,269	666,009	101,171	87,941	3,168,495
Notes, leases and mortgages payable	4,627,336	9,250,000	996,174	514,160	-	28,628,550	-	-	44,016,220
Total noncurrent liabilities	20,437,684	36,805,347	15,665,804	14,730,251	31,320,907	58,485,695	4,531,539	3,938,939	185,916,166
Total liabilities	21,014,599	37,329,400	16,287,984	15,467,918	32,078,123	59,488,166	5,255,952	3,960,516	190,882,658
DEFERRED INFLOWS OF RESOURCES									
Items related to pension plan	632,071	1,101,574	586,467	623,851	1,434,996	1,193,662	181,163	227,576	5,981,360
Items related to OPEB	5,905	10,309	5,479	5,310	16,866	11,142	1,693	1,471	58,175
Total deferred inflows of resources	637,976	1,111,883	591,946	629,161	1,451,862	1,204,804	182,856	229,047	6,039,535
NET POSITION									
Net investment in capital assets	1,978,541	2,884,857	1,164,866	(39,131)	-	(1,978,036)	-	39,878	4,050,975
Restricted for:									
TABOR emergency reserve	144,088	246,000	152,994	127,000	340,229	278,000	82,946	36,000	1,407,257
Restricted for legal contingency	-	-	-	-	50,000	-	-	-	50,000
Unrestricted (deficit)	(10,541,179)	(17,203,511)	(5,511,058)	(10,758,567)	(22,352,809)	(17,620,673)	(1,270,936)	(945,286)	(86,204,019)
Total net position (deficit)	\$ (8,418,550)	\$ (14,072,654)	\$ (4,193,198)	\$ (10,670,698)	\$ (21,962,580)	\$ (19,320,709)	\$ (1,187,990)	\$ (869,408)	\$ (80,695,787)

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Combining Statement of Activities
Component Units - Charter Schools
For the Year Ended June 30, 2018

	Aurora Academy	Lotus School for Excellence	Academy of Advanced Learning	AXL Charter School	Vanguard Classical School	Global Village Academy	Rocky Mountain Preparatory	Vega Collegiate Academy	Total
Expenses									
Governmental activities	\$ 8,202,391	\$ 13,679,433	\$ 9,860,438	\$ 7,151,970	\$ 18,469,663	\$ 16,059,781	\$ 4,183,262	\$ 2,494,716	\$ 80,101,654
Total expenses	<u>8,202,391</u>	<u>13,679,433</u>	<u>9,860,438</u>	<u>7,151,970</u>	<u>18,469,663</u>	<u>16,059,781</u>	<u>4,183,262</u>	<u>2,494,716</u>	<u>80,101,654</u>
Program revenues									
Charges for services	70,569	200,465	-	37,330	159,603	90,175	540,994	24,198	1,123,334
Operating grants and contributions	190,802	339,608	-	152,273	1,441,272	470,157	963,398	609,873	4,167,383
Capital grants and contributions	892,709	232,344	371,735	171,443	-	267,426	-	19,503	1,955,160
Total program revenues	<u>1,154,080</u>	<u>772,417</u>	<u>371,735</u>	<u>361,046</u>	<u>1,600,875</u>	<u>827,758</u>	<u>1,504,392</u>	<u>653,574</u>	<u>7,245,877</u>
Net expenses	(7,048,311)	(12,907,016)	(9,488,703)	(6,790,924)	(16,868,788)	(15,232,023)	(2,678,870)	(1,841,142)	(72,855,777)
General revenues:									
School finance act, unrestricted	4,154,870	7,080,568	3,630,869	3,659,615	9,412,760	7,913,124	1,529,062	600,698	37,981,566
Grants and contributions not restricted to programs	-	-	1,035,717	-	-	-	-	146,538	1,182,255
Earnings on investments	32,516	32,094	-	3,477	391	68,970	1,152	2,239	140,839
Other	427,446	555,902	311,792	314,147	754,545	679,920	127,509	59,532	3,230,793
Total general revenues	<u>4,614,832</u>	<u>7,668,564</u>	<u>4,978,378</u>	<u>3,977,239</u>	<u>10,167,696</u>	<u>8,662,014</u>	<u>1,657,723</u>	<u>809,007</u>	<u>42,535,453</u>
Change in net assets	(2,433,479)	(5,238,452)	(4,510,325)	(2,813,685)	(6,701,092)	(6,570,009)	(1,021,147)	(1,032,135)	(30,320,324)
Net position (deficit) - July 1, 2017, before restatement	(5,664,475)	(8,293,539)	317,127	(7,552,366)	(14,587,616)	(12,171,234)	(594,005)	-	(48,546,108)
Restatement for change in reporting entity	-	-	-	-	-	-	-	162,727	162,727
Restatement for other	-	-	-	-	-	-	450,834	-	450,834
Restatement for change in accounting principle	(320,596)	(540,663)	-	(304,647)	(673,872)	(579,466)	(23,672)	-	(2,442,916)
Net position (deficit) - July 1, 2017, as restated	<u>(5,985,071)</u>	<u>(8,834,202)</u>	<u>317,127</u>	<u>(7,857,013)</u>	<u>(15,261,488)</u>	<u>(12,750,700)</u>	<u>(166,843)</u>	<u>162,727</u>	<u>(50,375,463)</u>
Net position (deficit) - June 30, 2018	<u>\$ (8,418,550)</u>	<u>\$ (14,072,654)</u>	<u>\$ (4,193,198)</u>	<u>\$ (10,670,698)</u>	<u>\$ (21,962,580)</u>	<u>\$ (19,320,709)</u>	<u>\$ (1,187,990)</u>	<u>\$ (869,408)</u>	<u>\$ (80,695,787)</u>

**Colorado Department of Education****Auditors Integrity Report**

District: 0180 - ADAMS-ARAPAHOE 28J

Fiscal Year 2017-18

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	39,696,003	348,555,573	324,399,075	63,852,501
18	Risk Mgmt Sub-Fund of General Fund	695,614	6,539,772	5,133,268	2,102,118
19	Colorado Preschool Program Fund	280,370	6,880,816	6,838,105	323,081
Sub- Total		40,671,987	361,976,161	336,370,448	66,277,700
11	Charter School Fund	5,864,045	49,743,987	49,237,784	6,370,248
20,26-29	Special Revenue Fund	10,474,870	11,124,805	7,346,095	14,253,580
21	Food Service Spec Revenue Fund	3,747,621	17,524,540	16,181,459	5,090,703
22	Govt Designated-Purpose Grants Fund	0	30,057,057	30,057,057	0
23	Pupil Activity Special Revenue Fund	0	0	0	0
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	47,512,633	58,427,781	54,417,169	51,523,245
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	196,839,562	6,277,120	56,305,018	146,811,663
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	57,856	11,137,997	4,211,647	6,984,206
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals		305,168,573	546,269,449	554,126,677	297,311,345
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	752,922	832,275	734,599	850,597
Totals		752,922	832,275	734,599	850,597
Fiduciary					
70	Other Trust and Agency Funds	1,272,944	1,225,561	1,309,676	1,188,830
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	1,648,032	2,766,230	2,538,741	1,875,520
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	1,303,680	694,384	796,825	1,201,239
Totals		4,224,655	4,686,175	4,645,242	4,265,589

FINAL

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

STATISTICAL SECTION (UNAUDITED)

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

Contents	Page
Financial Trends	109
<i>These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.</i>	
Revenue Capacity	116
<i>These schedules contain information to help the reader assess one of the district's most significant local revenue sources, the property tax.</i>	
Debt Capacity	122
<i>These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	126
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</i>	
Operating Information	128
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to services the district provides and the activities it performs.</i>	

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

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Governmental activities:										
Net investment in capital assets	\$ 37,790,848	\$ 33,429,885	\$ 33,167,595	\$ 42,927,651	\$ 42,911,327	\$ 37,449,664	\$ 18,748,887	\$ 24,061,345	\$ 33,582,219	\$ 64,577,395
Restricted	53,581,617	55,863,770	52,828,573	48,653,480	41,867,572	46,083,688	50,648,446	57,065,755	68,241,264	76,663,926
Unrestricted	4,735,804	15,211,548	13,020,245	6,764,197	17,179,763	22,608,607	(615,197,910)	(668,057,787)	(946,564,450)	(1,261,588,811)
Total governmental activities net position	96,108,269	104,505,203	99,016,413	98,345,328	101,958,662	106,141,959	(545,800,577)	(586,930,687)	(844,740,967)	(1,120,347,490)
Business-type activity										
Net investment in capital assets	3,481,458	3,482,060	3,020,069	3,076,190	2,850,056	2,587,332	-	-	-	-
Unrestricted	880,641	1,473,740	2,382,319	2,961,131	3,912,633	4,082,459	-	-	-	-
Total business-type activity net position	4,362,099	4,955,800	5,402,388	6,037,321	6,762,689	6,669,791	-	-	-	-
Primary government										
Net investment in capital assets	41,272,306	36,911,945	36,187,664	46,003,841	45,761,383	40,036,996	18,748,887	24,061,345	33,582,219	64,577,395
Restricted	53,581,617	55,863,770	52,828,573	48,653,480	41,867,572	46,083,688	50,648,446	57,065,755	68,241,264	76,663,926
Unrestricted	5,616,445	16,685,288	15,402,564	9,725,328	21,092,396	26,691,066	(615,197,910)	(668,057,787)	(946,564,450)	(1,261,588,811)
Total primary government net position	<u>\$ 100,470,368</u>	<u>\$ 109,461,003</u>	<u>\$ 104,418,801</u>	<u>\$ 104,382,649</u>	<u>\$ 108,721,351</u>	<u>\$ 112,811,750</u>	<u>\$ (545,800,577)</u>	<u>\$ (586,930,687)</u>	<u>\$ (844,740,967)</u>	<u>\$ (1,120,347,490)</u>

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

Note 2: During 2013-14, the district adopted GASB 65 which resulted in a restatement for bond issue costs from prior accounting guidance.

Prior year and earlier have not been restated for the adoption of GASB 65 because it is impractical to do so.

Note 3: In previous years, the business-type activity of the district was comprised wholly of the Nutrition Services Fund. During fiscal year 2014-15, the Nutrition Services Fund type was changed to a Special Revenue Fund as required by the Colorado Department of Education, which is reported with the governmental activities of the district. As such, the district no longer reports any business-type activities.

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
EXPENSES										
Governmental activities:										
Instruction	\$ 182,393,324	\$ 193,911,779	\$ 202,199,950	\$ 192,168,046	\$ 200,510,721	\$ 214,719,376	\$ 244,552,029	\$ 267,967,412	\$ 387,982,826	\$ 380,254,999
Supporting services	113,750,907	123,362,890	126,335,810	124,507,646	130,921,536	142,859,860	183,829,425	210,162,350	318,968,190	329,952,503
Interest	12,456,044	16,443,696	18,230,747	18,109,635	15,802,312	15,983,970	15,552,211	14,960,302	17,363,928	20,695,296
Total governmental activities expense	308,600,275	333,718,365	346,766,507	334,785,327	347,234,569	373,563,206	443,933,665	493,090,064	724,314,944	730,902,798
Business-type activity:										
Nutrition services	11,259,353	11,950,678	12,786,627	13,853,942	14,263,076	15,662,854	-	-	-	-
Total primary government expenses	<u>\$ 319,859,628</u>	<u>\$ 345,669,043</u>	<u>\$ 359,553,134</u>	<u>\$ 348,639,269</u>	<u>\$ 361,497,645</u>	<u>\$ 389,226,060</u>	<u>\$ 443,933,665</u>	<u>\$ 493,090,064</u>	<u>\$ 724,314,944</u>	<u>\$ 730,902,798</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services--instruction programs	\$ 5,021,263	\$ 5,379,157	\$ 4,159,206	\$ 4,410,749	\$ 6,090,007	\$ 5,943,567	\$ 5,929,784	\$ 6,215,052	\$ 6,542,641	\$ 7,993,537
Charges for services--other programs	539,973	489,795	590,997	3,603,248	3,876,927	4,018,397	5,892,764	5,436,096	6,002,869	7,341,251
Operating grants and contributions	28,361,940	38,810,999	51,668,968	39,139,140	31,675,763	36,117,378	51,189,828	55,215,023	57,223,026	58,038,488
Capital grants and contributions	-	143,475	-	166,213	88,872	3,339,536	1,094,341	1,637,303	4,181,729	5,532,458
Total governmental activities	33,923,176	44,823,426	56,419,171	47,319,350	41,731,569	49,418,878	64,106,717	68,503,474	73,950,265	78,905,734
Business-type activity:										
Charges for services	2,501,625	2,414,144	2,072,301	1,818,918	1,667,562	1,762,922	-	-	-	-
Operating grants and contributions	8,615,275	9,782,484	10,927,351	12,080,741	12,871,935	13,446,481	-	-	-	-
Capital grants and contributions	-	-	-	365,883	226,322.00	126,065	-	-	-	-
Total business-type activities program revenues	11,116,900	12,196,628	12,999,652	14,265,542	14,765,819	15,335,468	-	-	-	-
Total primary government program revenues	<u>\$ 45,040,076</u>	<u>\$ 57,020,054</u>	<u>\$ 69,418,823</u>	<u>\$ 61,584,892</u>	<u>\$ 56,497,388</u>	<u>\$ 64,754,346</u>	<u>\$ 64,106,717</u>	<u>\$ 68,503,474</u>	<u>\$ 73,950,265</u>	<u>\$ 78,905,734</u>
Net (expense) / revenue										
Governmental activities	\$ (274,677,099)	\$ (288,894,939)	\$ (290,347,336)	\$ (287,465,977)	\$ (305,503,000)	\$ (324,144,328)	\$ (379,826,948)	\$ (424,586,590)	\$ (650,364,679)	\$ (651,997,064)
Business-type activity	(142,453)	245,950	213,025	411,600	502,743	(327,386)	-	-	-	-
Total primary government net expense	<u>\$ (274,819,552)</u>	<u>\$ (288,648,989)</u>	<u>\$ (290,134,311)</u>	<u>\$ (287,054,377)</u>	<u>\$ (305,000,257)</u>	<u>\$ (324,471,714)</u>	<u>\$ (379,826,948)</u>	<u>\$ (424,586,590)</u>	<u>\$ (650,364,679)</u>	<u>\$ (651,997,064)</u>

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

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

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net (expense) / revenue										
Governmental activities	\$ (274,677,099)	\$ (288,894,939)	\$ (290,347,336)	\$ (287,465,977)	\$ (305,503,000)	\$ (324,144,328)	\$ (379,826,948)	\$ (424,586,590)	\$ (650,364,679)	\$ (651,997,064)
Business-type activity	(142,453)	245,950	213,025	411,600	502,743	(327,386)	-	-	-	-
Total primary government net expense	<u>\$ (274,819,552)</u>	<u>\$ (288,648,989)</u>	<u>\$ (290,134,311)</u>	<u>\$ (287,054,377)</u>	<u>\$ (305,000,257)</u>	<u>\$ (324,471,714)</u>	<u>\$ (379,826,948)</u>	<u>\$ (424,586,590)</u>	<u>\$ (650,364,679)</u>	<u>\$ (651,997,064)</u>
General revenue and other changes in net assets										
Governmental activities:										
Property taxes, levied for debt service and general fund use	\$ 106,211,791	\$ 100,562,807	\$ 99,205,175	\$ 98,179,499	\$ 118,272,529	\$ 126,979,836	\$ 128,152,396	\$ 152,056,002	\$ 161,122,405	\$ 189,896,466
School finance act, unrestricted	179,625,227	196,305,280	184,315,463	186,512,042	189,279,789	202,302,003	226,238,914	230,042,314	228,988,569	221,921,447
Earnings on investments	1,065,948	542,743	1,337,908	2,103,351	1,564,016	1,382,892	1,317,941	1,358,164	2,443,425	2,975,954
Debt financing source	-	-	-	-	-	-	-	-	-	-
Transfers-in (out)	-	(118,957)	-	-	-	-	-	-	-	-
Special item-gain on sale of preschool and childcare facility	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>286,902,966</u>	<u>297,291,873</u>	<u>284,858,546</u>	<u>286,794,892</u>	<u>309,116,334</u>	<u>330,664,731</u>	<u>355,709,251</u>	<u>383,456,480</u>	<u>392,554,399</u>	<u>414,793,867</u>
Business-type activity:										
School finance act, unrestricted	266,752	228,794	233,524	222,631	221,280	233,307	-	-	-	-
Earnings on investments	-	-	39	702	1,345	1,181	-	-	-	-
Transfers-in (out)	-	118,957	-	-	-	-	-	-	-	-
Total business-type activity	<u>266,752</u>	<u>347,751</u>	<u>233,563</u>	<u>223,333</u>	<u>222,625</u>	<u>234,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 287,169,718</u>	<u>\$ 297,639,624</u>	<u>\$ 285,092,109</u>	<u>\$ 287,018,225</u>	<u>\$ 309,338,959</u>	<u>\$ 330,899,219</u>	<u>\$ 355,709,251</u>	<u>\$ 383,456,480</u>	<u>\$ 392,554,399</u>	<u>\$ 414,793,867</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 12,225,867	\$ 8,396,934	\$ (5,488,790)	\$ (671,085)	\$ 3,613,334	\$ 6,520,403	\$ (24,117,697)	\$ (41,130,110)	\$ (257,810,280)	\$ (237,203,197)
Business-type activity	124,299	593,701	446,588	634,933	725,368	(92,898)	-	-	-	-
Total primary government	<u>\$ 12,350,166</u>	<u>\$ 8,990,635</u>	<u>\$ (5,042,202)</u>	<u>\$ (36,152)</u>	<u>\$ 4,338,702</u>	<u>\$ 6,427,505</u>	<u>\$ (24,117,697)</u>	<u>\$ (41,130,110)</u>	<u>\$ (257,810,280)</u>	<u>\$ (237,203,197)</u>

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

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

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

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

	Fiscal Year									
	2008-09	2009-10	2010-11 (2)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Fund										
Reserved	\$ 9,241,000	\$ 9,225,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,254,067	15,464,116	-	-	-	-	-	-	-	-
Nonspendable	-	-	713,068	541,202	844,142	956,096	488,776	712,565	795,964	1,095,346
Restricted	-	-	8,485,563	8,906,833	9,410,824	10,633,656	13,195,211	11,875,233	10,363,161	11,062,921
Committed	-	-	-	-	-	200,000	150,000	150,000	100,000	150,000
Assigned	-	-	8,342,351	5,198,722	11,065,431	5,124,285	5,010,250	14,420,987	11,192,817	18,402,041
Unassigned	-	-	11,535,759	19,658,022	21,239,172	27,554,136	26,880,124	14,583,354	18,220,045	35,567,392
Total General Fund	<u>\$ 18,495,067</u>	<u>\$ 24,689,614</u>	<u>\$ 29,076,741</u>	<u>\$ 34,304,779</u>	<u>\$ 42,559,569</u>	<u>\$ 44,468,173</u>	<u>\$ 45,724,361</u>	<u>\$ 41,742,139</u>	<u>\$ 40,671,987</u>	<u>\$ 66,277,700</u>
All other governmental funds										
Reserved										
Debt service fund	\$ 43,618,552	\$ 45,117,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	863,600	1,327,818	-	-	-	-	-	-	-	-
Capital projects funds	122,601,684	67,499,474	-	-	-	-	-	-	-	-
Unreserved										
Special revenue funds	2,766,193	4,641,013	-	-	-	-	-	-	-	-
Nonspendable										
Capital projects funds	-	-	71,399	17,613	18,476	36,637	7,150	19,470	25,866	28,584
Special revenue funds	-	-	16,472	1,556	35,487	14,896	1,078,950	874,829	742,987	772,685
Restricted										
Debt service fund	-	-	38,787,680	32,915,324	25,580,904	27,026,348	28,456,159	37,115,173	47,512,633	51,523,245
Capital projects funds	-	-	98,539,530	64,930,491	41,348,894	54,730,547	26,636,634	15,065,187	196,871,552	153,767,285
Special revenue funds	-	-	3,657,249	5,369,605	6,844,276	8,423,522	8,946,826	8,075,349	10,365,470	14,077,760
Assigned										
Special revenue funds	-	-	221,094	209,553	215,106	183,226	2,678,371	2,599,744	3,114,034	4,493,837
Total all other governmental funds	<u>\$ 169,850,029</u>	<u>\$ 118,585,312</u>	<u>\$ 141,293,424</u>	<u>\$ 103,444,142</u>	<u>\$ 74,043,143</u>	<u>\$ 90,415,176</u>	<u>\$ 67,804,090</u>	<u>\$ 63,749,752</u>	<u>\$ 258,632,542</u>	<u>\$ 224,663,396</u>

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

Note 2: During 2010-11, the district adopted GASB 54 which resulted in categorization changes in fund balances from prior accounting guidance. Prior year fund balances have not been restated for the adoption of GASB 54 because it is impractical to do so.

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

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
REVENUES										
Local:										
Property taxes	\$ 98,679,986	\$ 93,140,054	\$ 93,757,967	\$ 93,217,984	\$ 110,417,023	\$ 119,122,682	\$ 119,346,751	\$ 141,525,838	\$ 148,295,014	\$ 174,315,023
Specific ownership	6,798,670	6,439,029	5,964,705	6,064,227	7,226,264	8,602,454	9,573,329	10,611,885	12,318,599	14,446,509
Pupil activities	950,534	1,303,362	538,576	318,376	1,287,529	1,002,578	1,310,229	2,240,689	554,641	813,557
Tuition	4,119,287	3,990,124	3,496,730	4,010,256	3,331,886	3,669,401	3,526,516	2,844,866	4,973,150	6,085,701
Activity fees	19,263	85,671	123,900	82,117	69,566	81,428	94,408	85,047	-	-
Gifts and grants	185,427	1,095,446	879,222	1,110,662	920,043	2,724,845	888,309	1,100,481	1,482,892	1,158,764
Charges for services	-	-	-	-	-	-	4,539,735	4,357,224	4,750,397	5,409,139
Miscellaneous	3,836,772	5,726,665	7,167,889	10,437,100	8,945,422	7,985,265	4,354,389	4,364,590	6,028,312	7,714,606
Cash in lieu of land	-	-	69,043	-	-	-	-	1,990,884	67,306	1,490,347
Rental of buildings	479,973	489,795	590,997	631,362	664,567	749,426	890,042	958,461	1,161,395	1,202,016
Earnings on investments	1,065,948	542,743	1,337,908	2,103,351	1,564,016	1,382,892	1,317,941	1,358,164	2,443,425	2,975,954
State:										
State equalization	167,618,102	183,613,246	171,105,158	174,250,943	176,096,107	188,528,803	207,645,277	209,551,552	208,750,813	201,192,094
Vocational education	2,121,480	2,679,302	2,038,203	1,512,579	1,199,952	1,149,410	1,358,220	1,244,500	1,137,630	1,561,128
Special education	5,677,912	5,741,823	5,794,566	5,913,906	6,256,618	7,379,370	7,780,271	8,236,298	8,190,131	8,382,197
Grants	1,334,352	1,463,120	2,192,518	1,587,070	2,065,537	2,825,669	3,072,535	3,323,848	5,420,466	7,800,278
Transportation	1,305,549	1,444,152	1,543,329	1,535,221	1,584,602	1,378,735	1,574,762	1,607,630	1,519,782	1,580,675
Other	1,128,061	1,380,274	1,641,689	1,712,323	2,076,973	3,865,685	7,880,384	9,402,334	9,390,213	9,205,353
Federal grants	24,279,281	31,914,868	43,599,656	29,173,684	28,223,704	30,278,398	45,223,446	46,324,463	50,158,343	47,423,359
Total revenues	\$ 319,600,597	\$ 341,049,674	\$ 341,842,056	\$ 333,661,161	\$ 351,929,809	\$ 380,727,041	\$ 420,376,544	\$ 451,128,754	\$ 466,642,509	\$ 492,756,700

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

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

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
EXPENDITURES										
Current:										
Instruction	\$ 171,552,082	\$ 182,819,808	\$ 191,034,861	\$ 181,045,409	\$ 187,441,212	\$ 201,282,554	\$ 212,727,383	\$ 223,246,824	\$ 214,929,614	\$ 200,128,521
Pupil support	16,885,854	18,748,962	19,861,627	20,775,669	19,891,912	22,831,103	24,883,559	28,060,095	38,355,985	36,619,052
Instructional staff support	12,250,368	17,810,458	15,164,483	12,958,694	17,094,519	17,763,843	22,696,647	25,469,964	24,725,079	24,661,603
General administration	5,648,503	6,869,843	7,013,002	6,743,639	6,115,692	7,435,008	7,041,855	6,479,915	7,608,582	8,798,086
School administration	19,507,919	21,078,998	20,940,842	21,702,964	22,567,078	25,933,697	30,309,562	33,813,391	33,598,915	32,107,009
Business administration	4,205,540	3,341,494	3,755,036	3,439,245	3,728,727	3,920,191	4,724,303	5,014,697	3,903,091	4,495,054
Operations and maintenance	25,862,576	26,717,967	27,749,692	28,516,294	29,059,977	30,918,559	32,585,359	33,336,642	34,003,115	32,112,476
Transportation	6,355,179	6,563,155	6,482,994	6,976,633	6,798,149	8,462,985	7,963,135	11,529,861	11,842,509	11,661,225
Personnel/data services/risk management	11,475,863	12,875,007	13,254,387	12,018,288	14,014,045	13,518,540	14,849,390	16,939,560	19,374,198	17,720,182
Other support services	3,955,118	3,248,684	3,740,034	3,310,410	3,292,260	3,278,385	3,271,478	6,241,166	6,468,817	7,839,104
Food service operations	-	-	-	-	-	-	16,918,407	16,572,946	16,993,913	16,181,459
Facilities acquisition and improvements	28,521,476	60,972,241	55,027,820	36,919,306	27,571,549	23,323,361	33,178,873	17,593,415	24,542,014	57,472,970
Debt service:										
Principal	8,658,016	10,050,000	13,880,000	14,755,000	18,290,000	17,310,000	15,795,000	18,490,000	51,904,947	31,828,300
Interest	13,709,259	14,562,469	18,545,120	16,965,596	17,210,901	16,572,811	19,353,754	16,376,838	18,482,488	23,263,853
Other	500	665,025	661,814	1,103,342	-	-	-	-	1,287,557	-
Total expenditures	\$ 328,588,253	\$ 386,324,111	\$ 397,111,712	\$ 367,230,489	\$ 373,076,021	\$ 392,551,037	\$ 446,298,705	\$ 459,165,314	\$ 508,020,824	\$ 504,888,894
Excess (deficiency) of revenues over (under) expenditures	\$ (8,987,656)	\$ (45,274,437)	\$ (55,269,656)	\$ (33,569,328)	\$ (21,146,212)	\$ (11,823,996)	\$ (25,922,161)	\$ (8,036,560)	\$ (41,378,315)	\$ (12,132,194)
Debt service as a percentage of noncapital expenditures (2)	7.0%	7.4%	9.2%	9.9%	10.5%	9.1%	8.5%	7.9%	14.8%	12.2%

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

Note 2: Revised percentages from 2007 to 2010 to reflect change in noncapital expenditures.

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

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

	Fiscal Year									
	2008-09	2009-10	2010-11 (2)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Excess (deficiency) of revenues over (under) expenditures	\$ (8,987,656)	\$ (45,274,437)	\$ (55,269,656)	\$ (33,569,328)	\$ (21,146,212)	\$ (11,823,996)	\$ (25,922,161)	\$ (8,036,560)	\$ (41,378,315)	\$ (12,132,194)
OTHER FINANCING SOURCES (USES)										
Transfers in:										
General fund	1,013,559	6,790,688	3,913,525	307,750	321,895	302,750	316,750	436,748	1,235,471	6,870,789
Print Services fund	-	-	-	-	-	-	83,094	-	32,175,781	-
Grants fund	-	-	-	-	-	-	-	35,104	-	-
Nonmajor governmental funds	-	-	329,778	-	-	-	-	-	-	-
Transfers out:										
General fund	-	-	-	-	-	-	-	(35,104)	-	-
Capital Reserve fund	-	(5,648,842)	-	-	-	-	-	-	(29,614,933)	(5,835,958)
Print Services fund	(443,942)	(460,258)	(460,258)	(155,258)	-	-	-	-	-	-
Grants fund	(44,354)	(44,354)	(44,354)	(8,000)	(22,145)	(3,000)	(3,000)	-	-	-
Nutrition Services fund	-	-	-	-	-	-	-	(44,980)	(499,972)	(500,000)
Nonmajor governmental funds	(969,205)	(1,097,492)	(3,869,171)	(299,750)	-	(299,750)	(313,750)	(391,768)	(3,296,347)	(534,831)
Bond Redemption fund	-	-	-	-	-	-	-	-	-	-
Proceeds-sale of land and buildings	-	-	-	-	-	-	-	-	-	-
Flood related costs	-	-	-	-	-	(248,751)	-	-	-	-
Capital leases	383,600	-	-	-	-	-	-	-	-	-
Certificates of participation	-	-	-	-	-	30,353,387	-	-	-	-
General obligation debt:										
Debt issued	132,685,000	104,105,000	82,315,000	149,920,000	-	-	-	-	206,076,380	3,768,761
Premium on debt issued	1,076,700	12,928,909	180,375	41,507,938	-	-	-	-	33,219,862	-
Payment to escrow agent	-	(116,369,384)	-	(190,324,596)	-	-	-	-	(4,105,289)	-
Total other financing sources (uses)	133,701,358	204,267	82,364,895	948,084	299,750	30,104,636	83,094	-	235,190,953	3,768,761
Net change in fund balances	124,713,702	(45,070,170)	27,095,239	(32,621,244)	(20,846,462)	18,280,640	(25,839,067)	(8,036,560)	193,812,638	(8,363,433)
Fund balance - beginning	63,631,394	188,345,096	143,274,926	170,370,165	137,748,921	116,602,709	134,883,349	113,528,451	105,491,891	299,304,529
Restatement for addition of blended component unit	-	-	-	-	-	-	4,484,169	-	-	-
Fund balance as restated	63,631,394	188,345,096	143,274,926	170,370,165	137,748,921	116,602,709	139,367,518	113,528,451	105,491,891	299,304,529
Fund balance - ending	\$ 188,345,096	\$ 143,274,926	\$ 170,370,165	\$ 137,748,921	\$ 116,902,459	\$ 134,883,349	\$ 113,528,451	\$ 105,491,891	\$ 299,304,529	\$ 290,941,096

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

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

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

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

Fiscal Year Ended	Calendar Year Property Assessed	Vacant	Residential	Commercial	Industrial	Agricultural	Natural Resources	Oil and Gas	State Assessed	Less: Tax Exempt Property	Preliminary Taxable Assessed Value (1)	Net Final Assessed Value (2)	Estimated Actual Value (3)	Total Direct Rate
2009	2008													
	Adams County	22,072,060	121,469,220	349,881,440	34,201,490	367,390	6,850	-	59,905,990	1,662,950	586,241,490	588,411,040	3,141,415,713	53.248
	Arapahoe County	44,304,810	747,628,290	410,246,950	1,057,620	918,660	106,140	-	82,493,320	-	1,286,755,790	1,286,791,600	11,254,154,437	53.248
2010	2009													
	Adams County	19,932,590	101,660,180	374,528,040	35,132,720	369,910	6,850	-	63,914,530	3,716,430	591,828,390	589,086,380	2,968,242,291	53.455
	Arapahoe County	45,899,370	602,845,380	457,629,710	988,020	1,535,160	98,820	-	78,952,390	-	1,187,948,850	1,188,567,000	9,592,517,416	53.455
2011	2010													
	Adams County	20,234,160	101,379,810	378,215,670	25,195,650	368,730	6,850	12,840	61,096,920	4,553,030	581,957,600	582,610,230	2,948,870,018	53.919
	Arapahoe County	42,956,840	604,788,620	451,913,640	923,030	1,534,580	84,070	-	80,892,200	2,326,032	1,180,766,948	1,181,663,978	9,594,600,201	53.919
2012	2011													
	Adams County	17,357,370	98,975,050	379,220,690	24,482,780	417,380	6,850	3,560	73,538,110	8,453,960	585,547,830	587,775,780	2,960,035,078	54.159
	Arapahoe County	44,222,920	605,869,840	421,734,590	784,590	1,618,260	74,520	-	91,347,100	7,468,023	1,158,183,797	1,156,966,417	9,536,099,225	54.159
2013	2012													
	Adams County	16,780,790	98,829,760	385,141,060	27,016,480	415,960	6,850	-	77,698,700	10,009,240	595,880,360	603,144,390	3,016,881,990	63.830
	Arapahoe County	39,032,100	607,176,850	422,819,600	818,030	1,202,240	66,450	-	95,014,040	12,469,796	1,153,659,514	1,154,302,984	9,557,043,406	63.830
2014	2013													
	Adams County	18,543,640	97,420,170	423,439,750	27,070,710	497,920	6,850	-	80,898,110	8,910,730	638,966,420	638,689,320	3,121,680,731	67.323
	Arapahoe County	38,627,120	580,864,860	424,799,960	781,480	1,344,680	64,760	-	103,174,120	8,994,205	1,140,662,775	1,140,272,345	9,256,172,425	67.323
2015	2014													
	Adams County	14,670,700	97,336,700	441,699,880	27,140,930	518,020	6,850	-	81,017,420	8,264,580	654,125,920	655,619,390	3,176,799,850	67.635
	Arapahoe County	34,841,823	585,996,161	417,510,623	722,902	1,469,695	29,898	7,075	104,619,348	9,438,637	1,135,758,888	1,133,168,613	9,280,422,797	67.635
2016	2015													
	Adams County	15,236,290	122,634,720	489,363,360	35,573,180	616,870	6,850	11,140	79,802,290	10,280,820	732,963,880	731,819,140	3,677,723,278	66.648
	Arapahoe County	37,228,951	828,838,969	460,286,489	646,496	1,716,538	29,898	7,806,696	93,866,710	-	1,430,420,747	1,426,071,395	12,448,836,334	66.648
2017	2016													
	Adams County	15,920,650	122,914,300	499,010,720	34,977,010	643,770	6,850	11,610	78,927,590	-	752,412,500	746,607,270	3,730,788,977	69.685
	Arapahoe County	37,364,276	827,310,495	459,950,829	752,889	1,731,064	29,898	25,718,186	95,557,720	-	1,448,415,357	1,681,105,428	12,471,753,351	69.685
2018	2017													
	Adams County	26,770,570	168,134,540	584,591,280	51,216,270	763,810	575,680	23,140	86,358,520	-	918,433,810	896,826,260	4,915,704,882	69.006
	Arapahoe County	40,798,169	1,008,589,256	521,976,299	862,361	1,782,425	29,754	11,526,484	95,540,680	-	1,681,105,428	1,698,211,965	16,321,567,491	69.006

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

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

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

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

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

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



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

	Year Taxes Are Payable (4)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Aurora Public Schools Rates (1)										
General fund	46.006	46.685	46.648	47.635	47.323	47.580	39.159	38.919	38.455	38.248
Debt service fund	23.000	23.000	20.000	20.000	20.000	16.250	15.000	15.000	15.000	15.000
Total (2)	69.006	69.685	66.648	67.635	67.323	63.830	54.159	53.919	53.455	53.248
 Arapahoe County	13.817	15.090	14.856	16.950	17.130	17.150	17.316	15.949	15.672	15.609
Adams County	26.929	27.055	26.817	27.042	26.815	26.903	26.806	26.883	26.824	26.809
City of Aurora	8.605	8.605	8.569	8.886	10.290	10.290	10.653	10.595	10.494	10.664
Urban Drainage & Flood Control	0.500	0.559	0.553	0.632	0.608	0.599	0.566	0.523	0.508	0.528
Arapahoe County total	91.928	93.939	90.626	94.103	95.351	91.869	82.694	80.986	80.129	80.049
Adams County total	105.040	105.904	102.587	104.195	105.036	101.622	92.184	91.920	91.281	91.249
Overlapping tax entities (3)										
ACC Metropolitan District	37.000	37.000	37.000	37.000	37.000	37.000	35.000	35.000	31.000	31.000
Adonea Metro District No. 2	79.232	74.000	74.000	74.000	61.000	61.000	61.000	61.000	61.000	56.000
Airways Business Center	34.500	34.500	34.500	34.500	37.000	37.000	37.000	37.000	37.000	37.000
Arapahoe County Law Enforcement	4.982	4.982	4.982	4.982	4.982	4.982	4.982	4.982	4.982	4.982
Arapahoe Library District	5.853	5.926	5.916	4.794	4.861	4.903	4.981	4.869	4.783	4.827
Aurora CentreTech Metropolitan District	41.284	40.173	39.000	39.000	42.000	42.190	42.190	37.190	37.190	37.190
Bennett Fire Protection District	13.041	9.063	8.907	8.907	8.907	8.907	8.907	8.907	8.907	8.907
Cherry Hills City Metro District	59.460	56.000	56.000	56.000	56.000	56.000	56.000	56.000	56.000	56.000
Central Adams Water & Sanitation	90.000	90.000	90.000	-	90.000	90.000	90.000	60.000	60.000	60.000
Colorado Science Technology Park Metro District No.1	50.000	50.000	50.000	-	50.000	50.000	50.000	50.000	-	-
Colorado Science Technology Park Metro District No.2	60.000	60.000	60.000	-	60.000	60.000	60.000	60.000	60.000	60.000
Colorado Science Technology Park Metro District No.3	50.000	50.000	50.000	-	50.000	50.000	50.000	50.000	-	-
Conservatory Metro District	52.106	71.800	71.800	71.800	71.800	71.800	71.800	71.800	71.800	52.009
Cross Creek Metropolitan District No. 2	70.956	66.000	66.000	68.500	71.000	71.000	61.000	61.000	61.000	61.000
Cunningham Fire Protection District	14.603	14.598	14.676	14.623	14.714	14.772	14.765	14.620	14.636	14.620
Eastgate Commercial Metro District	-	-	-	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Eastern Hills Metropolitan District No. 2	70.000	70.000	70.000	70.000	-	-	-	-	52.061	52.061
Eastern Hills Metropolitan District No. 3	-	-	-	-	-	-	-	-	52.061	52.061
Eastern Hills Metropolitan District No. 4	-	-	-	-	-	-	-	-	52.061	52.061
Eastern Hills Metropolitan District No. 5	-	-	-	-	-	-	-	-	52.061	52.061
Eastern Hills Metropolitan District No. 6	70.000	70.000	70.000	-	-	-	-	-	52.061	52.061
Eastern Hills Metropolitan District No. 7	-	-	-	-	-	-	-	-	52.061	52.061
Eastern Hills Metropolitan District No. 8	-	-	-	-	-	-	-	-	52.061	52.061
Eastern Hills Metropolitan District No. 9	-	-	70.000	70.000	70.000	70.000	-	-	-	-

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

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

	Year Taxes Are Payable (4)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Overlapping tax entities (3)										
Eastpark 70 Metro District	33.000	31.000	31.000	31.000	31.000	31.000	31.000	31.000	31.000	31.000
First Creek Ranch Metropolitan District	90.000	90.000	90.000	90.000	90.000	90.000	90.000	60.000	60.000	60.000
Fitzsimons Village Metro District No. 1	51.000	41.000	51.000	-	-	-	-	-	-	-
Fitzsimons Village Metro District No. 2	41.000	41.000	41.000	41.000	41.000	41.000	41.000	41.000	40.000	40.000
Flat Rock Metropolitan District No. 4	57.556	52.061	52.061	-	-	-	-	-	-	-
Flat Rock Metropolitan District No. 8	-	-	-	52.061	52.061	52.061	52.061	52.061	52.061	-
Green Valley Ranch Metro District 1	-	60.000	60.000	60.000	-	60.000	-	-	60.000	-
Havana Business Improvement District	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500
Heather Gardens Metropolitan District	12.555	16.781	16.798	25.812	25.300	23.928	24.750	24.600	10.500	9.571
Himalaya Water & Sanitation	5.000	5.000	5.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Horizon Metro District #2	65.277	-	-	-	-	-	-	-	16.000	16.000
Horizon Metro District #3	-	-	-	-	-	-	-	-	30.000	30.000
Iliff Commons Metro District #2	55.003	51.000	51.000	-	-	-	-	-	-	-
Iliff Commons Metro District #3	67.373	61.000	50.000	-	20.000	20.000	20.000	20.000	20.000	20.000
Murphy Creek Metro District No. 2	50.000	36.000	36.000	36.000	36.000	36.000	36.000	36.000	36.000	36.000
Murphy Creek Metro District No. 3	80.803	74.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944
Murphy Creek Metro District No. 4	55.277	48.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944
Park 70 Metropolitan District	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	36.000
Rangeview Library District (5)	3.669	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.659
Sable-Altura Fire Protection District	17.000	17.000	17.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000
Sand Creek Metropolitan District	27.500	32.000	33.500	55.500	35.500	34.250	32.750	30.000	27.000	26.000
Second Creek Ranch	90.000	90.000	90.000	90.000	90.000	90.000	90.000	60.000	60.000	60.000
Singletree Metro District (Aurora)	-	48.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944	-
Sterling Hills Metropolitan District	16.000	19.000	19.000	23.000	-	23.000	23.000	23.000	23.000	18.500
Sterling Hills West Metropolitan District	50.000	62.465	62.465	65.965	-	65.965	65.965	65.965	65.965	57.000
Tower Metropolitan District	20.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Traditions Metro Dist. No. 2	44.738	52.060	52.060	52.060	52.060	52.060	52.060	52.060	52.060	52.060
Urban Drainage & Flood Control-Adams	0.500	0.559	0.553	0.632	0.608	0.599	0.566	0.523	0.508	0.528
Urban Drainage & Flood Control-South Platte	0.057	0.061	0.058	0.068	0.064	0.058	0.057	0.053	0.061	0.063
Velocity Metro District 1	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-	-
Velocity Metro District 2	29.000	44.784	9.000	5.000	5.000	5.000	5.000	-	-	-
Velocity Metro District 3	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-	-
Velocity Metro District 4	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-	-
Velocity Metro District 5	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-	-
Velocity Metro District 6	29.000	109.000	9.000	40.000	5.000	5.000	5.000	-	-	-
Velocity Metro District 7	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-	-
Velocity Metro District 8	29.000	29.021	9.000	5.000	5.000	5.000	5.000	-	-	-
Velocity Metro District 9	29.000	29.058	9.000	5.000	5.000	5.000	5.000	-	-	-
Westerly Creek Metropolitan District	60.217	56.899	56.619	55.986	55.769	55.311	-	-	-	-
WH Metropolitan District No. 1	-	-	-	-	-	-	-	13.000	50.000	50.000

Note 2: APS Total Rate information updated as of June 30, 2018

Source: Aurora Public Schools Budget Office.

Note 3: Includes only those entities with overlapping rates in existence at December 31, 2017.

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

Contact Source: Adams County assessor's office

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

Note 5: Previously reported as Adams County Library.

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

Taxpayer	Fiscal Year 2017-18			Fiscal Year 2008-09		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Public Service of Colorado (1)	\$ 90,579,750	1	3.5%	\$ 29,640,850	1	1.6%
QWEST Corp (2)	19,391,300	2	0.7%	21,649,500	3	1.2%
Cellco Partnership	16,333,180	3	0.6%	-	-	0.0%
WGR Asset Holding Co. LLC	15,995,780	4	0.6%	-	-	0.0%
Colorado Interstate Gas Co	14,618,000	5	0.6%	14,135,700	5	0.8%
Western A South CO LLC	11,371,700	6	0.4%	-	-	0.0%
T-Mobile West Corp (1)	10,780,270	7	0.4%	-	-	0.0%
AIMCO 21 Fitzsimons LLC	10,051,790	8	0.4%	-	-	0.0%
CPT Operating Partnership	9,692,500	9	0.4%	-	-	0.0%
Niagara Bottling LLC	9,295,440	10	0.4%	-	-	0.0%
Blue Spruce Energy Center LLC	-	-	-	29,249,200	2	1.6%
Verizon FKA Airtouch Comm	-	-	-	15,911,320	4	0.8%
Pro Logis	-	-	-	8,830,950	6	0.5%
King Soopers INC #871	-	-	-	8,405,840	7	0.4%
Optima Batteries INC	-	-	-	7,694,970	8	0.4%
MCI Telecommunications Corp.	-	-	-	7,177,800	9	0.4%
Quarry Assets LLC	-	-	-	6,740,860	10	0.4%
	<u>\$ 208,109,710</u>		<u>8.0%</u>	<u>\$ 149,436,990</u>		<u>8.1%</u>

Source: Adams County and Arapahoe County assessors' offices.

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

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

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

Calendar Year		Taxes Levied for the Calendar Year	Tax Collections for Calendar Year Tax Levied (2)	Percentage of Original Levy	Collections in Subsequent Years (3)	Total Tax Collections (4)	Percent of Total Tax Collections to Levy	Outstanding Delinquent Taxes (5)	Outstanding Delinquent Taxes as a Percent of Current Levy
2009		99,850,790	99,341,305	99.5%	(130,742)	99,210,563	99.4%	509,485	0.5%
2010		95,024,461	93,818,365	98.7%	(393,652)	93,424,713	98.3%	1,206,096	1.3%
2011		95,127,681	94,074,556	98.9%	(890,452)	93,184,104	98.0%	1,053,125	1.1%
2012		94,493,845	93,146,223	98.6%	(359,842)	92,786,381	98.2%	1,347,622	1.4%
2013		112,177,682	110,388,173	98.4%	(397,437)	109,990,736	98.1%	1,789,509	1.6%
2014		119,765,878	117,656,320	98.2%	234,120	117,890,440	98.4%	2,109,558	1.8%
2015		120,984,677	119,906,691	99.1%	(115,953)	119,790,738	99.0%	1,077,985	0.9%
2016		143,048,512	140,436,339	98.2%	232,355	140,668,694	98.3%	2,612,173	1.8%
2017	(6)	151,536,231	150,507,168	99.3%	(679,080)	149,828,088	98.9%	1,029,063	0.7%
2018	(1)	176,521,603	171,684,532	97.3%	121,728	171,806,261	97.3%	4,837,070	2.7%

Note 1: Collection figures beginning with calendar year 2015 represent those collections received for January through August due to the implementation of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

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

Note 4: Amounts shown prior to 2015 represent levies and collections during calendar year January-December. Tax revenues reported in the basic financial statements reflect a July-June fiscal basis.

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

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

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

	Fiscal Year (2)				
	2008-09	2009-10	2010-11	2011-12	2012-13 (3)
General obligation bonds	\$ 336,955,000	\$ 326,959,982	\$ 407,638,786	\$ 396,319,623	\$ 411,408,484
Certificates of participation	-	-	-	-	-
Capital leases	300,320	229,891	156,447	79,862	-
Total debt outstanding	<u>\$ 337,255,320</u>	<u>\$ 327,189,873</u>	<u>\$ 407,795,233</u>	<u>\$ 396,399,485</u>	<u>\$ 411,408,484</u>
Total debt outstanding as a percentage of:					
Personal income (1, 2, & 3):					
Adams County	0.4%	0.3%	0.1%	0.1%	0.4%
Arapahoe County	2.4%	1.9%	0.6%	0.6%	0.3%
Per capita outstanding debt	\$ 1,752	\$ 1,552	\$ 1,975	\$ 1,843	\$ 1,897
	Fiscal Year (2)				
	2013-14	2014-15	2015-16	2016-17	2017-18 (4)
General obligation bonds	\$ 389,226,526	\$ 366,417,566	\$ 342,814,596	\$ 549,053,401	\$ 511,611,694
Certificates of participation	30,353,387	30,378,172	30,397,796	-	-
Capital leases	-	-	-	2,154,433	5,721,895
Total debt outstanding	<u>\$ 419,579,913</u>	<u>\$ 396,795,738</u>	<u>\$ 373,212,392</u>	<u>\$ 551,207,834</u>	<u>\$ 517,333,589</u>
Total debt outstanding as a percentage of:					
Personal income (1, 2, & 3):					
Adams County	0.4%	0.4%	0.5%	-	-
Arapahoe County	0.3%	0.6%	0.7%	-	-
Per capita outstanding debt	\$ 1,908	\$ 1,799	\$ 1,623	\$ 2,411	\$ 2,232

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

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

Note 2: This schedule consolidates data from the governmental statements that utilize the modified accrual basis of accounting.

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

Note 4: Personal income data for 2017-18 was not available at time of printing

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

	Fiscal Year (1)				
	2008-09	2009-10	2010-11	2011-12	2012-13 (2)
General obligation bonds	\$ 336,955,000	\$ 326,959,982	\$ 407,638,786	\$ 396,319,623	\$ 411,408,484
Net position restricted for debt service	(44,324,735)	(46,094,814)	(39,613,185)	(33,431,806)	(25,580,904)
Total net general bonded debt	<u>\$ 292,630,265</u>	<u>\$ 280,865,168</u>	<u>\$ 368,025,601</u>	<u>\$ 362,887,817</u>	<u>\$ 385,827,580</u>
Total net general bonded debt outstanding as a percentage of:					
Estimated actual property value	2.0%	2.2%	2.9%	2.9%	3.1%
Final assessed property value	15.6%	15.8%	20.9%	20.8%	22.0%
Per capita outstanding debt	\$ 1,750	\$ 1,332	\$ 1,783	\$ 1,687	\$ 1,779
	Fiscal Year (1)				
	2013-14	2014-15	2015-16	2016-17	2017-18
General obligation bonds	\$ 389,226,526	\$ 366,417,566	\$ 342,814,596	\$ 549,053,401	\$ 511,611,694
Net position restricted for debt service	(27,026,348)	(28,456,159)	(37,115,173)	(47,512,633)	(51,523,245)
Total net general bonded debt	<u>\$ 362,200,178</u>	<u>\$ 337,961,407</u>	<u>\$ 305,699,423</u>	<u>\$ 501,540,768</u>	<u>\$ 460,088,449</u>
Total net general bonded debt outstanding as a percentage of:					
Estimated actual property value	2.9%	2.7%	1.9%	3.1%	2.8%
Final assessed property value	20.4%	18.9%	14.2%	20.7%	19.0%
Per capita outstanding debt	\$ 1,647	\$ 1,532	\$ 1,330	\$ 2,194	\$ 2,013

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

Note 2: Fiscal year 2013 amounts restated due to the implementation of GASB 65. All other prior years were not restated as it is impractical to do so.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
(Unaudited)**

Jurisdiction (1)	General Obligation Debt	Bonds	Notes Payable	Capital Leases	Certificates of Participation	Other	Gross Debt Outstanding	Percentage Applicable to Aurora Public Schools (2)	Amount Applicable to Aurora Public Schools
Direct:									
Aurora Public Schools	\$ 511,611,694	\$ -	\$ -	\$ 5,271,895	\$ -	\$ -	\$ 516,883,589	100.00%	\$ 516,883,589
Overlapping:									
ACC Metropolitan District	1,865,000	-	-	-	-	-	1,865,000	100.00%	1,865,000
Adams County	-	-	-	697,000	193,721,412	-	194,418,412	100.00%	194,418,412
Airways Business Center	830,000	-	-	-	-	-	830,000	100.00%	830,000
Arapahoe County	-	-	-	13,542,057	17,307,225	-	30,849,282	100.00%	30,849,282
Arapahoe Library District	-	-	-	988,946	7,155,000	-	8,143,946	0.66%	53,750
Aurora CentreTech Metropolitan District	12,405,000	-	-	-	-	-	12,405,000	100.00%	12,405,000
City of Aurora	3,582,000	-	28,220,000	25,889,556	173,145,000	-	230,836,556	100.00%	230,836,556
Conservatory Metro District	20,590,000	-	-	-	-	-	20,590,000	100.00%	20,590,000
Cross Creek Metropolitan District No.2	15,130,000	-	-	-	-	-	15,130,000	100.00%	15,130,000
Eastpark 70 Metropolitan District	8,380,000	-	-	-	-	-	8,380,000	100.00%	8,380,000
Fitzsimons Village Metropolitan District No.1	-	15,145,000	-	-	-	-	15,145,000	100.00%	15,145,000
Fitzsimons Village Metropolitan District No.3	-	5,055,000	-	-	-	-	5,055,000	100.00%	5,055,000
Heather Gardens Metropolitan District	-	9,467,294	-	-	-	-	9,467,294	59.12%	5,597,064
Iliff Commons Metro District No. 2	2,310,000	-	-	-	-	-	2,310,000	100.00%	2,310,000
Iliff Commons Metro District No. 3	1,860,000	-	-	-	-	-	1,860,000	100.00%	1,860,000
Park 70 Metropolitan District	17,961,578	-	-	-	-	-	17,961,578	100.00%	17,961,578
Rangeview Library District	-	-	-	-	39,193,981	-	39,193,981	100.00%	39,193,981
Regional Transportation District	-	2,088,743,279	-	215,692,512	960,705,000	-	3,265,140,791	14.58%	476,057,527
Sand Creek Metropolitan District	64,675,000	-	-	-	-	-	64,675,000	77.82%	50,330,085
Sterling Hills Metropolitan District	620,000	-	-	-	-	-	620,000	100.00%	620,000
Sterling Hills West Metropolitan District	11,385,000	-	-	-	-	-	11,385,000	100.00%	11,385,000
Total overlapping debt	161,593,578	2,118,410,573	28,220,000	256,810,071	1,391,227,618	-	3,956,261,840		1,140,873,236
Total direct and overlapping debt	\$ 673,205,272	\$ 2,118,410,573	\$ 28,220,000	\$ 262,081,966	\$ 1,391,227,618	\$ -	\$ 4,473,145,429		\$ 1,657,756,825

Note 1: Source information provided by individual jurisdictions. Overlapping governments without debt are not shown.

Note 2: Percentages based on geographical estimates. Arapahoe Library District percentage based on assessed values.

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

Fiscal Year Ended		Gross Certified Assessed Valuation (1)	Debt Limitation (20% of Assessed)	High Growth Debt Limitation (25% of Assessed Value)	Gross Bonded Debt Outstanding (2)	Percent of Legal Debt Incurred	Legal Debt Margin	Debt Service Funds Available (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2009	(4)	1,876,865,590	375,373,118	-	336,955,000	89.77%	38,418,118	43,618,552	293,336,448	15.63%	1,523
2010	(4)	1,781,369,810	356,273,962	-	326,959,982	91.77%	29,313,980	45,117,007	281,842,975	15.82%	1,337
2011	(5)	1,771,153,270	-	442,788,318	395,593,545	89.34%	47,194,773	38,787,680	356,805,865	20.15%	1,728
2012	(5)	1,760,664,180	-	440,166,045	461,733,482	104.90%	(21,567,437)	32,915,324	428,818,158	24.36%	1,994
2013	(4)	1,779,926,410	355,985,282	-	363,588,793	102.14%	(7,603,511)	25,580,904	338,007,889	18.99%	1,559
2014	(4)	1,796,866,600	359,373,320	-	347,219,955	96.62%	12,153,365	27,026,348	320,193,607	17.82%	1,456
2015	(4)	1,806,491,220	361,298,244	-	330,053,066	91.35%	31,245,178	28,456,159	301,596,907	16.70%	1,367
2016	(4)	2,168,171,355	433,634,271	-	312,092,167	71.97%	121,542,104	37,115,173	274,976,994	12.68%	1,196
2017	(6)	16,202,542,328	972,152,540	-	491,840,604	50.59%	480,311,936	47,512,633	444,327,971	2.74%	1,944
2018	(6)	21,237,272,373	1,274,236,342	-	461,733,482	36.24%	812,502,860	51,523,245	410,210,237	1.93%	1,770

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

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

Note 2: Represents general obligation bonds.

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

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

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

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

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

Fiscal Year	District Population Estimate (1)	Per Capita Income		Personal Income		Unemployment Rate (3)	October Funded Pupil Count (4)	Charter School Funded Pupil Count (4)	High School Graduates (5)
		Adams County (2)	Arapahoe County (2)	Adams County (2)	Arapahoe County (2)				
2008-09	192,547	32,588	50,727	13,999,767	28,121,738	9.4%	30,815	2,174	1,360
2009-10	210,850	31,727	48,480	13,991,470	27,408,457	8.4%	31,698	2,517	1,175
2010-11	206,430	32,666	47,704	14,493,196	27,426,356	9.7%	32,661	2,905	1,371
2011-12	215,096	33,061	48,989	14,925,051	28,656,232	9.0%	33,190	3,362	1,573
2012-13	216,839	34,695	51,163	15,945,588	30,469,784	8.5%	33,518	3,581	1,691
2013-14	219,954	35,334	52,437	16,578,475	31,832,963	7.1%	35,022	3,155	1,489
2014-15	220,556	35,385	56,294	17,010,005	34,835,883	5.6%	35,277	3,715	1,457
2015-16	229,905	36,962	52,545	18,160,959	33,160,632	3.6%	35,318	4,076	1,671
2016-17	228,610	38,378	54,452	19,119,527	34,689,868	3.5%	34,935	4,224	1,729
2017-18	231,810	-	-	-	-	2.9%	34,077	4,797	-

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

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

Note 2: The data for Adams and Arapahoe counties obtained from the Bureau of Economic Analysis. Data for 2018 not available at the time of print.

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

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

Note 4: Funded pupil count provided by Colorado Department of Education official October first enrollment data. Adjusted to exclude Charter Institute Pupil Counts.

Note 5: High school graduate counts obtained from Colorado Department of Education. Data for 2018 graduates not available at the time of print.

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

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

<u>Employer</u>	<u>2017 (1)</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of workforce</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of workforce</u>
Buckley Air Force Base	12,000	1	6.66%	12,817	1	7.90%
University of Colorado - Medical Campus	8,850	2	4.93%	3,300	4	2.03%
University of Colorado - Hospital	7,110	3	3.69%	1,458	9	0.90%
Aurora Public Schools	6,300	4	3.55%	3,786	3	2.33%
Children's Hospital	5,670	5	3.48%	-	-	-
Cherry Creek Schools	3,750	6	2.36%	2,854	5	1.76%
City of Aurora	3,500	7	2.40%	3,826	2	2.36%
Raytheon	2,430	8	1.43%	2,600	6	1.60%
Kaiser Permanente	1,940	9	1.02%	1,493	8	0.92%
HealthONE	1,710	10	1.02%	1,380	10	0.85%
ADT Security Systems	-	-	0.00%	1,585	7	0.98%
Total Employees	53,260		30.54%	35,099		21.63%

Note 1: Data for 2018 principal employers not available at the time of print.

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

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

	Fiscal Year									
	2008-09	2009-10 (2)	2010-11 (2)	2011-12 (2)	2012-13 (2)	2013-14	2014-15	2015-16	2016-17	2017-18
Administrative										
Principals	46.00	47.00	47.00	48.00	48.00	47.00	49.00	50.00	50.00	50.00
Assistant principals	36.00	39.00	32.00	36.00	39.34	45.34	57.00	58.00	61.00	60.00
Other	63.50	35.00	36.00	31.25	32.25	33.25	39.00	44.00	46.00	55.00
Total administration	145.50	121.00	115.00	115.25	119.59	125.59	145.00	152.00	157.00	165.00
Instruction										
Elementary school teachers	668.45	674.50	766.77	746.91	738.64	781.75	799.98	837.69	846.57	738.57
K-8 Teachers (1)	-	86.90	115.75	140.30	148.95	163.32	164.62	170.88	206.25	207.68
Middle school teachers	338.62	340.77	345.55	336.77	368.03	392.02	397.53	415.34	431.98	388.51
High school teachers	363.30	399.08	386.18	369.97	382.72	426.72	441.02	460.54	471.64	445.77
Other teachers	253.81	138.63	137.60	119.10	124.38	147.75	148.21	187.69	216.85	228.95
Educational assistants	431.01	434.42	411.48	403.67	396.94	420.64	446.62	497.31	578.20	543.54
Community liaison	4.51	3.00	21.38	22.31	23.13	24.81	31.00	28.31	42.13	36.75
Other	24.12	2.00	3.00	2.00	3.00	2.50	3.00	5.00	3.00	3.00
Total instruction	2,083.81	2,079.30	2,187.71	2,141.03	2,185.79	2,359.51	2,431.98	2,602.76	2,796.62	2,592.77
Pupil services										
Dean of students	23.00	27.50	25.50	30.00	29.80	35.80	37.80	42.00	38.00	22.00
Counselors	37.00	34.50	35.60	36.00	36.10	43.10	44.95	56.90	57.70	49.70
Health professionals	71.55	52.93	53.13	56.59	58.36	57.01	56.50	58.53	61.69	64.25
Media specialists	10.00	14.54	12.73	14.16	11.36	11.06	11.00	8.64	11.31	10.75
Social/psychology workers	39.60	41.20	43.80	43.60	48.30	53.20	59.60	65.80	68.90	65.97
Other	31.70	137.38	130.88	138.59	153.28	175.71	174.28	198.00	203.81	204.30
Total pupil services	212.85	308.05	301.64	318.94	337.20	375.88	384.13	429.87	441.41	416.97
Other support										
Clerical/secretarial	267.11	270.94	266.66	263.06	268.47	283.63	281.19	284.26	293.38	280.00
Custodial	193.89	181.63	176.75	177.38	173.50	164.25	163.13	170.38	171.88	194.63
Other	343.24	264.69	263.63	280.94	280.99	311.69	310.85	333.99	346.38	350.88
Total other support	804.24	717.26	707.04	721.38	722.96	759.57	755.17	788.63	811.64	825.51
Total	3,246.40	3,225.61	3,311.39	3,296.60	3,365.54	3,620.55	3,716.28	3,973.26	4,206.67	4,000.25

Source: Aurora Public Schools Human Resources Department. Does not include Colorado Preschool Program, Risk Mgmt, or Special Programs.

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

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

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

General Fund Expenditures	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15 (5)	2015-16	2016-17	2017-18
Instruction	\$ 152,048,858	\$ 158,925,409	\$ 166,416,407	\$ 368,846,950	\$ 169,613,315	\$ 182,903,162	\$ 194,331,144	\$ 204,436,613	\$ 195,371,903	\$ 183,563,711
Pupil services	14,059,246	15,408,721	15,566,161	-	14,359,872	16,196,570	17,075,917	19,605,908	28,210,627	27,288,441
Instructional services	8,859,315	12,034,331	10,018,711	-	11,172,413	11,996,057	15,628,538	17,785,523	17,676,391	17,722,877
General administration	3,890,777	4,241,098	5,628,662	-	4,954,686	5,237,806	5,652,784	4,728,324	5,710,424	5,933,877
School administration	19,224,010	20,817,836	20,700,354	183,563,711	22,044,077	25,635,355	29,932,093	33,539,515	33,355,525	31,940,343
Business administration	3,392,558	3,305,557	3,197,358	27,288,441	3,673,137	3,801,929	4,607,375	4,933,196	3,806,971	4,322,623
Operations and maintenance	25,344,722	26,306,026	27,749,692	17,722,877	29,044,242	30,918,559	32,529,804	33,283,315	33,066,841	31,401,259
Pupil transportation	6,353,741	6,562,780	6,482,994	5,933,877	6,789,957	8,459,834	7,962,099	11,526,689	10,324,559	9,685,256
Personnel data services	10,341,148	10,616,133	11,020,431	31,940,343	12,042,212	11,634,798	13,627,503	16,417,484	17,909,420	15,956,464
Other support services	594,896	856,800	2,322,955	4,322,623	2,449,196	2,377,324	2,269,592	5,448,368	5,575,263	7,061,048
Total operating expenditures (1)	<u>\$ 244,109,271</u>	<u>\$ 259,074,691</u>	<u>\$ 269,103,725</u>	<u>\$ 639,618,822</u>	<u>\$ 276,143,107</u>	<u>\$ 299,161,394</u>	<u>\$ 323,616,849</u>	<u>\$ 351,704,935</u>	<u>\$ 351,007,924</u>	<u>\$ 334,875,899</u>
Funded pupil count (2)	30,815	31,698	32,661	33,190	33,518	35,022	35,277	35,318	34,935	34,077
Cost per pupil, per basis of accounting										
modified accrual basis	\$ 7,922	\$ 8,173	\$ 8,239	\$ 19,271	\$ 8,239	\$ 8,542	\$ 9,174	\$ 9,958	\$ 10,048	\$ 9,827
Percentage change	-0.11%	3.17%	0.81%	133.90%	-57.25%	3.68%	7.39%	8.55%	0.90%	-2.19%
Total operating expenditures per governmental statement of activities (3)	\$ 308,600,275	\$ 333,718,365	\$ 346,766,507	\$ 334,785,327	\$ 347,234,569	\$ 373,563,206	\$ 443,933,665	\$ 493,090,064	\$ 724,314,944	\$ 730,902,798
Full accrual basis	\$ 10,015	\$ 10,528	\$ 10,617	\$ 10,087	\$ 10,360	\$ 10,667	\$ 12,584	\$ 13,962	\$ 20,734	\$ 21,449
Percentage change	-0.52%	5.13%	0.85%	-4.99%	2.70%	2.96%	17.98%	10.95%	48.50%	3.45%
Percentage of students receiving free or reduced-price meals (4)	59.6%	61.3%	65.2%	65.5%	60.3%	68.0%	69.4%	66.0%	66.5%	68.7%

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

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

Source: Colorado Department of Education Data Summary Report.

Note 3: Source: CAFR Statement of Activities.

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

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

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

	Fiscal Year									
Average Teacher Salaries (1)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Aurora Public Schools	\$ 53,910	\$ 53,807	\$ 52,009	\$ 51,479	\$ 51,479	\$ 52,928	\$ 48,704	\$ 54,230	\$ 54,406	\$ 54,742
State of Colorado	49,183	49,228	49,046	49,118	49,118	49,606	48,277	51,204	51,810	52,728
Teaching staff (2) (4) (5)	1,864	1,908	1,941	1,977	2,012	2,093	2,432	2,603	2,797	2,593
Pupil-teacher ratio (4)	19	19	20	20	20	19	19	19	18	19

Salary Grades

Educational Classification	Base Salary (3)						Average Salary in Each Range (3)					
	2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018
BA	\$ 37,854	\$ 38,422	\$ 39,286	\$ 39,286	\$ 39,757	\$ 39,757	\$ 45,566	\$ 45,921	\$ 47,084	\$ 46,104	\$ 46,330	\$ 47,831
BA + 15 hours	39,937	39,521	40,410	40,410	40,895	40,895	52,491	53,699	55,245	54,597	53,385	54,661
BA + 30 hours	40,007	40,607	41,521	41,521	42,019	42,019	53,376	54,352	55,645	56,409	57,851	60,410
BA + 45 hours	41,087	41,703	42,641	42,641	43,153	43,153	55,587	56,352	58,328	58,961	59,101	61,639
MA	42,179	42,812	43,775	43,775	44,300	44,300	55,185	56,560	58,295	57,209	56,779	58,118
MA + 15 hours	43,251	43,900	44,888	44,888	45,427	45,427	64,798	65,035	66,907	66,159	64,696	66,600
MA + 30 hours	44,324	44,989	46,001	46,001	46,553	46,553	66,776	68,259	69,868	67,748	67,317	67,624
MA + 45 hours	45,410	46,091	47,128	47,128	47,694	47,694	71,120	71,771	73,431	72,883	71,871	74,429
MA + 60 hours	46,486	47,183	48,245	48,245	48,824	48,824	74,548	75,166	72,473	71,727	70,289	72,701
MA + 75 hours	47,562	48,275	49,361	49,361	49,953	49,953	79,622	81,085	81,618	81,371	81,433	80,126
PhD	48,642	49,372	50,483	50,483	51,089	51,089	69,488	71,851	70,621	67,572	67,397	68,333

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

Source: <https://www.cde.state.co.us/cdereval/averagesalariesforteachers.pdf>

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

Note 3: Data provided by district Human Resources Department.

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

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

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

	Fiscal Year (1)									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Elementary Schools (3)										
Number of sites	29	29	28	28	28	28	28	28	28	28
Square feet	1,500,272	1,452,607	1,455,915	1,506,085	1,522,641	1,529,800	1,532,729	1,534,745	1,543,246	1,541,806
Capacity	14,240	14,277	13,764	16,164	16,377	16,764	16,764	16,764	16,914	16,864
Enrollment	14,079	14,301	14,175	13,830	14,271	14,517	15,242	14,561	13,119	12,175
K-8 Schools (3) (4) (5)										
Number of sites	4	4	6	6	6	6	6	7	7	7
Square feet	278,244	278,244	430,541	431,981	444,077	451,853	451,853	557,925	550,823	550,823
Capacity	2,291	2,314	3,753	3,828	3,928	4,428	4,428	5,204	5,204	5,204
Enrollment	2,065	2,382	3,271	3,835	3,817	3,957	4,170	4,776	4,677	4,653
Middle Schools										
Number of sites	7	7	7	7	7	7	7	7	7	7
Square feet	844,997	844,997	842,117	846,898	848,338	854,068	854,098	855,538	868,862	870,302
Capacity	7,814	7,814	6,738	8,057	8,257	8,507	8,507	8,557	8,557	8,607
Enrollment	5,953	5,817	5,745	6,042	6,153	6,479	6,637	6,548	6,367	6,216
High Schools										
Number of sites	5	5	5	6	6	6	6	6	6	6
Square feet	1,069,938	1,083,679	1,083,679	1,300,011	1,300,011	1,300,011	1,300,011	1,302,891	1,315,561	1,315,561
Capacity	7,843	7,843	8,043	9768	9718	9,681	9,681	9,781	9,831	9,831
Enrollment	8,337	8,499	8,397	8444	8646	9,003	9,379	9,577	9,884	9,504
Technical Schools										
Number of sites	1	1	1	1	1	1	1	1	1	1
Square feet	172,486	172,486	172,486	172,486	172,486	172,486	172,486	172,486	174,502	174,502
Capacity (2)	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Enrollment	1,544	1,507	1,596	1,348	1,328	1,292	1,216	1,510	1,314	1,204
Total										
Number of sites	46	46	47	48	48	48	48	49	49	49
Square feet	3,865,937	3,832,013	3,984,738	4,257,461	4,287,553	4,308,218	4,311,177	4,423,585	4,452,994	4,452,994
Capacity	34,038	34,098	34,148	39,667	40,130	41,230	41,230	42,156	42,356	42,356
Enrollment	31,978	32,506	33,184	33,499	34,215	35,248	36,644	36,972	35,361	33,752

Note 1: Student count based on actual enrollment.

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

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

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

Source: Pickens Technical College - student services.

Note 3: 2009-10 adjusted to actual.

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

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



REPORTS REQUIRED BY UNIFORM GUIDANCE



**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	2017-18 Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Colorado Department of Education:			
School Breakfast Program	10.553	4553	\$ 4,055,381
National School Lunch Program	10.555	4555	9,675,579
Special Milk Program for Children	10.556	4556	11,681
Summer Food Service Program for Children	10.559	4559	<u>98,079</u>
Passed through Colorado Department Human Services:			
Donated Commodities	10.555	4555	<u>1,229,702</u>
Child Nutrition Cluster Subtotal			15,070,422
Child and Adult Care Food Program	10.558	4558	87,121
Team Nutrition Grants	10.574	4574	<u>11,500</u>
U.S. Department of Agriculture Total			<u>15,169,043</u>
<u>U.S. Department of Education</u>			
Direct:			
Indian Education - Grants to Local Education Agencies	84.060	N/A	<u>8,507</u>
Federal Supplementary Educational Opportunity Grants	84.007	N/A	28,956
Federal Work-Study Program	84.033	N/A	21,855
Federal Pell Grant Program	84.063	N/A	<u>984,991</u>
Student Financial Assistance Subtotal			<u>1,035,802</u>
Passed through Colorado Department of Education:			
Special Education - Grants to States	84.027	4027	6,466,875
Special Education - Preschool Grants	84.173	4173	<u>168,283</u>
Special Education Cluster Subtotal			<u>6,635,158</u>

The accompanying notes are an integral part of this Schedule.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2018**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	2017-18 Federal Expenditures
Passed through Colorado Department of Education (continued):			
		4010, 5010 &	
Title I Grants to Local Educational Agencies	84.010	7010	12,071,509
Title I Part C Education of Migrant Children	84.011	4011	1,381,200
Career and Technical Education - Basic Grants to States	84.048	5048 & 6048	682,812
Migrant Education - Coordination Program	84.144	4144	59,926
Charter Schools	84.282	5282	659,764
Twenty-First Century Community Learning Centers	84.287	5287	490,437
Special Education - State Personnel Development	84.323	5323	16,375
		4365 & 5365 &	
English Language Acquisition Grants	84.365	6365 & 7365	836,786
Title II Part A Supporting Effective Instruction State Grants	84.367	4367	1,489,449
School Improvement Grants	84.377	7377	1,197,218
Race to the Top - Early Childhood Readiness Assessment	84.412	5412	27,741
Student Support and Academic Enrichment Program	84.424	4424	165,475
U.S. Department of Education Total			26,758,159
<u>U.S. Department of Health and Human Services</u>			
Passed through Colorado Department of Education:			
Substance Abuse and Mental Health Services			
Projects of Regional and National Significance	93.243	7243	357,184
<u>Other Federal Assistance</u>			
Air Force Jr. ROTC	12.000	N/A	117,823
Total Expenditures of Federal Awards			\$ 42,402,209

The accompanying notes are an integral part of this Schedule.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The District provided no federal awards to subrecipients.
4. The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received and are recorded at fair value at the time of receipt. The commodities are recognized as expenditures when used by schools. The majority of the commodities are stored at the individual schools instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The District recognized noncash awards of \$1,229,702 for the year ended June 30, 2018.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2018, which contained an emphasis of matter paragraph regarding a change in accounting principle and a change in reporting entity. Our report includes a reference to other auditors who audited the financial statements of Aurora Academy, Global Village Academy, Lotus School for Excellence, Vanguard Classical School, AXL Academy, Rocky Mountain Prep, and Vega Collegiate Academy as described in our report on the District's financial statements. This report does not include the results of other auditor's testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of AXL Academy and Vega Collegiate Academy, component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
November 1, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified certain a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

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

BKD, LLP

Denver, Colorado
November 1, 2018



**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

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

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

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

Federal Awards

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

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

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

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

7. The District's major programs were:

CFDA Number	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster
84.011	Title I Part C Education of Migrant Children
84.367	Title II Part A Supporting Effective Instruction State Grants

8. The threshold used to distinguish between Type A and Type B programs was \$1,272,066.

9. The District qualified as a low-risk auditee? ☒ Yes ☐ No

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

Section II – Financial Statement Findings

Reference Number	Finding
---------------------	---------

No matters are reportable.

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

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2018

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
2018-001	Finding: Special Tests and Provisions - Participation of Private School Children CFDA No. 84.367 Title II Part A Supporting Effective Instruction State Grants, Passed-through Colorado Department of Education, Award Number S367A170050, Award Year 2017-2018 Criteria or specific requirement: Under Title II Part A [Section 34 Code of Federal Regulations (C.F.R.) 299.7], a local educational agency may transfer up to 100 percent of its Title II, Part A funds to certain other programs. Before an LEA may transfer funds from a program subject to equitable services requirement, it must engage in timely and meaningful consultation with appropriate private school officials (Section 5103(e)(2) of ESEA (20 USC 7305b(e)). With respect to the transferred funds, the LEA must provide private school students and teachers equitable services under the program(s) to which, and from which, the funds are transferred, based on the total amount of funds available to each program after the transfer. Condition: Private schools who met the above C.F.R. requirements did not receive the same expenditures on a per-pupil basis for private school students, teachers and other educational personnel as the public schools on a per-pupil basis. In addition, charter schools also did not receive equitable Title II Part A funding. Questioned Costs: Not applicable. Context: We reviewed the funding allocations for the two participating private schools and the 11 charter schools in the district during the current year who had received Title II Part A funding. 100% of the participating population was tested. Effect: The Title II Part A funding would increase from \$26 to \$44 per pupil under an equitable funding allocation across 5,595 private and charter school students. Participation of private school children assists the federal government in assuring that districts are not showing bias or favor in the funding distributed to schools in the district. Thus, if the district distributes funding on a per-pupil basis to private schools and public schools in differing amounts, the school students, teachers, and other educational personnel are not receiving the equal opportunities for teacher quality improvement. Cause: The district's budget worksheet was pulling incorrect fund balance information to allocate across private and charter schools as it did not including carry forward monies. Identification as a Repeat Finding: Not applicable. No prior year finding. Recommendation: We recommend that the district continue to conduct yearly consultations to provide information to the individual school contacts as to what sources of funding they are eligible for and the requirements of that funding. We recommend an additional review be implemented to ensure the allocation of funding to both public, private and charter schools is equitable. This review should be documented and performed by someone independent from the allocation preparation. Views of Responsible Officials: Agree. See separate report for planned corrective actions.



Division of Finance
Department of Federal Programs
15701 E. 1st Avenue, Suite 106
Aurora, CO 80011

Phone – 303-365-5816
Fax – 303-326-1819
Web – aurorak12.org

CORRECTIVE ACTION PLAN

Report Issued November 1, 2018

FISCAL YEAR OF FINDING:

2018

Finding: Special Tests and Provisions – Participation of Private School Children

Single Audit 2018-001 Significant Deficiency: Title II Part A Supporting Effective Instruction State Grants

Private schools who met the above C.F.R. requirements did not receive the same expenditures on a per-pupil basis for private school students, teachers and other educational personnel as the public schools on a per-pupil basis. In addition, charter schools also did not receive equitable Title II Part A funding.

We recommend that the district continue to conduct yearly consultations to provide information to the individual school contacts as to what sources of funding they are eligible for and the requirements of that funding. We recommend an additional review be implemented to ensure the allocation of funding to both public, private and charter schools is equitable. This review should be documented and performed by someone independent from the allocation preparation.

CLIENT PLANNED ACTION:

The district agrees with the finding. The district will ensure appropriate funding allocated towards equitable services in the future. The district has hired a new position, Title Coordinator, which is responsible for the budgeting and allocations of all Federal Programs funding, inclusive of Title II Part A. This will allow for another step in the process of approval for budgeting from the Coordinator to the Director. To remedy the situation, the district will apply the discrepancy of FY 2017-2018 allocations to the FY 2018-2019 equitable services allocations.

CLIENT RESPONSIBLE PARTY:

Amy Beruan, Director of Federal Programs

COMPLETION DATE:

Completed as of 10/22/2018

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 30, 2018**

Introduction

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

The financial and compliance audits of the various state-funded student financial assistance programs at the College for the year ended June 30, 2018 were directed toward the objectives and criteria set forth in the College's financial aid policies and those contained in the *2017-18 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE).

Description of State-Funded Student Financial Assistance Programs

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

The state-funded student financial assistance awards made by the College were \$446,508 during the fiscal year ended June 30, 2018.

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

In addition to the state-funded student financial assistance awards made during the year, the College obtained authorizations to award federal student financial aid of \$984,991 in the Federal Pell Grant Program; \$28,956 in the Federal Supplemental Educational Opportunity Grants Program; and \$21,855 in the Federal Work-Study Program.

During the year ended June 30, 2018, the College was authorized to award Colorado student financial aid funds of \$400,154 in the Colorado Student Grant Program, \$15,000 in the Colorado Work-Study Program, \$15,401 in the Colorado Merit Program, and \$15,953 in the CTE Grant Program.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 30, 2018**

Report Summary

Purpose and Scope of Audit

Our audit of the state-funded student assistance programs was performed in accordance with the financial compliance elements of “*Standards for Audits of Governmental Organizations, Programs, Activities, and Functions*” issued by the Comptroller General of the United States, as revised through 2004. The purpose of the audit was to formulate an opinion on the statement of student aid program allocations, expenditures and reversions for the fiscal year ended June 30, 2018 and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements, and Governing Board directives which were set forth in the handbook.

Our examination included:

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

Summary of Current Year Comments

The audit covered the period July 1, 2017 through June 30, 2018, and fieldwork was performed during the period August 27, 2018 through August 28, 2018, at the District’s Finance Office.

The audit report for the year ended June 30, 2018 contains no findings related to state-funded student financial assistance programs.

Summary of Progress in Implementing Prior Audit Recommendations

There were no matters noted in the audit report for the year ended June 30, 2016.

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

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

Report on the Financial Statements

We have audited the accompanying statement of allocations, expenditures and reversions of the state-funded student financial assistance programs (the Statement) of Pickens Technical College (the College), part of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the District) for the year ended June 30, 2018, and the related notes to the Statement, in accordance with the requirements of *2017-18 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the allocations, expenditures and reversions of the state-funded student financial assistance programs of Pickens Technical College for the year ended June 30, 2018, pursuant to the *2017-18 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education, and in conformity with the provisions of the College's policies.

Emphasis of Matter

As described in the notes to the statement of allocations, expenditures and reversions of the state-funded student financial assistance programs of Pickens Technical College (the Statement), the Statement was prepared in accordance with the format as set forth in the *2017-18 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education (CDHE), and in conformity with the College's policies for the purpose of complying with the requirements of the state-funded student financial assistance programs. The Statement is a summary of cash activity of the state-funded student financial assistance programs with the exception of the Colorado Work-Study Program and does not present certain transactions that would be included in the Statement of the state-funded student assistance programs if it was presented on the accrual basis of accounting, as prescribed by accounting principles generally accepted in the United States of America. Accordingly, the accompanying Statement is not intended to, and does not, present the financial position, changes in financial position or cash flows of the College in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

BKD, LLP

Denver, Colorado
November 1, 2018

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
**Statement of Allocations, Expenditures and Reversions of the
State-Funded Student Financial Assistance Programs**
Year Ended June 30, 2018

	Colorado Student Grant Program	Colorado Merit	Colorado Work-Study	Colorado Technical Education Grant	Total Colorado Financial Aid
Allocations					
Original	\$ 400,154	\$ 15,401	\$ 25,000	\$ 15,953	\$ 456,508
Allocation adjustment	-	-	(10,000)	-	(10,000)
Total Allocations	400,154	15,401	15,000	15,953	446,508
Expenditures	400,154	15,401	15,000	15,953	446,508
Reversions to State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -

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

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado**
**Notes to Statement of Allocations, Expenditures and Reversions
of the State-Funded Student Financial Assistance Programs**
Year Ended June 30, 2018

Note 1: Summary of Significant Accounting Policies

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

The statement of allocations, expenditures and reversions of the state-funded student assistance programs of Pickens Technical College have been prepared in accordance with the format as set forth in the *2017-18 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education and in conformity with the College's policies.

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

Note 2: Other – Required Statements, Comments and Recommendations

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

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

Note 3: Contingent Liabilities

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

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

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

Report on Compliance for Each State Funded Student Assistance Program

We have audited Pickens Technical College's (the College), part of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the District), compliance with the types of compliance requirements described in the *2017-18 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE) that could have a direct and material effect on each of the College's state-funded student financial assistance programs for the year ended June 30, 2018. The College's state-funded student financial assistance programs are identified in the accompanying statement of allocations, expenditures and reversions.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's state-funded student financial assistance programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the CDHE. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state-funded student financial assistance program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each State-Funded Student Financial Assistance Program

In our opinion, Pickens Technical College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its state-funded student financial assistance programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

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

BKD, LLP

Denver, Colorado
November 1, 2018



Printing provided by Print Services