

**SCHOOL DISTRICT 27J
COLORADO**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the Fiscal Year Ended June 30, 2018

School District 27J
18551 E. 160th Avenue | Brighton, CO 80601

SCHOOL DISTRICT 27J
ADAMS, WELD AND BROOMFIELD COUNTIES
BRIGHTON, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

Prepared by:
Finance Office

School District 27J, Colorado
Comprehensive Annual Financial Report
For The Year Ended June 30, 2018

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for the Fiscal Year Ended June 30, 2018**

Introductory Section



SCHOOL DISTRICT 27J

List of Elected and Appointed Officials
June 30, 2018

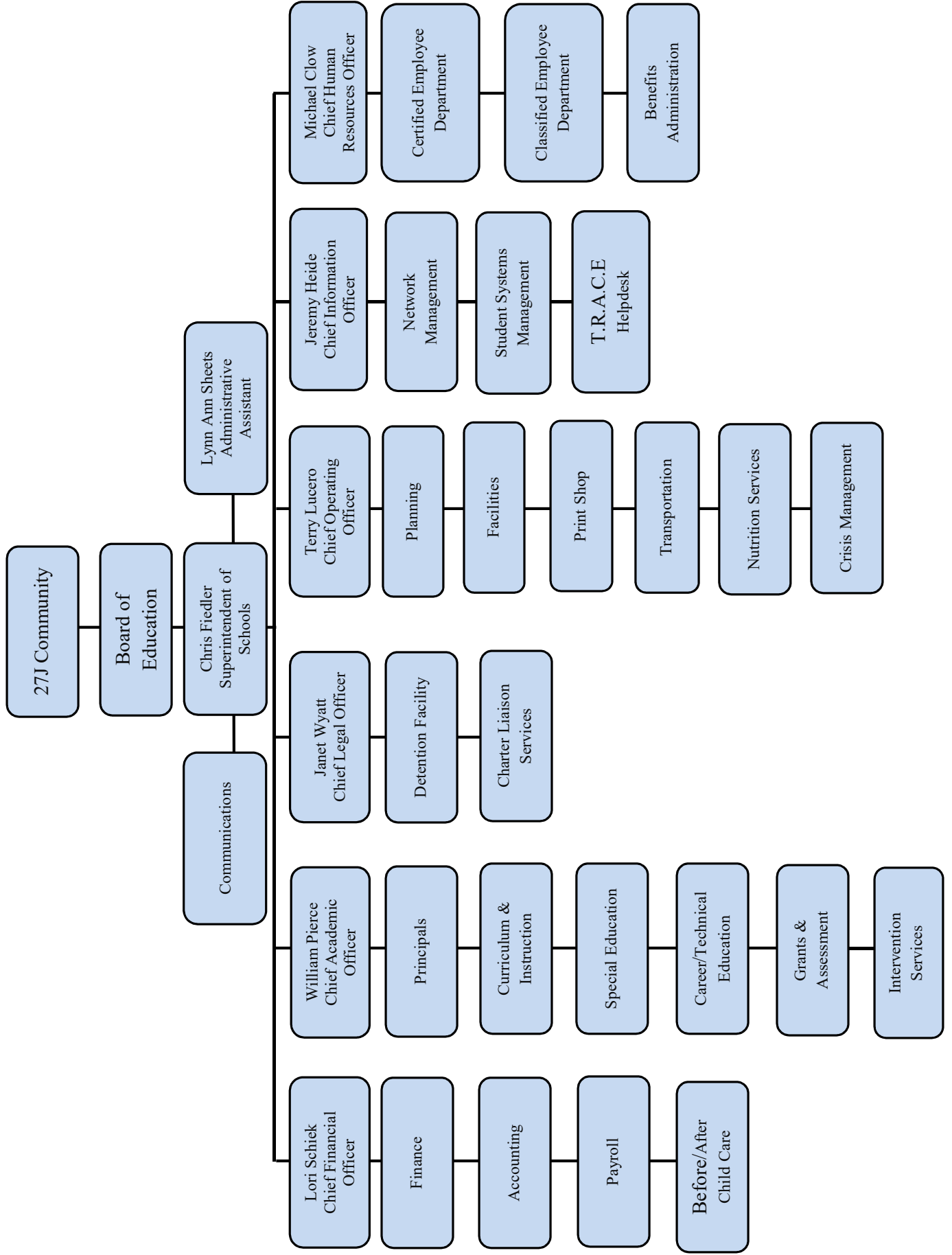
Board of Education

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Roberta Thimmig	President	2019
Gregory Piotraschke	Vice-President	2019
Kevin Kerber	Director	2021
Lloyd Worth	Director	2019
Blaine Nickeson	Director	2021
Mandy Thomas	Director	2021
Jenn Venerable	Director	2019

Executive Administrative Staff

Chris Fiedler	Superintendent
Lori Schiek	Chief Financial Officer
William Pierce	Chief Academic Officer
Janet Wyatt	General Counsel
Terry Lucero	Chief Operations Officer
Michael Clow	Chief Human Resources Officer
Jeremy Heide	Chief Information Officer

School District 27J 2017-2018 Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**School District 27J
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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November 28, 2018

Members of the Board of Education
School District 27J
Brighton, CO 80601

The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements and publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill that requirement for the fiscal year ended June 30, 2018.

The District management assumes full responsibility for the completeness and reliability of the information contained in the CAFR, based upon a comprehensive framework of internal control that it has established for this purpose. The District's financial services department prepared this report which contains management's representations concerning the finances of the District. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects, reported in a manner to present fairly the financial position and results of operations of the District's funds. As the cost of internal controls should not outweigh the benefits, the outcome is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

The CAFR is presented in three sections: Introductory, Financial, and Statistical.

- The introductory section includes this letter of transmittal, the District's organizational chart, a list of principal officials and a reproduction of the 2017 GFOA Certificate of Achievement.
- The financial section includes the report of the independent auditor, management's discussion and analysis (MD&A), basic financial statements, required supplementary information and notes, combining statements, and individual fund statements and schedules.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

RubinBrown LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the School District 27J's financial statements for the year ended June 30, 2018. The independent auditors' report is located at the front of the financial section of this report.

MD&A immediately follows the independent auditors' 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 School District 27J

Counties of Adams and Weld School District 27J, commonly referred to as School District 27J, formed in 1959 upon the reorganization and consolidation of several former school districts. School District 27J is located northeast of the Denver, Colorado metropolitan area and encompasses approximately 212.4 square miles in northwest Adams County, northeast Broomfield County and southwest Weld County and serves a population of 100,890.

The District is the only school district serving the City of Brighton and also serves segments of the cities of Thornton and Commerce City, in addition to the surrounding unincorporated and generally rural areas.

The District is a legally separate, primary government entity that operates under a publicly elected seven-member Board of Education. The Board of Education members are elected to alternating four-year terms with elections held every two years. Board members represent a specific area of the District, but are elected at-large. The School District 27J Board of Education voted January 26, 2009 to adopt the Policy Governance model of board governance. The Board of Education adopts the budget, employs all personnel required to maintain the operations, determines the educational programs provided by the district, and is primarily accountable for fiscal matters.

The District provides a full range of educational programs and services authorized by Colorado State Statutes to approximately 17,200 enrolled students. Included are basic kindergarten through twelfth-grade (K-12) education as well as preschool, vocational, special education, gifted and talented, bilingual education and numerous services and programs. The District's K-12 curriculum is delivered in its neighborhood school system of 12 elementary schools, 4 middle schools, 3 high schools (2 comprehensives and 1 alternative), 1 blended learning school, and 5 charter schools.

School District 27J is financially accountable for five charter schools and one capital foundation that are legally separate entities; all financial activity of the six component units is discretely presented in the District's financial statements for the year ended June 30, 2018. The District's six component units, are Belle Creek Charter School, Bromley East Charter School, Eagle Ridge Academy, Foundations Academy and Landmark Academy (charter schools operated by National Heritage Academies), and the School District 27J Capital Facility Fee Foundation (CFFF). Additional information on all of these legally separate entities can be found in the notes to the financial statements (see note 1-A).

Colorado State Statutes require that the District adopt the budget by June 30 prior to the beginning of the subsequent fiscal year. Budget revisions may be adopted prior to January 31 of the current fiscal year. The District maintains extensive budgetary controls, to ensure compliance with legal requirements, Board of Education policies and District administrative guidelines. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund. Staffing levels are authorized for each site and are tracked monthly to insure usage within budgeted limits. Monthly reports are provided to each site's administrative staff, to allow monitoring of their discretionary budgets. As demonstrated by the statements and schedules included in the financials section of this report, the District continues to meet its responsibility for sound financial management.

Local economy

School District 27J provides educational services in the Metro Denver area inclusive of the cities of Brighton, Thornton and Commerce City. The District has a significant economic presence, employing in total more than 1,800 teachers, professionals and support staff.

Overall, Colorado's economy performed better than the U.S. economy in 2017. The economic forecast provided by the Colorado Legislative Council staff states that Colorado is further along in the business cycle than the nation. The labor market, consumer spending, income, wages, housing prices, and construction activity in Colorado have all outperformed the national economy for at least a year and many of the improvements in Colorado's economy are concentrated in the Denver area.

Strong growth throughout Metro Denver's economy has helped to highlight the region as a leading area in which to live and do business. Metro Denver added 34,100 jobs in 2017 (a 2.0% increase) and dropped its unemployment rate to 2.9% (at its lowest rate since 2000) compared to the national unemployment rate of 4.1%. The Adams County unemployment rate was 3.2%, up from 3.0% in 2016.

Metro Denver has a limited supply of residential real estate and above-average population growth, so home prices and appreciation are rising, and construction activity is robust. The number of single family housing permits issued in Brighton in 2017 was 366. Thornton issued 222, Commerce City issued 631, Adams County issued 55, and Aurora issued 74. Total permits issued in 2017 were 1156, as compared to 1110 in 2016. School District 27J is one of the few remaining areas in Metro Denver with large amounts of land for development. The population in Brighton increased by 1,351 from 2016 to 2017 for a total population of 39,947. The population in Thornton increased by 2,176 from 2016 to 2017 for a total population of 137,302. The population in Commerce City increased by 1,398 from 2016 to 2017 for a total population of 55,859.

Brighton City Council has continued its commitment to expanding both the employment base and range of retail opportunities by funding and working in cooperation with the Brighton Economic Development Corporation, Brighton Urban Renewal Authority, and Adams County Economic Development and Upstate Colorado Economic Development.

The District maintains a credit rating for schools of "A+" with a stable outlook. Credit ratings, provided by independent third parties, serve as an indicator of an organization's financial stability—as well as the safety and security of the debt sold by that organization. The most recent report from Standard and Poor referenced the District's access to, and participation in, the large and diverse Denver economy, coupled with very strong per capita wealth levels and good to very strong income indicators; which include continued growth in enrollment, the primary influence on the District's operating revenues; and consecutive years of positive operations with strong available general fund balances. In general, higher credit ratings often result in lower borrowing costs for the District because our interest rates are lower and there is a wider market of buyers.

Long-term financial planning and major initiative

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 16.9 percent of the total general fund revenues.

Student enrollment increased annually through fiscal year 2017-2018. Enrollment in fiscal year 2018-2019 will increase compared to the prior fiscal year due to the opening of Riverdale Ridge High School and Rodger Quist Middle School in the fall of 2018. The District has worked through budget policy and practice of a structurally balanced budget in order to maintain stability, despite the inclusion of the negative factor in the Colorado School Finance Act which has limited growth on a per pupil basis.

During the fiscal year 2017-2018 state budgeting process there was an increase to K-12 education funding with no change to the negative factor in the Colorado School Finance Act, as well as increased funding for targeted educational programs. Increased funding for education initiatives in Colorado still lies in the hands of local, not statewide, electorates. This is especially challenging because School District 27J has experienced limited success in the passage of mill levy tax increase efforts. The District's one mill levy override was passed in 2000 for a flat amount of \$750,000.

The District was successful in passing a \$248 million bond in the November 2015 election supporting building four new schools, including a third district high school, a fifth district middle school and two new elementary schools as well make renovations and expansions to existing schools and safety and security upgrades at all district schools. This is the largest single authorization in the history of the District. In fiscal year 2018 the District completed the construction of Riverdale Ridge High School, which also houses Rodger Quist Middle School, with a planned move to the completed middle school building in the fall of 2020.

Achievement

- Students in 27J are not meeting the state average on Colorado Measures of Academic Success (CMAS).
- Students in 27J are scoring below the state average in nearly every assessment.
- These proficiency gaps widen as students approach graduation.
- There is a significant gap in performance with ELA students, Hispanic students, and free and reduced lunch students within 27J.

Growth

- Students in 27J are not making enough yearly growth.

Gaps

- Proficient or advanced 27J students are not "keeping up" with their proficiency at the same rate that other Colorado students are, nor are the proficient students "moving up" toward an advanced score.
- "Students with Disabilities" received a "Does Not Meet" rating in Reading, Math, and Writing at the elementary and middle school levels. They also received a "Does Not Meet" rating for Graduation rate.

The three major improvement strategies outlined in the 27J Unified Improvement Plan are:

Thinking Classrooms provide a framework for outlining the structures for 27J leaders. The Thinking Classroom is a classroom that transfers the definition of learning from the teacher delivering knowledge to the teacher being a driver of focused intentional learning, and students moving from a passive receiver of facts to a thinker using information.

All students will have access to the same goal derived from the adopted 27J standards which are based on Colorado Academic Standards and the Common Core Standards.

The Thinking Classroom will have student evidence that is thoughtfully considered for each goal and assessed against the desired learning. Adjustments will be made in the instruction, and accommodations are offered to ensure the goal attainment based on the evidence.

The Thinking Classroom will provide student with opportunities to interact with their learning in meaningful ways. The learning experience will be planned so that students have ownership of their own learning.

The second focus is to use 27J curricular frames to align instruction toward big ideas. The 27J curricular frame is used to help create unit goals. These unit goals consider big ideas, the acquisition of essential knowledge and understandings, and the skills that a student will need to transfer this learning.

Daily lessons are planned backwards from the unit goals. Each daily lesson's objective is essential in the development of larger unit goals.

The third area is to use 27J common assessment evidence to improve instruction. The teacher is also clear about what successful learning looks like and sounds like for each unit goal, daily objective and assignment. The teacher uses these learning criteria to tune in smartly to every student conversation, project, quiz, exit ticket or homework assignment as a way to gather evidence of learning, provide feedback, adjust future lessons, organize instructional supports, etc.

Relevant financial policies

The District's accounting system is designed to provide reasonable assurance that its assets are adequately safeguarded and that transactions are accurately recorded and have proper authorization. The District's budgetary and accounting controls provide reasonable assurance that errors or irregularities of a material nature are prevented or are detected in a reasonable period of time. The District is required by state law to adopt an annual budget that represents a complete financial plan for the ensuing fiscal year. A detailed programmatic budget is used as a guideline for expenditures, and monthly financial variance reports are prepared and distributed to the Superintendent and District leadership. The monthly reports contain information for all funds regarding revenue and expenditures as compared to the approved budget and prior fiscal year. While minor deviations from budget at the line-item level are allowed, control of expenditures is maintained at the fund level to ensure that all budget areas stay within their total budgeted appropriations. School principals and department managers use the reports to monitor budgetary variances and significant differences are discussed with the appropriate supervisory staff as they occur. The Board of Education also receives monitoring reports throughout the fiscal year providing further detailed financial information on all funds as well as charter school operational and financial activity.

The financial accounting and budgetary system is automated and includes edits and balancing routines to ensure the integrity of the data entered. An evaluation of internal controls conducted by our auditors is included as part of this annual financial audit. The auditors' findings are presented to the Board of Education in the Single Audit report in the Compliance Section.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to School District 27J for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This is the twenty-eighth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

This preparation of this report would not have been possible without the skill, effort, and dedication of the entire Finance Office staff. Each and every member of the Finance Office staff provides input into this report. We commend the Board of Education for their interest and unfailing support related to the planning and management of the District's finances in a responsible and progressive manner. Additionally, we would like to express our appreciation to the cities of Brighton, Commerce City, Thornton, Adams and Weld Counties, and other public entities which provided meaningful information in the preparation of this report.

Respectfully submitted,



Dr. Chris Fiedler
Superintendent of Schools



Lori Schiek
Chief Financial Officer

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**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2018**

Financial Section





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Independent Auditors' Report

Board of Education
Adams/Weld School District 27J
Brighton, 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 Adams/Weld School District 27J (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 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Capital Facility Fee Foundation, Bromley East Charter School, Eagle Ridge Academy Charter School, Belle Creek Charter School, Foundation Academy Charter School or Landmark Academy Charter School, which represent 100% of the assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Capital Facility Fee Foundation, Bromley East Charter School, Eagle Ridge Academy Charter School, Belle Creek Charter School, Foundation Academy Charter School and Landmark Academy Charter School, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Capital Facility Fee Foundation, Bromley East Charter School and Belle Creek Charter School were not audited in accordance with *Government Auditing Standards*.

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 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 and, where applicable, cash flows 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 2-K, the District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions were not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 27, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of the District's contributions to the pension plan, schedule of the District's proportionate share of the net other postemployment benefit (OPEB) liability and the schedule of the District's contributions to the OPEB plan on pages 95 through 101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures; combining and individual fund financial statements and schedules; the statement of changes in fiduciary assets and liabilities and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures, the combining and individual fund financial statements and schedules and the statement of changes in fiduciary assets and liabilities are the responsibility of management and were derived from and relate 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of the other auditors, the schedule of expenditures of federal awards, the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures, the combining and individual fund financial statements and schedules and the statement of changes in fiduciary assets and liabilities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 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 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 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.

RubinBrown LLP

November 28, 2018

School District 27J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2018

As management of School District 27J, counties of Adams, Weld and Broomfield, Colorado (the School District), we offer readers of the School District's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal; which can be found on pages 5-9 of this report, and the School District's financial statements, which follow this section.

Financial Highlights

- Effective July 1, 2014, the District is required to apply the Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions (GASB 68). GASB 68 revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. The School District provides its employees with pension benefits through a multiple employer cost sharing defined benefit retirement program administered by the Public Employees' Retirement Association of Colorado (PERA).
- Due to the effect of GASB 68, the liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at June 30, 2018, by \$253.5 million (net position).
- During the November 2015 election, the School District voters successfully passed an authorization for issuance of \$248 million of bonds. The bonds are funding building a new high school; Riverdale Ridge to open in fall of 2018, a new middle school (Rodger Quist) opening in fall of 2020 and two new elementary schools; Reunion Elementary opening in fall of 2017, the second elementary to open in fall of 2020. In addition, the School District will lengthen the life of existing educational facilities through repairs, maintenance and renovations.
- The net position of the School District governmental activities includes \$71.8 million net investment in capital assets; net position of \$19.6 million restricted for debt service payments, required emergency reserves; and an unrestricted net position balance of negative \$(479.5) million.
- At the close of the current fiscal year, the School District's governmental funds reported combined fund balances of \$180.6 million, an increase of \$40.5 million in comparison with the prior year. The increase is due to a rise in the restricted fund balance for capital projects associated with the issuance of the remaining \$88 million of general obligation bonds in fiscal year 2018.
- At the end of the current fiscal year, unassigned fund balance for the General Fund is \$3.01 million or 3.1% of General Fund Expenditures.

Overview of the Financial Statements

The discussion and analysis provided are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

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

The statement of net position presents financial information on all of the School District's assets, deferred outflows or resources, 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 School District as a whole is improving or deteriorating. Evaluation of the overall health of the School District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of School District infrastructure, in addition to the financial information provided in this report.

The statement of activities presents information showing how the School District's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods. The purpose of the statement of activities is to show the financial reliance of the School District's activities or functions on revenues provided by the School District's taxpayers.

In the government-wide financial statements, the School District's activities include:

- ***Governmental activities:*** Most of the School District's basic services are included here, such as instruction and support services that are principally supported by property taxes and state funding.

The government-wide financial statements include not only financial data for the School District itself (known as the primary government), but also the legally separate Capital Facility Fee Foundation and five legally separate charter schools for which the School District is financially accountable. Financial information for these component units is presented separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28-29 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains ten individual governmental funds. The major funds are the general fund, the capital projects fund, the debt service fund, nutrition services fund and the government designated purpose grants fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled other governmental funds. Individual fund information for the non-major funds is presented as supplementary information in this document.

The School District adopts an annual appropriated budget for each of the governmental funds. Budgetary comparison statements for the ten governmental funds are included in the supplementary information to demonstrate compliance with the amended budget.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

Proprietary funds: Effective July 1, 2014 the School District maintains one type of proprietary fund, internal service funds. Internal service funds are used to accumulate and allocate costs internally among the governmental functions. The School District has two internal service funds, the risk management/dental insurance fund, which is used for the School District self-insured dental program and the print shop fund, which is used for the in-house printing services. The School District adopts an annual appropriated budget for each of the proprietary funds. Budgetary comparison statements for the two proprietary funds are included in the supplementary information to demonstrate compliance with the amended budget.

The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The School District has two fiduciary funds, the private purpose trust fund, which is primarily used for scholarship activity, and the pupil activities agency fund, which is for student clubs.

The basic fiduciary fund financial statements can be found on pages 37-38 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the School District's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the government designated purpose grant fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the School District's adopted budget.

As discussed, the School District reports major funds in the basic financial statements. Combining and individual fund statements and schedules for non-major funds can be found beginning on page 95 of this report.

Government-wide Overall Financial Analysis

Government-wide Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. Due to the effect of GASB 68, the liabilities of the School District exceeded its assets and deferred outflows of resources at June 30, 2018, by \$253.5 million.

The assets of the School District are classified as current assets, capital assets, net of depreciation and other non-current assets. Cash, investments, deposit with insurance pool, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. Cash and investments account for 90.2% of the current assets. Receivables are due in large part as a result of the property tax collection process. The School District receives close to 95% of the annual property tax assessment between March and June. The School District reports deferred outflows of resources related to the loss on refunding.

Current and noncurrent liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, early retirement payable, compensated absences payable, estimates for claims and premiums, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2018-2019. Noncurrent liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2018-2019.

The School District's net position includes a \$71.8 million investment in capital assets net of accumulated depreciation and any related outstanding debt that was used to acquire those assets. The School District uses these capital assets to provide educational services to its students. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of \$19.6 million, accumulated due to voter approved bonded debt mill levy assessments, have been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments.

Unrestricted net position is different than what would be reflected on a governmental fund accounting basis. This is due to GASB 68 along with the accounting treatment in the government-wide statements of accrued salaries and benefits earned but unpaid and compensated absences payable. The \$.97 million long-term portion of compensated absences is recorded as a liability on the government-wide statements, but not on the governmental fund statements because they are not payable with current funds. The GASB 68 net pension liability is reported in the same manner as compensated absences and is \$480.5 million.

Comparative Summary of Net Position		
As of June 30, 2018		
	Governmental Activities	
	2018	2017
<u>Assets:</u>		
Total Current Assets	\$ 55,283,199	\$ 54,264,700
Capital Assets net of Depreciation	340,267,526	283,317,551
Other Non-Current Assets	143,668,075	110,605,502
Total Assets	539,218,800	448,187,753
Deferred Outflows of Resources	144,413,930	181,486,462
<u>Liabilities:</u>		
Total Current	27,564,878	34,372,889
Total Non-Current	911,860,965	754,238,801
Total Liabilities	939,425,843	788,611,690
Deferred Inflows of Resources	25,275,081	2,043,001
<u>Net Position:</u>		
Net Investment in Capital Assets	71,833,108	159,173,513
Restricted for:		
TABOR	3,471,019	3,123,750
Debt Service	19,614,505	18,631,383
Government Designated Purpose Grants	1,468,450	1,058,167
Colorado Preschool Program	163,359	355,594
Nutrition Service	2,170,604	2,132,087
Other Program Purposes	652,566	480,972
Capital Projects	126,637,262	92,862,781
Unrestricted	(479,514,197)	(438,798,723)
Total Net Position	\$ (253,503,324)	\$ (160,980,476)

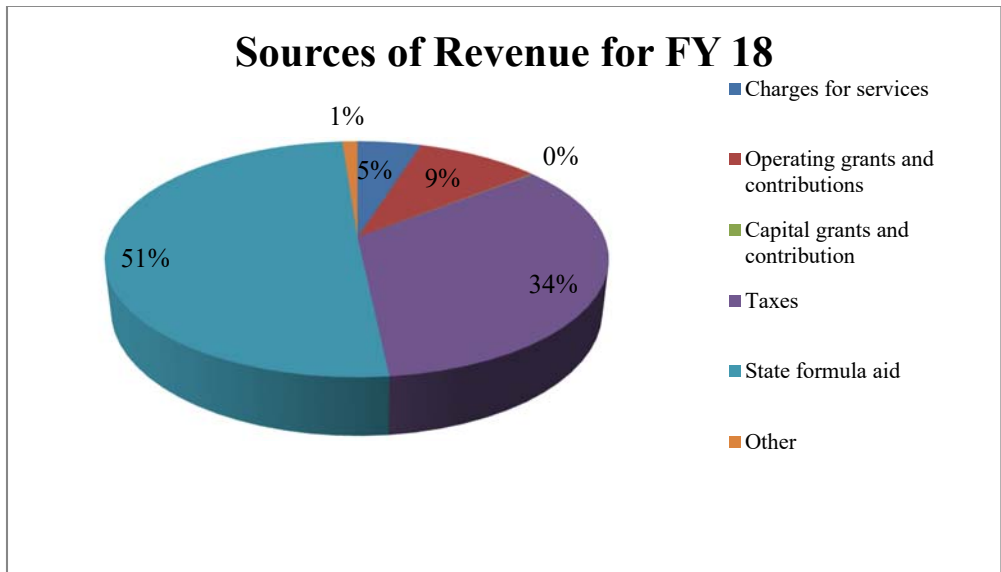
The School District's overall net position decreased \$(92.5) million from the prior fiscal year. Further detail for this overall increase is provided in the following sections for governmental activities. Prior year's totals are not restated when comparing to current year.

Governmental Activities

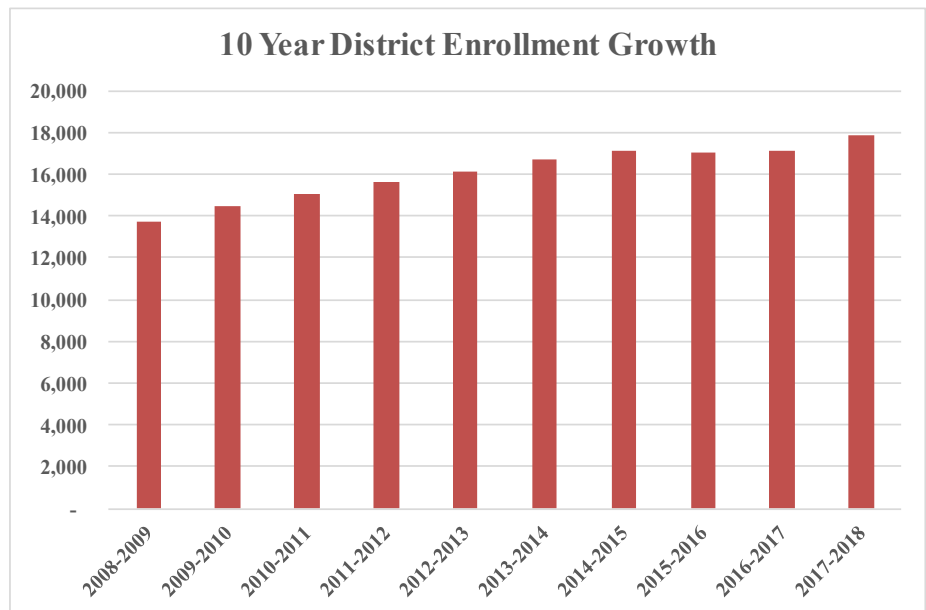
Governmental activities decreased the net position of the School District by \$(92.5) million.

Comparative Schedule of Changes in Net Position		
For the Year Ended June 30, 2018		
	Governmental Activities	
	2018	2017
<u>Program Revenues:</u>		
Charges for Services	\$ 8,992,869	\$ 8,602,034
Operating Grants and Contributions	17,404,367	16,783,583
Capital Grants and Contribution	180,446	137,020
<u>General Revenues:</u>		
Local Property Taxes	57,905,537	48,944,155
Specific Ownership Taxes	4,603,138	4,788,808
Equalization	93,128,798	89,855,162
Other	2,128,760	1,407,673
Total Revenues	184,343,915	170,518,435
<u>Expenses:</u>		
Instruction	123,402,162	110,287,101
Supporting Services		
Pupil Services	12,171,523	11,089,858
Instructional Staff	6,519,988	6,674,199
General Administration	2,865,341	2,270,773
School Administration	17,859,057	14,657,259
Operations and Maintenance	17,406,459	15,854,736
Pupil Transportation	10,366,324	8,995,023
Business Supporting Services	5,217,770	3,870,464
Central Supporting Services	12,000,638	14,171,480
Community Services	2,780,297	2,311,704
Pupil Activities	5,315,104	5,057,738
Charter Schools	27,942,884	26,799,848
Debt Service - Interest	13,249,944	9,628,044
Food Service	8,881,578	8,140,985
Total Expenses	265,979,069	239,809,212
Change in Net Position	(81,635,154)	(69,290,777)
Beginning Net Position	(171,868,170)	(91,689,699)
Ending Net Position	\$ (253,503,324)	\$ (160,980,476)

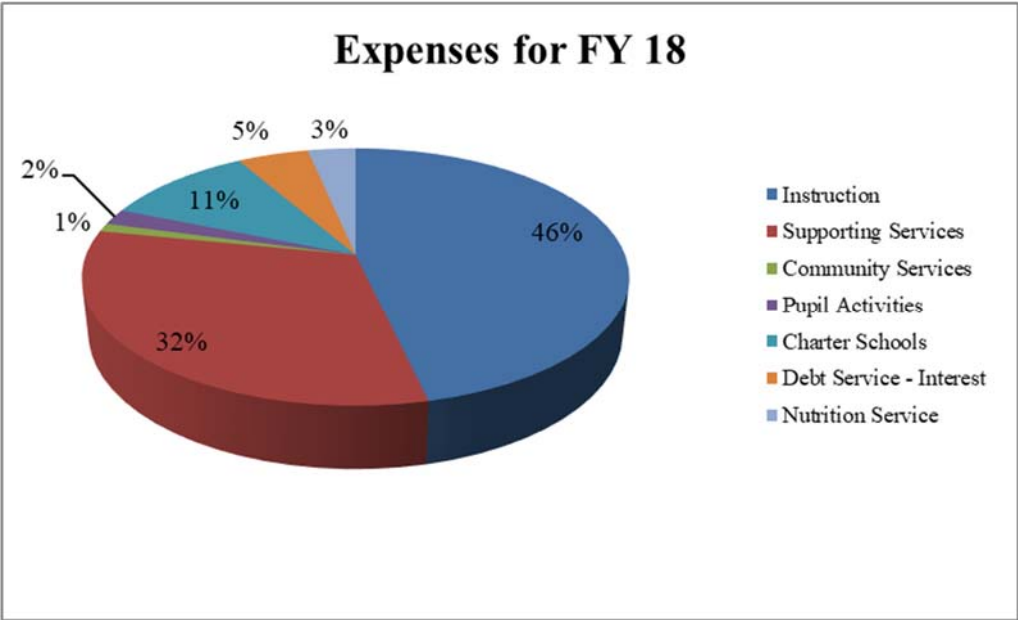
While the continued loss in funding due to the inclusion of the negative factor in the Colorado Public School Finance Act (SFA) has certainly had an impact on the School District, management has been able to limit expenses to minimize the impact on governmental activities over the long term. The (SFA) provides for the majority of the funding of local school districts based on a funded pupil count formula and a maximum property tax mill levy determined for each school district. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. State equalization provided 51% of the School District’s total governmental revenues, which is a decrease of 2% over the prior fiscal year. Local taxes provided 34% of governmental revenue. The \$8.7 million increase in local property taxes from the prior fiscal year is associated with an overall 18.3% increase in assessed valuation, primarily in Adams County. The School District levies 26.262 mills annually for the SFA. The \$3.3 million increase in equalization is due to a combination of an increase in per pupil funding in 2017-18 and a 5% increase in enrollment.



Year	Student Count	% Change
2006-2007	11,569	10.7%
2007-2008	12,068	4.3%
2008-2009	13,711	13.6%
2009-2010	14,469	5.5%
2010-2011	15,063	4.1%
2011-2012	15,649	3.9%
2012-2013	16,163	3.3%
2013-2014	16,698	3.3%
2014-2015	17,103	2.4%
2015-2016	17,042	-0.4%
2016-2017	17,115	0.4%
2017-2018	17,883	4.9%



Government-wide expenses increased \$26.2 million from the prior year. Direct governmental instructional expenses make up 46% of the total governmental expenses. This category includes direct instruction to students. Support services, which includes but is not limited to operations and maintenance, transportation, pupil services, and other general support services is 32% of the total governmental expenses. Charter schools' governmental expenses constitute 11% of the total governmental expenses in fiscal year 2018. The remaining 11% of the total governmental expenses include community services, pupil activities, and debt service interest payments.



Financial Analysis of Governmental Funds

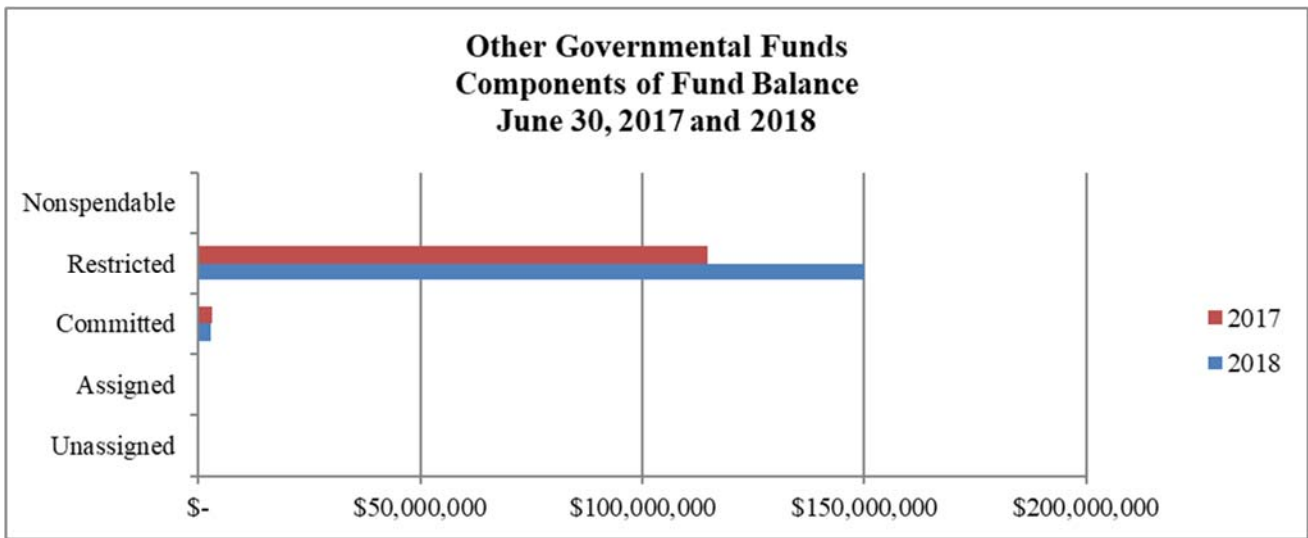
As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations.

Governmental Funds

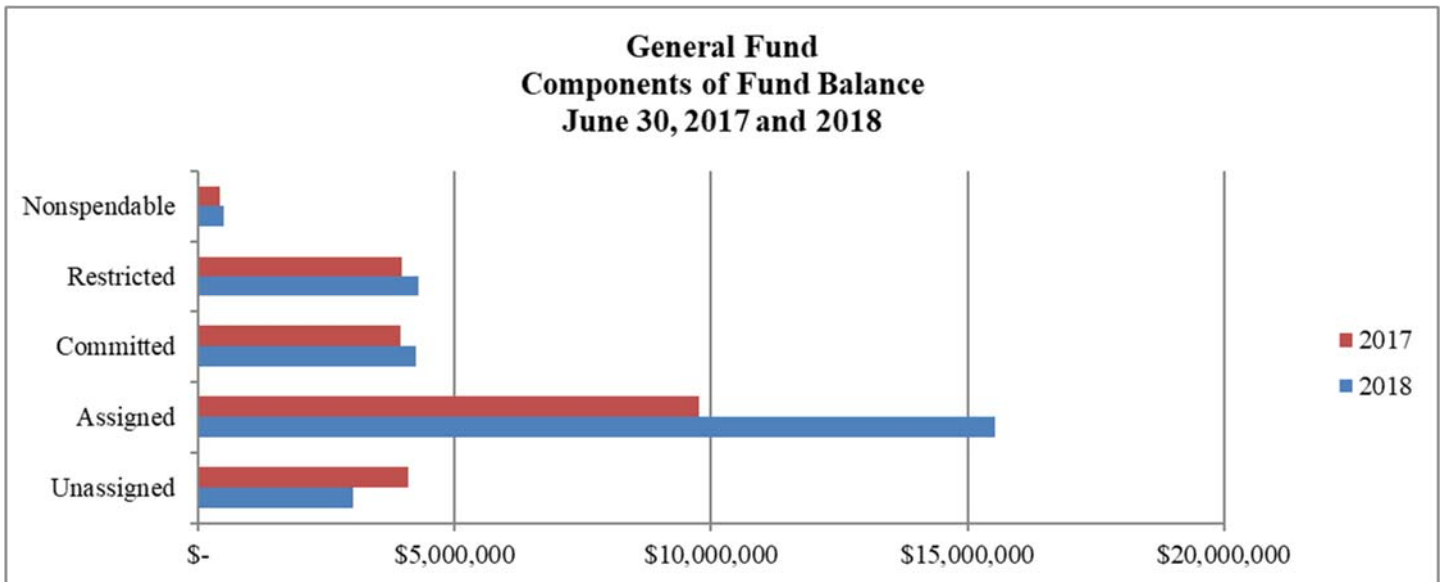
The focus of the School District’s governmental funds is to provide information on near-term inflows, outflow, and balances of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the School District, or a group or individual that has been delegated authority to assign resources for use for a particular purposes School District’s Board of Education.

At June 30, 2018 the School District’s governmental funds reported combined fund balances of \$180.6 million. This is an increase of \$40.5 million over fiscal year 2017. The increase is primarily due to a rise in the restricted fund balance for capital projects associated with the issuance of the remaining \$88 million of general obligation bonds.

Of this year-end total, \$3.01 million is unassigned, indicating availability for continuing School District service requirements. Legally restricted fund balances include \$19.6 million for debt service, \$126.6 million for capital projects, \$3.5 million restricted pursuant to the TABOR Amendment and \$1.5 million for government-designated purpose grants. Article X 20(5) of the Colorado State Constitution (TABOR Amendment), requires that an amount equal to 3% or more of its fiscal year spending excluding debt service be set aside. Committed fund balances include \$2.9 million for special revenue funds, \$3.3 million for Board contingencies, \$1.6 million for capital reserve projects, \$.3 million for risk management insurance and \$.7 million for contracted services.



The General Fund is the School District’s primary operating fund and the largest source of day-to-day service delivery. At the end of the current fiscal year, unassigned fund balance in the general fund was \$3.01 million, while total fund balance increased \$5.4 million to \$27.6 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 3.1% of total general fund expenditures net of intergovernmental – charter schools, while total fund balance represents approximately 28.6% of that same amount.



Proprietary Funds

The School District’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In fiscal year 2018 the School District accounted for the School District’s self-insured dental plan and print shop as part of the proprietary funds.

The unrestricted net position for the School District’s self-insured dental plan and print shop it was \$0.55 million, with the School District’s self-insured dental plan accounting for 100 percent of the total.

General Fund Budgetary Highlights

Revenue - Actual revenues were \$3.2 million more than the final approved budget. This is primarily due to higher than estimated specific ownership tax and state equalization revenue.

General Fund Revenue	Budget	Actual	Difference
Taxes	\$ 35,408,123	\$ 36,493,535	\$ 1,085,412
Intergovernmental Revenue	94,949,953	96,512,639	1,562,686
Pupil Activities	-	-	-
Charges for Services	702,026	701,441	(585)
Investment Earnings	50,000	236,526	186,526
Miscellaneous	345,447	718,669	373,222
Total	\$ 131,455,549	\$ 134,662,810	\$ 3,207,261

Expenditures – General fund expenditures were \$13.6 million less than budgeted. The fiscal year 2018 budget includes reserves to account and prepare for the new school openings, specifically Riverdale Ridge High School in fiscal year 2019. In addition, the District negotiated an increase to compensation of 3.93% which was budgeted in fiscal year 2018 to go into effect in fiscal year 2019, since this is a recurring cost to the District.

Capital Assets and Debt Administration

Capital assets

The School District's investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2018, was \$340.3 million. The overall increase in this net investment was \$56.9 million. Construction in progress, mostly the costs associated with building Riverdale Ridge High School increased by over \$22.4 million. The District also capitalized completed bond projects such as Reunion Elementary and the Brighton Heritage Academy renovation in fiscal year 2018. See Note 2-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity:

Capital Assets		
As of June 30, 2018		
	Governmental Activities	
	2018	2017
Non-depreciable assets:		
Land	\$ 13,131,691	\$ 13,131,691
Water Shares	\$ 1,496,673	1,496,673
Construction in progress	\$ 103,897,742	81,492,913
Total non-depreciable	118,526,105	96,121,277
Depreciable assets:		
Buildings	284,034,926	243,823,128
Equipment	19,883,811	18,640,360
Total depreciable assets	303,918,737	262,463,488
Less accumulated depreciation	82,177,318	75,267,215
Book Value - depreciable assets	221,741,419	187,196,273
Percentage depreciated	<u>27.0%</u>	<u>28.7%</u>
Book Value - all assets	\$ 340,267,524	\$ 283,317,550

Long-term debt

At the end of the fiscal year, the School District had outstanding general obligation bonds of \$346.5 million. The increase as compared to last fiscal year is due to the issuance of the remaining \$88 million of general obligation bonds in fiscal year 2018.

This debt is backed by the full faith and credit of the School District (general obligation bonds) with debt service fully funded by voter-approved property taxes.

The School District has incurred liabilities for early retirement obligations and compensated absences earned by employees. The following chart provides summary information on the School District’s long-term debt:

Long Term Debt		
As of June 30, 2018		
	Governmental Activities	
	2018	2017
Type of Debt:		
General Obligation Bonds	\$ 346,520,000	\$ 268,440,000
Promissory Note	-	83,355
Certificates of Participation	1,915,000	2,105,000
Capital Lease Obligations	-	73
Bond Premium	51,627,738	36,957,079
Total	400,062,738	307,585,507
Early Retirement of Obligation	365,892	565,365
Compensated Absences	2,426,157	2,292,356
Total	\$ 2,792,049	\$ 2,857,721

The School District maintains an “A+” rating from Standard & Poor’s and an “Aa3” from Moody’s Investors Service for general obligation debt.

Additional information on the School District’s long-term debt can be found in Note 2-G of this report.

Economic Factors and Budget Highlights

The School District is highly dependent upon the State of Colorado for operating revenue. Amendment 10 of the Colorado Constitution, TABOR, restricts the School District’s ability to raise property taxes without a vote of the electorate. The School District has seen lower than expected funding from the state for eight consecutive years.

The State economy heading into the 2018-2019 fiscal year reflects an optimistic outlook for revenue. The effect of the School Finance Act for the School District is anticipated to increase per pupil funding by \$462 to \$7,855 per student. Total program funding, defined by (SFA), is projected to be \$157.4 million, an increase of over \$9.5 million from the prior year.

The Board of Education established a course of action for 2018-2019 fiscal year planning and budgeting. The direction from the Board is “Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board’s Goals priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.” The Board’s Global Goals are:

- The graduation/completer rate will increase by 2% per year until 95% is attained at which it will not drop lower.
- The School District’s average composite ACT score will increase by .5 points per year until the score reaches 22 at which it will not drop lower.
- Students with continuous enrollment during an academic year will achieve at least one year’s academic growth grades 1-10 in reading, writing, math and science. The core content areas of social studies and world language will have this same academic growth expectations beginning one year after the state’s assessment for these areas have been developed.

The key principles of the budget development process are:

- Maximize resources in direct and indirect instruction of students
- Increase parent involvement and communications
- Focus on enrollment growth and seat capacity where needed
- Maintain fiscal stability by keeping expenditures (of which employee compensation is the largest component) in-line with revenue expectations
- Continued support of current technology in schools
- Investment in asset protection and maintenance of facilities
- Maintenance of strategic long range financial plan

Contacting the School District’s Financial Management

The intent of this financial report is to provide a general overview of the School District’s finances, comply with finance-related laws and regulations, and demonstrate the School District’s commitment to public accountability. If there are questions about this report or you would like to request additional information, contact the School District’s Finance Office at the Educational Services Center located at 18551 E. 160th Avenue in Brighton, CO 80601. You can also visit the School District’s website at www.sd27j.org for additional information about it schools, departments, and finances.

School District 27J, Colorado
Statement of Net Position
June 30, 2018

	Governmental Activities	Component Units
Assets		
Current Assets		
Cash and Investments	\$ 49,838,671	\$ 8,032,522
Deposit with Insurance Pool	306,706	-
Inventory	160,373	-
Receivables		
Accounts	676,327	192,348
Property Taxes	2,075,760	-
Intergovernmental	1,387,938	-
Grants	-	74,093
Interest on Investments	340,137	-
Deposits and Prepaids	497,287	154,999
Total Current Assets	55,283,199	8,453,962
Noncurrent Assets		
Non Depreciable Capital Assets	118,526,106	194,120
Depreciable Capital Assets, Net	221,741,420	30,918,441
Restricted Cash and Investments	143,668,075	6,413,072
Total Noncurrent Assets	483,935,601	37,525,633
Total Assets	539,218,800	45,979,595
Deferred Outflows of Resources		
Loss on Refunding	4,991,058	1,845,012
Related to OPEB	423,650	125,219
Related to Pensions	148,524,631	19,656,598
	153,939,339	21,626,829
Liabilities		
Current Liabilities		
Accounts Payable	7,183,231	504,425
Accrued Salary and Benefits	9,007,642	748,809
Accrued Interest Payable	1,330,247	216,283
Loan Payable	-	1,103,437
Unearned Revenue	-	142,765
Compensated Absences Payable	1,455,694	-
Early Retirement Payable	365,892	-
Claims Payable	-	609,480
COPS	195,000	-
General Obligation Bonds Payable	8,000,000	-
Deposits	27,171	-
Total Current Liabilities	27,564,878	3,325,199
Noncurrent Liabilities		
Compensated Absences Payable (net of current portion)	970,463	-
COPS (net of current portion)	1,720,000	-
General Obligation Bonds Payable (net of current portion)	390,147,738	33,736,363
Related to OPEB Liability	10,968,413	1,312,918
Pension Liability	480,489,474	57,496,802
Total Noncurrent Liabilities	884,296,088	92,546,083
Total Liabilities	911,860,965	95,871,282
Deferred Inflows of Resources		
Related to OPEB	429,727	21,966
Related to Pensions	34,370,838	2,548,150
	34,800,565	2,570,116
Net Position		
Net Investment in Capital Assets	71,833,108	(1,801,166)
Restricted for		
TABOR	3,471,019	934,882
Debt Service	19,614,505	2,114,529
Government Designated Purpose Grants	1,468,450	-
Colorado Preschool Program	163,359	-
Other Program Purposes	652,566	184,000
Nutrition Service	2,170,604	-
Building Maintenance	-	196,947
Capital Projects	126,637,262	4,066,172
Unrestricted	(479,514,264)	(36,530,338)
Total Net Position	\$ (253,503,391)	\$ (30,834,974)

See accompanying notes to the basic financial statements.

School District 27J, Colorado
Statement of Activities
For The Year Ended June 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Component Units
Primary Government						
Governmental Activities						
Instructional Services	\$ 123,402,197	\$ -	\$ 12,294,332	\$ 180,446	\$ (110,927,419)	\$ -
Supporting Services						
Pupil Services	12,171,526	-	-	-	(12,171,526)	-
Instructional Staff	6,519,990	-	-	-	(6,519,990)	-
General Administration	2,865,341	-	-	-	(2,865,341)	-
School Administration	17,859,063	-	-	-	(17,859,063)	-
Operations and Maintenance	17,406,465	-	-	-	(17,406,465)	-
Pupil Transportation	10,366,327	379,171	1,503,981	-	(8,483,175)	-
Business Supporting Services	5,217,772	-	-	-	(5,217,772)	-
Central Supporting Services	12,000,642	-	-	-	(12,000,642)	-
Community Services	2,780,298	4,174,475	-	-	1,394,177	-
Pupil Activities	5,315,105	2,362,593	-	-	(2,952,512)	-
Charter School Funding	27,942,884	-	-	-	(27,942,884)	-
Interest on Long-Term Debt	13,249,944	-	-	-	(13,249,944)	-
Nutrition Service	8,881,581	2,076,630	3,606,054	-	(3,198,897)	-
Total Governmental Activities	<u>\$ 265,979,136</u>	<u>\$ 8,992,869</u>	<u>\$ 17,404,367</u>	<u>\$ 180,446</u>	<u>\$ (239,401,454)</u>	<u>\$ -</u>
Component Units						
Eagle Ridge Academy	\$ 5,868,840	\$ 204,959	\$ 49,412	\$ -	\$ -	\$ (5,614,469)
Bromley East Charter School	15,434,657	184,268	430,741	91,909	-	(14,727,739)
Belle Creek Charter School	7,893,996	21,217	255,186	46,437	-	(7,571,156)
Foundations Academy Charter School	6,100,251	94,252	178,372	-	-	(5,827,627)
Landmark Academy Charter School	5,692,566	92,244	208,911	-	-	(5,391,411)
Capital Facility Fee Foundation	28,175	856,446	21,217	-	-	849,488
Total Component Units	<u>\$ 41,018,485</u>	<u>\$ 1,453,386</u>	<u>\$ 1,143,839</u>	<u>\$ 138,346</u>	<u>\$ -</u>	<u>\$ (38,282,914)</u>
					57,905,537	-
					4,603,138	-
					93,128,798	-
					-	27,773,634
					-	147,963
					-	991,569
					1,302,123	91,466
					826,637	602,757
					<u>157,766,233</u>	<u>29,607,389</u>
					<u>(81,635,221)</u>	<u>(8,675,525)</u>
					(160,980,476)	(20,977,022)
					(10,887,694)	(1,182,427)
					<u>(171,868,170)</u>	<u>(22,159,449)</u>
					<u>\$ (253,503,391)</u>	<u>\$ (30,834,974)</u>

See accompanying notes to the basic financial statements.

School District 27J, Colorado
Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Projects	Government Designated Purpose Grants	Debt Service	Nutrition Services	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Investments	\$ 26,962,590	\$ -	\$ -	\$ 19,338,961	\$ 2,302,203	\$ 1,234,917	\$ 49,838,671
Restricted Cash and Investments	-	143,668,075	-	-	-	-	143,668,075
Deposit with Insurance Pool	306,706	-	-	-	-	-	306,706
Inventory	-	-	-	-	160,373	-	160,373
Receivables							
Accounts	625,200	2,723	-	-	-	38,156	666,079
Notes	-	-	-	-	-	-	-
Property Taxes	1,135,077	-	-	940,683	-	-	2,075,760
Intergovernmental	-	-	1,356,587	-	31,351	-	1,387,938
Interfund Receivable	8,351,354	-	601,478	42,631	-	2,207,935	11,203,398
Interest on Investment	-	326,239	-	13,898	-	-	340,137
Prepaid Items	497,287	-	-	-	-	-	497,287
Total Assets	\$ 37,878,214	\$ 143,997,037	\$ 1,958,065	\$ 20,336,173	\$ 2,493,927	\$ 3,481,008	\$ 210,144,424
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts and Other Current Payables	1,369,764	6,541,596	121,532	-	49,683	31,958	8,114,533
Accrued Salary and Benefits	8,051,858	10,636	368,083	-	79,946	497,119	9,007,642
Interfund Payable	-	10,807,543	-	-	33,321	-	10,840,864
Total Liabilities	9,421,622	17,359,775	489,615	-	162,950	529,077	27,963,039
Deferred Inflows of Resources							
Unavailable Property Tax Revenue	870,194	-	-	721,668	-	-	1,591,862
Fund Balances							
Nonspendable Prepaid Items	497,287	-	-	-	160,373	-	657,660
Restricted for Debt Service	-	-	-	19,614,505	-	-	19,614,505
Restricted for Capital Projects	-	126,637,262	-	-	-	-	126,637,262
Restricted for TABOR	3,471,019	-	-	-	-	-	3,471,019
Restricted for Cash-in-Lieu of Land	253,656	-	-	-	-	-	253,656
Restricted for Government Designated Purpose Grants	-	-	1,468,450	-	-	-	1,468,450
Restricted for Multi-Year Obligations	398,910	-	-	-	-	-	398,910
Restricted for Nutrition Services	-	-	-	-	2,170,604	-	2,170,604
Restricted for Colorado Preschool	163,359	-	-	-	-	-	163,359
Restricted for Pupil Activity	-	-	-	-	-	1,229,235	1,229,235
Committed for Risk Management Insurance	306,706	-	-	-	-	-	306,706
Committed for Program Purposes	671,051	-	-	-	-	-	671,051
Committed, Reported in Special Revenue Funds	-	-	-	-	-	1,722,696	1,722,696
Committed for Board Contingencies	3,272,922	-	-	-	-	-	3,272,922
Assigned for Capital Reserve Projects	1,587,806	-	-	-	-	-	1,587,806
Assigned for Career and Technical Education	257,500	-	-	-	-	-	257,500
Assigned for Subsequent Year Expenditures	13,695,249	-	-	-	-	-	13,695,249
Unassigned, Reported in General Fund	3,010,933	-	-	-	-	-	3,010,933
Total Fund Balances	27,586,398	126,637,262	1,468,450	19,614,505	2,330,977	2,951,931	180,589,523
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 37,878,214	\$ 143,997,037	\$ 1,958,065	\$ 20,336,173	2,493,927	\$ 3,481,008	\$ 210,144,424

See accompanying notes to the basic financial statements

School District 27J, Colorado
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Total Governmental Fund Balances	\$	180,589,523
Amounts reported for governmental activities in the Statement of Activities are different due to:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds but are reported on the Statement of Activities:		
Cost	\$ 422,444,844	
Less Accumulated Depreciation	<u>(82,177,318)</u>	340,267,526
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds:		
Property Taxes		1,591,862
An Internal Service Fund is used by management to charge the costs of dental insurance premiums to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities on the Statement of Net Position.		
		551,845
Accrued interest on long-term debt is not reported at the fund financial reporting level, but is reported on the Statement of Net Position.		
		(1,330,247)
Liabilities not due and payable in the current period are not reported in the funds but are reported on the Statement of Net Position:		
COPS Payable	\$ (1,915,000)	
Bonds Payable	(346,520,000)	
Compensated Absences Payable	(2,426,157)	
Early Retirement Payable	<u>(365,892)</u>	(351,227,049)
Premiums, discounts and refunding differences are reported as expenditures on the Governmental Fund Operating Statement but capitalized on the Statement of Net Position:		
Premium	\$ (51,627,738)	
Deferred Inflow: Loss on Refunding	<u>4,991,058</u>	(46,636,680)
Pension liability not due and payable in the current period are not reported in the funds but are reported on the Statement of Net Position:		
Deferred Outflow	\$ 148,524,631	
Deferred Inflow	(34,370,838)	
Pension Liability	<u>(480,489,474)</u>	(366,335,681)
OPEB liability not due and payable in the current period are not reported in the funds but are reported on the Statement of Net Position:		
Deferred Outflow	\$ 423,650	
Deferred Inflow	(429,727)	
OPEB Liability	<u>(10,968,413)</u>	(10,974,490)
Net Position of Governmental Activities	\$	<u>(253,503,391)</u>

See accompanying notes to the basic financial statements

School District 27J, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2018

	General	Capital Projects	Government Designated Purpose Grants	Debt Service	Nutrition Services	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 36,493,535	\$ -	\$ -	\$ 25,988,094	\$ -	\$ -	\$ 62,481,629
Intergovernmental Revenue							
Vocational Education	274,956	-	-	-	-	-	274,956
Special Education	3,108,885	-	-	-	-	-	3,108,885
Transportation	-	-	-	-	-	1,503,981	1,503,981
Federal Grants	-	-	5,650,273	-	3,501,682	-	9,151,955
State Grants	-	-	3,260,218	-	104,372	-	3,364,590
Equalization	93,128,798	-	-	-	-	-	93,128,798
Local Grants	-	-	180,446	-	-	-	180,446
Pupil Activities	-	-	-	-	-	2,362,593	2,362,593
Charges for Services	701,441	-	-	-	2,076,630	3,852,205	6,630,276
Investment Earnings	236,526	917,022	-	113,045	15,519	20,011	1,302,123
Miscellaneous	718,669	-	85,126	-	-	22,842	826,637
Total Revenues	134,662,810	917,022	9,176,063	26,101,139	5,698,203	7,761,632	184,316,869
Expenditures							
Current							
Instructional Services	59,355,692	-	5,246,805	-	-	1,291,521	65,894,018
Supporting Services							
Pupil Services	5,003,591	-	1,791,608	-	-	-	6,795,199
Instructional Staff	2,988,128	-	985,823	-	-	700	3,974,651
General Administration	1,349,171	-	-	-	-	-	1,349,171
School Administration	8,393,095	-	178,565	-	-	-	8,571,660
Operations and Maintenance	9,417,714	-	-	-	-	-	9,417,714
Pupil Transportation	32,209	-	61,949	-	-	6,094,527	6,188,685
Business Supporting Services	2,409,914	-	230,006	-	-	25,138	2,665,058
Central Supporting Services	6,328,645	-	198,161	-	-	830,572	7,357,378
Enterprise Services	-	-	-	-	-	-	-
Community Services	356,874	-	38,093	-	-	1,318,253	1,713,220
Nutrition Services	-	-	-	-	5,472,832	-	5,472,832
Pupil Activities	-	-	-	-	-	3,275,169	3,275,169
Capital Outlay	135,655	72,228,566	34,772	-	114,445	2,180	72,515,618
Intergovernmental - Charter Schools	27,942,884	-	-	-	-	-	27,942,884
Debt Service							
Principal Retirement	579,663	-	-	9,920,000	-	-	10,499,663
Interest	64,540	-	-	15,191,456	-	-	15,255,996
Bond Issuance Costs	-	572,800	-	412	-	-	573,212
Fiscal Charges	2,000	-	-	6,150	-	-	8,150
Total Expenditures	124,359,775	72,801,366	8,765,782	25,118,018	5,587,277	12,838,060	249,470,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,303,035	(71,884,344)	410,281	983,121	110,926	(5,076,428)	(65,153,409)
Other Financing Sources (Uses)							
Issuance of Bonds	-	88,000,000	-	-	-	-	88,000,000
Premium on Bonds	-	17,658,825	-	-	-	-	17,658,825
Transfers Out	(4,911,787)	-	-	-	-	-	(4,911,787)
Transfers In	-	-	-	-	-	4,864,115	4,864,115
Total Other Financing Sources (Uses)	(4,911,787)	105,658,825	-	-	-	4,864,115	105,611,153
Net Change in Fund Balances	5,391,248	33,774,481	410,281	983,121	110,926	(212,313)	40,457,744
Fund Balance Beginning of Year	22,195,150	92,862,781	1,058,169	18,631,384	2,220,051	3,164,244	140,131,779
Fund Balances End of Year	\$ 27,586,398	\$ 126,637,262	\$ 1,468,450	\$ 19,614,505	\$ 2,330,977	\$ 2,951,931	\$ 180,589,523

School District 27J, 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

Net Changes In Fund Balances - Total Governmental Funds		\$	40,457,744
<p>Amounts reported for governmental activities in the Statement of Activities are different because 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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation and loss on disposal of capital assets in the current period.</p>			
	Depreciation Expense	\$	(7,180,903)
	Net Book Value of Disposed Assets		(343,425)
	Capital Outlay		64,474,304
			56,949,976
<p>Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
			27,046
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>			
	Bond Principal	\$	9,920,000
	Capital Lease Principal		73
	COPs Principal		190,000
	Promissory Note Principal		83,354
			10,193,427
<p>Governmental funds report the effect of premiums and discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.</p>			
	Amortization:		
	Premium	\$	2,988,166
	Bond Refunding		(592,155)
			2,396,011
<p>The issuance of long-term debt (e.g. bonds, leases, certificates of participation) provides current financial resources of governmental funds. Neither transaction has any effect on net position.</p>			
	Bond Proceeds	\$	(88,000,000)
	Issuance of Bond Premium		(17,658,825)
			(105,658,825)
<p>Pension expense reported in the Statement of Activities, does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>			
	Pension Expense		(86,186,144)
<p>OPEB expense reported in the Statement of Activities, does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>			
	OPEB Expense		(86,796)
<p>Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The change in the current year's expenses are as follows:</p>			
Compensated Absences			
	Liability 2017	\$	2,292,356
	Liability 2018		(2,426,157)
			(133,801)
Accrued Interest			
	Liability 2017	\$	1,513,500
	Liability 2018		(1,330,247)
			183,253
Early Retirement			
	Liability 2017	\$	565,365
	Liability 2018		(365,892)
			199,473
<p>Internal Service Fund activity related to third parties is not reported in governmental funds but is reported as governmental activities in the Statement of Activities.</p>			
			23,415
Change In Net Position Of Governmental Activities			\$ (81,635,221)

See accompanying notes to the basic financial statements

School District 27J, Colorado
Statement of Net Position
Proprietary Funds
June 30, 2018

	Governmental Activities - Internal Service Funds
Assets	
Current Assets:	
Receivables:	
Accounts	\$ 527
Interfund Receivable	578,850
	579,377
Total Assets	579,377
Liabilities	
Current Liabilities:	
Accounts Payable	27,171
Interfund Payable	361
	27,532
Total Liabilities	27,532
Total Net Position	\$ 551,845

See accompanying notes to the basic financial statements.

School District 27J, Colorado
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds
Operating Revenues	
Dental Insurance Premiums	\$ 824,300
Print Shop	70,863
Total Operating Revenues	895,163
Operating Expenses	
Salaries and Benefits	65,826
Purchased Services	18,957
Materials and Supplies	29,846
Indirect Costs	3,907
Risk Management Dental	800,885
Total Operating Expenses	919,421
Income (Loss) from Operations	(24,258)
Income (Loss) before Other Financing Sources (Uses)	(24,258)
Transfers In (Out)	47,673
Change in Net Position	23,415
Net Position Beginning of Year	528,430
Net Position End of Year	\$ 551,845

See accompanying notes to the basic financial statements.

School District 27J, Colorado
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows From (Used for) Operating Activities	
Cash Received from Customers	\$ 873,137
Cash Payments for Goods and Services	(118,536)
Cash Payments for Insurance Premiums and Expenses	(802,274)
	(47,673)
Net Cash From (Used for) Operating Activities	(47,673)
Cash Flows From (Used for) Noncapital Financing Activities	
Transfers	(47,673)
	-
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents Beginning of Year	-
Cash and Cash Equivalents End of Year	\$ -
Reconciliation of Operating Income (Loss) to Net Cash From (Used for) Operating Activities	\$ (24,258)
Adjustments:	
(Increase) Decrease in Assets:	
Accounts Receivable	(76)
Interfund Receivable	(21,950)
Increase (Decrease) in Liabilities:	
Accounts Payable	(1,389)
	(1,389)
Net Cash From (Used for) Operating Activities	\$ (47,673)

See accompanying notes to the basic financial statements.

School District 27J, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust - Fiduciary Fund	Pupil Activities - Agency Fund
Assets		
Cash and Investments	\$ 41,173	\$ 1,140,200
Accounts Receivable	-	500
Total Assets	<u>41,173</u>	<u>1,140,700</u>
Liabilities		
Due to Other Groups	<u>16,275</u>	<u>1,140,700</u>
Total Liabilities	<u>16,275</u>	<u>1,140,700</u>
Net Position		
Held in Trust for Scholarships	<u>24,898</u>	<u>-</u>
Total Net Position	<u>\$ 24,898</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

School District 27J, Colorado
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended June 30, 2018

	Private Purpose Trust - Fiduciary Fund
Additions	
Investment Earnings	\$ 667
Pupil Activity Earnings	-
Total Additions	667
Change in Net Position	667
Net Position Beginning of Year	24,231
Net Position End of Year	\$ 24,898

See accompanying notes to the basic financial statements.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

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School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

Counties of Adams, Weld and Broomfield School District 27J, Colorado (the School District) is a school district located northeast of Denver, Colorado. The School District provides Preschool through 12th Grade Public Education.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for government accounting and financial reporting. The most significant of the School District's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this reporting entity includes the legal entity, School District 27J, Colorado and six discretely presented component units.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organizations; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the School District in that the School District approves the budget, levies their taxes or issues their debt. Finally, the School District may include separate legal entities that do not meet the above criterion; however, the School District would consider the financial statements to be misleading if omitted.

The component unit columns included on the government-wide financial statements identifies the financial data of the School District's discretely presented component units. They are reported separately to emphasize that they are legally separate from the School District.

Significant transactions between the School District and its component unit Charter Schools consist of monthly payments to each Charter School for their share of mill levy override and state equalization money and charges from the School District to each Charter School for contracted purchased services. Brief descriptions of the discretely presented component units follow:

The Bromley East Charter School was established by contract with the School District during fiscal year 2000. The School is a legally separate entity. The contract between the Bromley East Charter School and the School District was executed on April 26, 2000, for the purpose of establishing and clarifying the relationship between the Bromley East Charter School and the School District. The Bromley East Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding the Bromley East Charter School would result in misleading financial reporting. Financial activity of the Bromley East Charter School is included within the School District's financial statements for the year ended June 30, 2017.

The Belle Creek Charter School was established by contract with the School District during fiscal year 2002. The School is a legally separate entity. The contract between the Belle Creek Charter School and the School District was executed on June 25, 2002, for the purpose of establishing and clarifying the relationship between the Belle Creek Charter School and the School District. The Belle Creek Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding the Belle Creek Charter School would result in misleading financial reporting. Financial activity of the Belle Creek Charter School is included within the School District's financial statements for the year ended June 30, 2017.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

The Landmark Academy Charter School was established by contract with the School District during fiscal year 2008. The School is a legally separate entity. The contract between the Landmark Academy Charter School and the School District was executed on January 23, 2007 for the purpose of establishing and clarifying the relationship between the Landmark Academy Charter School and the School District, but the school did not open until fiscal year 2008. Landmark Academy Charter School has entered into a management agreement with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Landmark Academy Charter School operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Landmark Academy Charter School from all revenue sources. The Landmark Academy Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding the Landmark Academy Charter School would result in misleading financial reporting. Financial activity of the Landmark Academy Charter School is included within the School District's financial statements for the year ended June 30, 2017.

The Foundations Academy Charter School was established by contract with the School District during fiscal year 2011. The Foundations Academy Charter School is a legally separate entity. The contract between the Foundations Academy Charter School and the School District was executed on October 19, 2008, for the purpose of establishing and clarifying the relationship between the Foundations Academy Charter School and the School District, but the school did not open until fiscal year 2011. Foundations Academy Charter School has entered into a management agreement with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Foundations Academy Charter School operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Foundations Academy Charter School from all revenue sources. The Foundations Academy Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding the Foundations Academy Charter School would result in misleading financial reporting. Financial activity of the Foundations Academy Charter School is included within the School District's financial statements for the year ended June 30, 2017.

The Eagle Ridge Academy Charter School was established by contract with the School District and is a legally separate entity. A contract between the Eagle Ridge Academy Charter School and the School District was executed in July 2010 for the purpose of establishing and clarifying the relationship between this Eagle Ridge Academy Charter School and the School District. The Eagle Ridge Academy Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding Eagle Ridge Academy Charter School would result in misleading financial reporting. Financial activity of the Eagle Ridge Academy Charter School is included within the School District's financial statements for the year ended June 30, 2017.

The School District 27J Capital Facility Fee Foundation (Foundation) was established during fiscal year 2001 in response to rapid growth with the onset of the development of the Denver International Airport. The School District wanted to be proactive about the growth rather than reactive and began discussion in the late 1990's with the primary municipalities within the School District. This included Brighton, Commerce City and Thornton as well as a group of developers with projects within the School District. At the time, the primarily rural School District would not have had the financial capacity to raise enough capital through the sale of voter-approved bonds to meet the needs for new schools in a timely manner.

A small group of builders and developers and School District representatives formed a working group to find solutions to address the shortfall needs. A program of voluntary financial contributions was implemented. The Foundation is a 501(c)(3) organization whose purpose is to promote and assist in the development, financing, and acquisition of educational facilities and capital improvements in the School District. The Foundation consists of a nine-member board of directors and includes three representatives of contributing builders or developers, three School District representatives, and one city council representative of each city. Voluntary contributions are accepted by the Foundation and kept in foundation-managed accounts. The Board of Education makes requests for the release of Foundation funds for school construction purposes as needed. The Foundation Board determines if the request meets the requirements for disbursement of the funds.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

The Capital Facility Fee Foundation is deemed to be a component unit of the School District because the Foundation may only distribute funds to the School District and only at the request of the School District. Because of this restricted use of Foundation Funds, The Foundation is a discretely presented component unit. Complete financial statements for each of the individual component units may be obtained at each entity’s administrative offices.

Eagle Ridge Academy
3551 Southern Street
Brighton, CO 80601

Belle Creek Charter School
9290 E 107th Ave
Henderson, CO 80640

Landmark Academy Charter School
c/o National Heritage Academies, Inc.
3850 Broadmoor SE, Suite 201
Grand Rapids, MI 49512

Bromley East Charter School
c/o Bart A. Skidmore, CPA
356 Longspur Drive
Brighton, CO 80601

School District 27J
Capital Facility Fee Foundation
18551 East 160th Avenue
Brighton, CO 80601

Foundations Academy
c/o National Heritage Academies, Inc.
3850 Broadmoor SE, Suite 201
Grand Rapids, MI 49512

Related Organization - The Brighton Education Foundation provides opportunities for individuals and/or groups beyond what the School District can offer. Their mission is to preserve, support and improve the educational opportunities within the community by developing a community partnership among schools, businesses and individuals. Through this partnership, this Foundation encourages a wide variety of educational experiences through grants awarded to individuals and organizations. The Foundation is governed by a twelve-member board consisting of community members and education members. The School District Board does not appoint members of the Brighton Education Foundation, nor is this Foundation fiscally dependent on the School District and therefore, this Foundation is not considered a component unit and is not included in the School District’s financial statements.

1-B. Basis of Presentation

The School District’s basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the School District as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by grants and governmental general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Fiduciary funds and fiduciary-type component units are excluded from the government-wide financial statements because the School District holds these assets in a purely custodial capacity and cannot use these resources for School District programs.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the School District’s discretely presented component units at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the School District activities and for each identifiable activity of the business-type activities of the School District. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The School District does not allocate indirect expenses to functions in the Statement of Activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the School District's services; (2) operating grants and contributions which finance annual operating activities including restricted investment earnings; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. When identifying which function program revenue pertains to, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the

School District 27J, Colorado
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For The Year Ended June 30, 2018

determining factor is for which function the revenues are restricted. Other revenue sources not properly included with program revenues are reported as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental funds are reported in separate columns.

Fund Accounting - The School District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The School District uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - School District funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The School District reports the difference between governmental fund assets, liabilities, and deferred inflows of resources as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - This fund accounts for bond proceeds and other revenues used for the construction and acquisition of major capital facilities other than those related to the food service fund.

Governmental Designated-Purpose Grants Fund - This fund accounts for grants received for designated programs funded by federal, state or local governments.

Debt Service Fund - This fund accounts for the accumulated resources (normally property taxes) used to retire principal and interest on general long-term debt.

Nutrition Services Fund - This fund accounts for financial resources related to food service operations. The School District receives USDA school breakfast/lunch money in this fund.

The School District also has five non-major governmental funds that account for financial resources specific to each funds purpose.

Additionally, the School District reports the following fund types:

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The School District's proprietary funds are classified as an internal service fund.

Internal Service Funds - The internal service funds account for the School District's self-insured dental plan and the School District's print shop.

Fiduciary Funds - The School District's fiduciary funds account for assets held in a trustee capacity or as an agent for individuals or private organizations. The key distinction between trust funds and agency funds is that the trust funds normally are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. An agency fund does not involve a formal trust agreement and the government's role

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is purely custodial. The School District's fiduciary funds are classified as a private purpose trust fund and an agency fund.

Fiduciary (Private Purpose Trust) - The School District's fiduciary fund provides scholarships to students.

Agency Fund - The pupil activity agency fund records financial transactions related to school-sponsored pupil organizations and activities.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows/inflows of resources and liabilities associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities reports revenues and expenses.

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

Fund Financial Statements - The governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the Statements of Net Position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. The School District's fiduciary funds are accounted for on an economic resources measurement focus.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. The fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, the phrase "available for exchange transactions" means expected to be received within sixty days of year-end.

Revenues – Non-exchange Transactions - Non-exchange transactions in which the School District receives value without directly giving equal value in return, include grants, taxes and donations. Revenue from property taxes and specific ownership taxes is recognized in the fiscal year for which the taxes are levied (Note 2-C). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements,

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in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected by the School District within 60 days except for specific ownership taxes which use a 30-day available period, and grant revenues which use a 180 day available period) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, specific ownership taxes, interest and federal and state grants.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred inflows of resources (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as unearned revenue at both reporting levels.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

1-E-1. Cash, Cash Equivalents, and Investments

The School District utilizes the pooled cash concept whereby cash balances of each of the School District's funds are pooled and invested by the School District in short-term certificates of deposit, repurchase agreements, money market deposit accounts, government pools, and U.S. Treasury obligations.

For the purposes of the Statement of Cash Flows, Cash and Cash Equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the School District to be cash equivalents. Investments are stated at fair value based on quoted market prices.

Generally, the School District invests in governmental securities, local government investment pools, and collateralized certificates of deposits in Colorado banks and repurchase agreements. Investments are either measured at net asset value, which approximates fair value, or at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

1-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/ interfund payables". Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances".

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

1-E-4. Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements all inventories are stated at cost. For all fund level reporting, cost is determined on a first-in, first-out basis. Inventories of the proprietary funds are expensed when consumed. Donated surplus commodities received are valued based upon the cost furnished by the Federal Government.

1-E-5. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is non-spendable in the governmental fund types as this amount is not available for general appropriation.

1-E-6. Capital Assets

Capital assets from governmental activities are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The School District reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of five thousand dollars. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized, if applicable. All reported capital assets are depreciated except for land, water rights and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. The adjustment for removal of salvage value is shown in the Capital Assets Note 2-D. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>	<u>Component Units Estimated Lives</u>
Buildings	25-50 years	----	50 Years
Equipment	5-20 years	5-15 years	5-20 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an “other financing source” of an equal amount are reported at the net present value of future minimum lease payments.

1-E-7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and fund level balance sheet will sometimes report a separate section for deferred outflows of resources. This section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. Deferred charge on refunding is reported in the government-wide statement of net position as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of net position and fund level balance sheet will sometimes report a separate section for deferred inflows of resources. This section represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

School District 27J, Colorado
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Deferred outflows of resources and deferred inflows of resources as related to pensions and other post-employment benefits can result from the net difference between expected and actual experience, projected and actual earnings on plan investments, changes in the District's proportionate of liability, changes of assumptions, as well as contributions made by the District to PERA after PERA's measurement date. Generally, deferred inflows are not aggregated with deferred outflows.

1-E-8. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Temporary leave (sick leave, personal and bereavement) benefits are accrued as a liability using the termination payment method. An accrual for earned temporary leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

In fiscal year 2014, the District offered Early Separation Plans and Long Term Service Benefits to its employees. Only those employees who have completed fifteen or more years of service in the District as of July 1, 2009 are eligible after completing twenty years of service. These plans ended on June 30, 2014. Classified employees may receive 90% of their current year's salary at either July 31st or January 31st of the year following their retirement. Eligible certified employees who voluntarily resign or retire shall receive a payout that equals the difference between the certified employee's actual salary for the 2008-2009 school years and the \$45,129 average salary of full-time teachers hired by the District during that school year. Administrators may receive the average paid out to certified employees during the year of their retirement. Seven employees received their early separation plan/long term service payment at a total cost of \$199,473 in fiscal year 2018. As of June 30, 2018, there were twelve certified employees who were eligible for future payments at a total remaining cost of \$365,892.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due".

1-E-9. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Bonds are recognized as a liability in the governmental fund financial statements when due.

1-E-10. Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as an expense in the year they are charged. On the government-wide and proprietary fund type statement of activities, gains/losses on refunding are recognized as deferred inflows/outflows and amortized over the life of the bonds using the effective interest method. Bond premiums and discounts are recognized as liabilities.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an "expenditure".

School District 27J, Colorado
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1-E-11. Fund Balance/Net Position

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The School District restricts those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

Assignments are management’s intent to set aside these resources for specific services. For fiscal year ending 2016, the School District follows GASB 54, *Fund Balance Reporting and Government Fund Type Definition*, and record fund balances in the following classifications depicting the relative strength of the spending constraints placed on the purposed for which resources can be used:

Non-spendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact (such as the corpus of an endowment fund).

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts that can be used only for specific purposes determined by a formal action of the Board of Education, the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Education.

Assigned fund balance – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board of Education’s adopted policy, only the Superintendent or his/her designee may assign amounts for specific purposes.

Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

The School District adopted fund balance policy (Superintendent Policy DA-R(1)) in fiscal year 2011. The governing body’s process for assigning fund balance is determined by the Chief Financial Officer.

The District’s order of fund balance spending policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The District reserves the right to selectively spend unassigned fund balance.

Net Position - Net position represent the difference between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation and related debt. Net position are reported as restricted when there are limitations imposed on their use either through an election of the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

1-E-12. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. For the School District, these operating revenues are sales of meals in the food service program. Operating expenses are necessary costs incurred to provide the sale of meals, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expense.

School District 27J, Colorado
Notes to the Basic Financial Statements
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1-E-13. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-14. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. The effect of interfund activity has been eliminated from the government-wide financial statements. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated.

Since the internal service fund revenues are employee payments for dental insurance, they are not eliminated (i.e., they do not relate to other funds, rather they relate to third parties).

1-E-15. Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-16. Budgets

A budget was adopted for all government funds, proprietary funds, internal funds and fiduciary funds on a basis consistent with Generally Accepted Accounting Principles.

A proposed budget is submitted to the Board of Directors for the fiscal year commencing the following July 1. The budget is adopted by the board prior to June 30.

Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board. The budget includes proposed expenditures and the means of financing them.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

Note 2 – Detailed Notes on All Funds

2-A. Cash and Investments

At June 30, 2018, the School District had the following cash and investments:

	District	Component Units
Cash on Hand	\$ 124,744	\$ 1,000
Deposits	17,092,089	3,620,009
Investments	177,471,286	10,941,319
Total	<u>\$ 194,688,119</u>	<u>\$ 14,562,328</u>
Governmental Activities	\$ 49,838,671	\$ 8,032,529
Restricted Cash and Investments	143,668,075	6,413,595
Subtotal	<u>\$ 193,506,746</u>	<u>\$ 14,446,124</u>
Fiduciary Activities	1,181,373	116,204.00
Total	<u>\$ 194,688,119</u>	<u>\$ 14,562,328</u>

Restricted Cash and Investments – As of June 30, 2018, the School District has restricted cash and investments of \$143,667,805 recorded in the School District’s capital projects fund for that purpose.

Cash Held in Trust – As of June 30, 2018, the School District has \$124,388 held in trust. Adams County and Weld County collected property taxes for the School District and holds the funds in trust until sent to the School District on a monthly basis. Cash held in trust is grouped in deposits in the Cash and Investments Note 2-A.

Deposits – The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2018, the State regulatory commissioners had indicated that all financial institutions holding deposits for the School District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102 percent of the uninsured deposits. As of June 30, 2018, the School District had bank deposits of \$18,701,584 collateralized, with securities held by the financial institution’s agency not in the School District’s name.

At June 30, 2018, Component Unit Eagle Ridge Academy had deposits with financial institutions with a carrying amount of \$1,645,341. The bank balances with the financial institutions were \$1,793,474, all of which was covered by federal depository insurance or collateralized under PDPA. At June 30, 2018, Bromley East Charter School had bank deposits of \$369,830 collateralized with securities held by the financial institution’s agent but not in the School’s name. At June 30, 2018, Belle Creek Charter School had bank deposits of \$461,985 collateralized with securities held by the financial institution’s agent but not in the School’s name.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure the School District’s deposits may not be returned to it. The School District and the discretely presented component units do not have a deposit policy for custodial credit risk. At June 30, 2018 the School District had no deposits exposed to custodial credit risk.

Investments – Colorado statutes specify investment instruments meeting defined rating maturity and concentration risk criteria. The School District has adopted an investment policy which is more restrictive and limits investments to the following:

School District 27J, Colorado
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For The Year Ended June 30, 2018

- Obligations of the United States Treasury
- Agencies and Instrumentalities of the federal government
- Bank deposits collateralized according to PDPA
- AA or AAA rated corporate bonds
- A-1 or P-1 rated commercial paper or negotiable certificates of deposit
- A, AA or AAA rated municipal bonds
- Money market mutual funds
- Local government investment pools (“LGIP”)

The District and its component units have investments either at net asset value (NAV), which approximates fair value, including certain external investment pools, money market funds and certificates of deposit, amortized cost, in accordance with GASB Statement No. 72, Fair Value Measurement and Application. This includes certain external investment pools, or others, including treasury securities, measured at fair value.

The District’s ColoTrust external investment pool of \$13,839,991 at June 30, 2018 is valued using the NAV per share (or its equivalent) of the investments. The District’s CSAFE external investment pool of \$1,291,990 is measured at amortized cost, with a rating of AAAM. The component units’ external investment pools of \$7,662,275 at June 30, 2018, are valued using the NAV per share (or its equivalent) and amortized cost of the investments. The investments do not have any unfunded commitments, redemption restrictions or redemption notice periods. The component units’ have \$1,116,138 of U.S. Agency Securities valued at a Level 2. The investments conform to C.R.S. Section 24-75-601 and therefore invest primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the PDPA. The investments will conform to its permitted investments and will meet Standard & Poor’s investment guidelines to achieve an AAAM rating, the highest attainable rating for a Local Government Investment Pool.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Investments by Fair Value Level	June 30, 2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Money Market Mutual Fund	\$ 48,113,462	\$ 48,113,462	\$ -	\$ -
Federal Agency Bond/Note	102,770,333	-	102,770,333	-
Corporate Notes	10,343,135	-	10,343,135	-
U.S. Treasury Obligation Fund	1,112,375	1,112,375	-	-
Total Investments by Fair Value Level	<u>\$ 162,339,305</u>	<u>\$ 49,225,837</u>	<u>\$ 113,113,468</u>	<u>\$ -</u>
Investments at Net Asset Value (NAV)				
	June 30, 2018			
ColoTrust Investment Pool	\$ 13,839,991			
Total Investments held at Net Asset Value (NAV)	<u>\$ 13,839,991</u>			
Investments at Amortized Cost				
	June 30, 2018			
CSAFE Investment Pool	\$ 1,291,990			
Total Investments held at Amortized Cost	<u>\$ 1,291,990</u>			
Total Investments	<u>\$ 177,471,286</u>			

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

As of June 30, 2018, the School District had the following investments, excluding agency. Deposits and investments are internally pooled to maximize investment safety, liquidity and interest yield:

Type of Security	Value	Concentration	S&P Rating	Maturity		
				12 Months or Less	1-5 Years	5+ Years
ColoTrust (external investment pool)	\$ 13,839,991	7.80%	AAAm	\$ 13,839,991	\$ -	\$ -
CSAFE (external investment pool)	1,291,990	0.73%	AAAm	1,291,990	-	-
Federal Agency Bond/Note	102,770,332	57.91%	AA+	55,726,474	47,043,859	-
Corporate Note	2,059,334	1.16%	AAA	-	2,059,334	-
Corporate Note	4,140,172	2.33%	AA+	-	4,140,172	-
Corporate Note	4,143,630	2.33%	AA-	-	4,143,630	-
U.S. Treasury Obligation Fund	1,112,375	0.63%	AAAm	1,112,375	-	-
Money Market Mutual Fund	48,113,462	27.11%	AAAm	48,113,462	-	-
	<u>\$ 177,471,286</u>	<u>100.00%</u>		<u>\$ 120,084,292</u>	<u>\$ 57,386,995</u>	<u>\$ -</u>

At June 30, 2018, the School District's discretely presented component units' investments are as follows:

Eagle Ridge Academy	
CSAFE	<u>\$ 1,132,887</u>
Bromley East Charter School	
Colostrust	\$ 1,712,269
CSAFE	<u>2,300,842</u>
Total	<u>\$ 4,013,111</u>
Belle Creek Charter School	
CSAFE	\$ 2,464,563
Colostrust	<u>51,714</u>
Total	<u>\$ 2,516,277</u>
Capital Facility Fee Foundation	
Money Market Fund	\$ 162,204
Certificate of Deposits	<u>2,118,257</u>
Total	<u>\$ 2,280,461</u>
Total Component Units	<u>\$ 9,942,736</u>

Local Government Investment Pool - The School District has invested in the Colorado Government Liquid Asset Trust (COLOTRUST), Colorado Surplus Asset Fund Trust (CSAFE) and Colorado Statewide Investment Program (CSIP). At June 30, 2018, the School District had \$13,839,991 invested in COLOTRUST and \$1,291,990 invested in CSAFE. These are investment trusts established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. These pools operate similarly to a money market fund and each share is equal in value to \$1. Investments of the pool consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by pools in connection with the direct investment and withdrawal functions of the pools. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian's internal records identify the investments owned by the School District. Due to their high liquidity, these funds are classified as cash equivalents for reporting purposes. The Trusts are rated AAAM by Standard and Poor's.

Interest Rate Risk – The School District and the component units do not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado Revised Statute 24-75-601 limits investment maturities to five years or less without governing board approval. Based on the current

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

rate environment, the School District and the component units assume that investments will be held to maturity. As of June 30, 2018, no coupon and discount securities had investment maturities greater than five years. The weighted average maturity of the local government entity investment pools investments shall not exceed 60 days for COLOTRUST and CSAFE at June 30, 2018.

Credit Risk – State statute limit investments in U.S. Government Agency securities to the highest rating issued by Nationally Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk – State statutes do not limit the amount the School District may invest in one issuer. The School District has adopted a policy which is more restrictive and limits investments to: not more than 25% of the School District’s portfolio invested in the securities in any “one” government agency with the exception of United States Treasury securities; not more than 25% of the School District’s portfolio invested in deposit accounts; money market mutual funds shall be diversified so that no fund shall hold more than 50% of the School District’s portfolio; combined fund investments not to exceed 75% of the total portfolio and not exceeding 25% of the School District’s total portfolio in repurchase agreements.

All of the Charter Schools and the Capital Facility Fee Foundation have adopted an investment policy that does not vary significantly from Colorado State Statutes.

Belle Creek Charter had \$51,714 and \$2,464,563, respectively, invested in ColoTrust and CSAFE at June 30, 2018. The investment pools were rated AAAM by Standard & Poor’s. Cash and investments of \$765,796 are unspent debt proceeds and are restricted in the Education Center for future debt service. In addition, the Charter School has restricted cash and investments of \$95,813 for building repairs, as required by the building lease agreement.

Bromley East Charter had invested \$1,712,269 and \$2,300,842, respectively, invested in ColoTrust and CSAFE at June 30, 2018. The COLOTRUST pool is rated AAAM by Standard and Poor’s and CSAFE is rated AAAM by Standard and Poor’s. Cash in the amount of \$2,300,842 is restricted for capital projects and future debt service.

Eagle Ridge Academy had \$1,132,887 invested in CSAFE at June 30, 2018. The pool is rated AAAM by Standard and Poor’s. Cash and investments of \$1,132,887 have been restricted for debt service requirements. The restricted cash and investments are reported in the financial statements.

Foundation Academy Charter School and Landmark Academy Charter School did not have investments in marketable securities or COLOTRUST and CSAFE investment pools at June 30, 2018.

2-B. Receivables

Receivables at June 30, 2018, consisted of taxes, interest, accounts (billings for user charges) and School District receivables arising from grants and Fiduciary activity.

Receivables and payables are recorded on the governmental financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

2-C. Property Taxes

The Board of Education levies property taxes. The levy is based on assessed valuations determined by the County Assessors’ offices generally as of January 1st of each year. The levy is set by December 15th by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year. The County Treasurers’ offices collect the determined taxes during the ensuing calendar year. The taxes are payable by April 30th or, if in equal installments, at the taxpayer’s election on February 28th and June 15th. Delinquent taxpayers are notified in August and tax sales of the liens on delinquent properties are held in November. The County Treasurers’ offices remit the taxes collected to the School District on the 10th of each month and on March 25th, May 25 and June 25th.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

2-D. Capital Assets – Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance 7/1/2017	Additions	Deductions	Balance 6/30/2018
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 13,131,691	\$ -	\$ -	\$ 13,131,691
Water Shares	1,496,673	-	-	1,496,673
Construction in Progress	81,492,913	70,474,288	48,069,459	103,897,742
Total Capital Assets not being depreciated	96,121,277	70,474,288	48,069,459	118,526,106
Other Capital Assets being depreciated:				
Buildings and Improvements	243,823,128	40,636,114	424,316	284,034,926
Equipment	18,640,360	1,433,361	189,909	19,883,812
Total Other Capital Assets	262,463,488	42,069,475	614,225	303,918,738
Total Capital Assets	358,584,765	112,543,763	48,683,684	422,444,844
Accumulated Depreciation:				
Buildings and Improvements	64,893,115	6,236,727	186,728	70,943,114
Equipment	10,374,100	944,176	84,072	11,234,204
Total Accumulated Depreciation	75,267,215	7,180,903	270,800	82,177,318
Book Value - Depreciable Capital Assets	187,196,273	34,888,572	343,425	221,741,420
Governmental Activities Capital Assets, net	<u>\$ 283,317,550</u>	<u>\$ 105,362,860</u>	<u>\$ 48,412,884</u>	<u>\$ 340,267,526</u>

Governmental Activities Depreciation Expense

Instructional Services	\$ 5,380,970
Pupil Services	704,898
Instructional Staff Support Services	18,710
General Administration	6,237
School Administration	261,943
Business Supporting Services	21,543
Operation and Maintenance	199,048
Pupil Transportation	550,134
Central Supporting Services	37,420
Total Governmental Activities Depreciation Expense	<u>\$ 7,180,903</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

Component Units Capital Assets	Balance 7/1/2017	Additions	Deductions	Balance 6/30/2018
Eagle Ridge Academy				
Capital Assets not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in Progress	43,767	323,004	366,771	-
Total capital assets not being depreciated	<u>93,767</u>	<u>323,004</u>	<u>366,771</u>	<u>50,000</u>
Capital Assets being depreciated:				
Buildings and Improvements	9,445,142	366,771	-	9,811,913
Less Accumulated Depreciation	<u>(1,771,737)</u>	<u>(215,470)</u>	<u>-</u>	<u>(1,987,207)</u>
Net Eagle Ridge Academy	<u>\$ 7,767,172</u>	<u>\$ 474,305</u>	<u>\$ 366,771</u>	<u>\$ 7,874,706</u>
Bromley East Charter School:				
Capital Assets not being depreciated:				
Land	\$ 144,120	\$ -	\$ -	\$ 144,120
Construction in Progress	50,479	-	50,479	-
Total Capital Assets not being depreciated	<u>194,599</u>	<u>-</u>	<u>50,479</u>	<u>144,120</u>
Capital Assets being depreciated:				
Buildings	21,453,215	136,436	-	21,589,651
Vehicles and Equipment	287,258	-	-	287,258
Building Improvements	258,128	-	-	258,128
Total Capital Assets being depreciated	21,998,601	136,436	-	22,135,037
Less Accumulated Depreciation	<u>(3,404,765)</u>	<u>(485,596)</u>	<u>-</u>	<u>(3,890,361)</u>
Net Bromley East Charter School	<u>\$ 18,788,435</u>	<u>\$ (349,160)</u>	<u>\$ 50,479</u>	<u>\$ 18,388,796</u>
Belle Creek Charter School:				
Capital Assets being depreciated:				
Buildings and Improvements	\$ 7,419,195	\$ -	\$ -	\$ 7,419,195
Vehicles	123,871	-	-	123,871
Total Capital Assets being depreciated	7,543,066	-	-	7,543,066
Less Accumulated Depreciation	<u>(2,526,154)</u>	<u>(187,717)</u>	<u>-</u>	<u>(2,713,871)</u>
Net Belle Creek Charter School	<u>\$ 5,016,912</u>	<u>\$ (187,717)</u>	<u>\$ -</u>	<u>\$ 4,829,195</u>
Foundations Academy Charter School:				
Capital Assets being depreciated:				
Equipment	\$ 46,098	\$ -	\$ -	\$ 46,098
Less Accumulated Depreciation	<u>21,624</u>	<u>4,610</u>	<u>-</u>	<u>26,234</u>
Net Foundations Academy Charter School	<u>\$ 24,474</u>	<u>\$ (4,610)</u>	<u>\$ -</u>	<u>\$ 19,864</u>
Total Component Unit Capital Assets, Net	<u>\$ 31,596,993</u>	<u>\$ (67,182)</u>	<u>\$ 417,250</u>	<u>\$ 31,112,561</u>

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Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

2-E. Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances at June 30, 2018, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The School District expects to repay all interfund balances within one year.

Receivable Fund		Payable Fund	
Government Designated Purpose Grant Fund	\$ 601,478	Government Designated Purpose Grant Fund	\$ -
Nonmajor Governmental Funds	2,207,935	Nonmajor Governmental Funds	-
General Fund	8,351,354	General Fund	-
Nutrition Services Fund	-	Nutrition Services Fund	33,321
Capital Projects Fund	-	Capital Projects Fund	10,807,543
Internal Service Fund	578,850	Internal Service Fund	361
Debt Service Fund	42,631	Debt Service Fund	-
Private Purpose Trust and Agency Fund	-	Private Purpose Trust and Agency Fund	25,996
Fiduciary Fund	-	Fiduciary Fund	915,027
Total	\$ 11,782,248		\$ 11,782,248

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfers Out	Transfers In				Total
	Nonmajor Funds		Internal Service		
	Pupil Activity	Transportation	Special Programs	Print Shop	
	Fund	Fund	Fund	Fund	
General Fund	\$ 420,704	\$ 4,210,375	\$ 233,036	\$ 47,672	\$ 4,911,787

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations.

All School District transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

2-F. Compensated Absences

School District policy limits the accumulation of earned employee vacation to the equivalent of 2 years earned vacation. Also, the School District grants temporary (sick, personal & bereavement, etc.) leave to all classes of employees. Unused leave balances are paid at termination. Upon termination, all certified personnel are paid at a flat rate of .0021 of the BA-1 base salary on the Certified Salary Schedule for all temporary leave days accumulated before July 1, 2018 and .0023 of the BA-1 base salary for all temporary leave days accumulated after July 1, 2018. Classified personnel are paid at a rate of \$5.95 per hour for the first 75 days; after 75 days they are paid \$7.08 per hour. Classified employees with 75 or more days of accrued temporary leave and certified employees with 45 or more days of accrued temporary leave have the option of being paid for

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

the excess days each June. In addition, eligible employees may elect to contract with the School District for early retirement upon terms and conditions specified by School District policy. Eligible employees may contract for early retirement benefits after twenty years of service to the School District.

2-G. Long-Term Debt

Periodically, the School District issues bonds to finance the construction of its various facilities.

Certificates of Participation Series 2015— Certificates of Participation, Series 2015, dated and issued January 5, 2016, were a direct purchase non-bank qualified tax exempt obligation of \$2,290,000. The Certificates of Participation were refunded and deposited into a refunding escrow account for the purpose of defeasing the outstanding Services 2005 Certificates of Participation.

Interest on the Certificates at a rate of 2.03% is payable at each June 15 and December 15. Principal payments are payable on December 15, 2006 and each calendar year thereafter to 2026. The certificates are payable solely from annually appropriated base rentals and any purchase option price paid by the School District under the lease. Refunding the Certificates of Participation at 2.03% equates to a net present value savings of \$237,228 and a \$242,828 present value of savings from cash flow in fiscal year 2016.

The certificates may be called for redemption, in whole, from either proceeds of general obligation bonds or other debt of the School District or moneys made available to the School District from a lease-purchase financing or refinancing with respect to the leased property, at the option of the School District, on or after December 15, 2016 at the redemption price of 100%, plus accrued interest to the redemption date.

Annual debt service requirements to maturity for the Certificates of Participation, Series 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 195,000	\$ 36,892	\$ 231,892
2020	200,000	32,886	232,886
2021	205,000	28,775	233,775
2022	255,000	24,106	279,106
2023	255,000	18,930	273,930
2024	260,000	13,703	273,703
2025	270,000	8,323	278,323
2026	275,000	2,792	277,792
Total	<u>\$ 1,915,000</u>	<u>\$ 166,407</u>	<u>\$ 2,081,407</u>

General Obligation Building and Refunding Bonds Series 2008 – General Obligation Bonds, Series 2008, were issued in denominations of \$5,000, dated and issued April 2, 2008, total issue of \$18,700,000. A portion of the bonds constitutes the remaining \$15,000,000 of authorization to incur general obligation indebtedness approved at the November 7, 2006 election, and the proceeds of such bonds were used to complete the construction of two new elementary schools, two new middle schools, and making improvements to existing School District’s schools that was begun with proceeds of the Series 2006C Bonds. A portion of the proceeds of the bonds were used to refund, in advance of maturity, \$3,555,000 in aggregate principal amount of the School District’s General Obligation Building and Refunding Bonds, Series 1998 and paying costs of issuance of the bonds.

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Notes to the Basic Financial Statements
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Interest at a rate of 3.25 – 4% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2008 and each calendar year thereafter to 2027. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

The bonds maturing on or before December 1, 2018 are not subject to redemption prior to their respective maturity dates. The bonds maturing on or after December 1, 2019 are subject to redemption prior to maturity at the option of the School District, in whole or in part, and if in part in such order of maturity as the School District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 1, 2018 and on any date thereafter, at the redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date. Annual debt service requirements to maturity for the General Obligation Building and Refunding Bonds, Series 2008, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 45,000	\$ 900	\$ 45,900
Total	\$ 45,000	\$ 900	\$ 45,900

General Obligation Refunding Bonds Series 2012A – General Obligation Refunding Bonds, Series 2012A, were dated and issued April 24, 2012, total issue of \$31,340,000. The bonds were issued to refund a portion of the School District’s outstanding general obligation debt for the purpose of reducing debt service requirements. The obligation refunded consisted of the School District’s General Obligation Bonds, Callable Series 2004, originally issued in the principal aggregate amount of \$49,900,000.

Interest at a rate of 2.00% – 5.00% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2012 and each calendar year thereafter to 2024. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2012A, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 2,340,000	\$ 990,050	\$ 3,330,050
2020	2,430,000	887,875	3,317,875
2021	2,540,000	779,250	3,319,250
2022	2,650,000	660,125	3,310,125
2023	2,780,000	524,750	3,304,750
2024	2,915,000	382,375	3,297,375
2025	6,190,000	154,750	6,344,750
Total	\$ 21,845,000	\$ 4,379,175	\$ 26,224,175

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Notes to the Basic Financial Statements
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General Obligation Refunding Bonds Series 2014 – General Obligation Refunding Bonds, Series 2014, were dated and issued December 9, 2014, total issue of \$49,530,000. The bonds were issued to refund a portion of the School District’s outstanding general obligation debt for the purpose of reducing debt service requirements. The obligation refunded consisted of the School District’s General Obligation Bonds, Callable Series 2006C, originally issued in the principal aggregate amount of \$74,900,000.

Interest at a rate of 4.00% –5.375% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2017 and each calendar year thereafter to 2027. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose. Refunding the callable 2004 bonds at 2.54% TIC equates to a present value savings of \$5,700,000 in fiscal year 2016.

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2014, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 1,245,000	\$ 1,981,500	\$ 3,226,500
2020	1,285,000	1,953,187	3,238,187
2021	1,310,000	1,930,450	3,240,450
2022	3,605,000	1,881,300	5,486,300
2023	3,675,000	1,753,375	5,428,375
2024	3,860,000	1,565,000	5,425,000
2025	4,050,000	1,367,250	5,417,250
2026	12,350,000	957,250	13,307,250
2027	12,970,000	324,250	13,294,250
Total	<u>\$ 44,350,000</u>	<u>\$ 13,713,562</u>	<u>\$ 58,063,562</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

General Obligation Bonds Series 2015 – General Obligation Refunding Bonds, Series 2015, were dated and issued December 15, 2015, total issue of \$160,000,000. The bonds were issued to finance the costs to construct, improve, repair and make additions to school buildings, to equip or furnish school buildings, improve school grounds, or to acquire, construct or improve any capital asset for District purposes. A premium of \$25,353,909 was realized at time of issue.

Interest at a rate of 2.00% –5.00% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2017 and each calendar year thereafter to 2041. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 1,035,000	\$ 7,463,125	\$ 8,498,125
2020	1,845,000	7,391,125	9,236,125
2021	3,465,000	7,310,350	10,775,350
2022	-	7,275,700	7,275,700
2023	-	7,275,700	7,275,700
2024	-	7,275,700	7,275,700
2025	-	7,275,700	7,275,700
2026	-	7,275,700	7,275,700
2027	-	7,275,700	7,275,700
2028	-	7,275,700	7,275,700
2029	8,560,000	7,061,700	15,621,700
2030	8,990,000	6,622,950	15,612,950
2031	9,440,000	6,209,400	15,649,400
2032	9,815,000	5,824,300	15,639,300
2033	10,210,000	5,372,750	15,582,750
2034	10,720,000	4,849,500	15,569,500
2035	11,255,000	4,300,125	15,555,125
2036	11,815,000	3,723,375	15,538,375
2037	12,405,000	3,117,875	15,522,875
2038	13,030,000	2,482,000	15,512,000
2039	13,680,000	1,814,250	15,494,250
2040	14,365,000	1,113,125	15,478,125
2041	15,080,000	377,000	15,457,000
Total	<u>\$ 155,710,000</u>	<u>\$ 125,962,850</u>	<u>\$ 281,672,850</u>

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General Obligation Bonds Series 2016A – General Obligation Refunding Bonds, Series 2016A, were dated and issued November 3, 2016, total issue of \$33,570,000. The bonds were issued to current refund aggregate principal amounts of the District’s general obligation refunded bonds, Series 2006A and advance refund the District’s general obligation refunded bonds, Series 2008. A premium of \$3,494,045 was realized at time of issue.

Interest at a rate of 4.25% –5.25% is payable at each June 1 and December 1. Taxable yield on the Series 2016A bonds is 1.82%. Principal payments are payable on December 1, 2018 and each calendar year thereafter to 2029. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2016A, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 3,290,000	\$ 1,200,526	\$ 4,490,526
2020	3,455,000	1,065,626	4,520,626
2021	3,590,000	924,726	4,514,726
2022	3,740,000	759,426	4,499,426
2023	3,925,000	592,176	4,517,176
2024	4,070,000	416,676	4,486,676
2025	1,155,000	286,051	1,441,051
2026	290,000	254,275	544,275
2027	295,000	247,680	542,680
2028	9,760,000	122,000	9,882,000
Total	<u>\$ 33,570,000</u>	<u>\$ 5,869,162</u>	<u>\$ 39,439,162</u>

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General Obligation Bonds Series 2016B – General Obligation Refunding Bonds, Taxable Series 2016B, were dated and issued November 3, 2016, total issue of \$3,040,000. The bonds were issued to current refund aggregate principal amounts of the District’s general obligation refunded bonds, Series 2006A and advance refund the District’s general obligation refunded bonds, Series 2008. The Taxable Series 2016B bonds are not subject to optional redemption prior to maturity.

Interest at a rate of 4.00% –5.25% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2017 and each calendar year thereafter to 2028. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2016B, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 45,000	\$ 85,248	\$ 130,248
2020	55,000	84,429	139,429
2021	55,000	83,398	138,398
2022	55,000	82,243	137,243
2023	60,000	80,903	140,903
2024	60,000	79,373	139,373
2025	60,000	77,738	137,738
2026	65,000	75,972	140,972
2027	65,000	74,103	139,103
2028	2,480,000	36,575	2,516,575
Total	<u>\$ 3,000,000</u>	<u>\$ 759,982</u>	<u>\$ 3,759,982</u>

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General Obligation Bonds Series 2017 – General Obligation Refunding Bonds, Taxable Series 2017, were dated and issued September 14, 2017 total issue of \$88,000,000. The bonds were issued to finance the costs to construct, improve, repair and make additions to school buildings, to equip or furnish school buildings, improve school grounds, or to acquire, construct or improve any capital asset for District purposes. A premium of \$17,658,825 was realized at time of issue.

Interest at a rate of 2.00% –5.00% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2028 and each calendar year thereafter to 2042. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

Annual debt service requirements to maturity for the General Obligation Bonds, Series 2017, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ -	\$ 4,400,000	\$ 4,400,000
2020	-	4,400,000	4,400,000
2021	-	4,400,000	4,400,000
2022	-	4,400,000	4,400,000
2023	-	4,400,000	4,400,000
2024	-	4,400,000	4,400,000
2025	-	4,400,000	4,400,000
2026	-	4,400,000	4,400,000
2027	-	4,400,000	4,400,000
2028	-	4,400,000	4,400,000
2029	2,575,000	4,335,625	6,910,625
2030	2,700,000	4,203,750	6,903,750
2031	2,835,000	4,065,375	6,900,375
2032	2,980,000	3,920,000	6,900,000
2033	3,125,000	3,767,375	6,892,375
2034	3,285,000	3,607,125	6,892,125
2035	3,450,000	3,438,750	6,888,750
2036	3,625,000	3,261,875	6,886,875
2037	3,805,000	3,076,125	6,881,125
2038	3,990,000	2,881,250	6,871,250
2039	4,190,000	2,676,750	6,866,750
2040	4,400,000	2,462,000	6,862,000
2041	4,625,000	2,236,375	6,861,375
2042	20,690,000	1,603,500	22,293,500
2043	21,725,000	543,125	22,268,125
Total	\$ 88,000,000	\$ 90,079,000	\$ 178,079,000

School District 27J, Colorado
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A summary of the above bonds and certificates outstanding at June 30, 2018 follows:

<u>Long Term Debt</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Certificates of Participation Series 2015	\$ 1,915,000	\$ 166,407	\$ 2,081,407
General Obligation Refunding Bonds Series 2008	45,000	900	45,900
Series 2012A General Obligation Bonds	21,845,000	4,379,175	26,224,175
General Obligation Refunding Bonds Series 2014	44,350,000	13,713,562	58,063,562
General Obligation Bonds Series 2015	155,710,000	125,962,850	281,672,850
General Obligation Refunding Bonds Series 2016A	33,570,000	5,869,162	39,439,162
General Obligation Refunding Bonds Series 2016B	3,000,000	759,982	3,759,982
General Obligation Bonds Series 2017	88,000,000	90,079,000	178,079,000
Total	<u>\$ 348,435,000</u>	<u>\$ 240,931,038</u>	<u>\$ 589,366,038</u>

Defeased Debt – The School District defeased certain bonds by placing the proceeds of refunding bond issues in irrevocable escrow accounts to provide for all future debt service payments on the defeased bonds. As a result, the refunded portions of those bonds are not reported at the government-wide financial reporting level. As of June 30, 2018, \$14,463,284 remains in escrow.

Component Unit Long-Term Debt

Belle Creek Charter School: On June 14, 2007, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$9,200,000 Charter School Revenue Refunding Bonds, Series 2007A, and \$100,000 Taxable Charter School Revenue Bonds, Series 2007B, to advance refund CECFA’s outstanding Series 2002 Bonds. Proceeds from the Series 2002 Bonds were loaned to the Education Center under a lease agreement to construct the Charter school’s building. Belle Creek Charter School is obligated under a lease agreement to make monthly lease payments to the Education Center for use of the building. The Education Center is required to make equal loan payments to the Trustee, for payment of the Series 2007 Refunding Bonds. Monthly principal and interest payments are due under the agreements, with interest accruing at rates ranging from 4.00% - 5.42%. The bonds mature in March, 2037.

Future debt service requirements are as follows for Belle Creek Charter School Refunding Bonds, Series 2007:

<u>Fiscal Year</u> <u>Ending</u> <u>30-Jun</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 245,000	\$ 324,586	\$ 569,586
2020	255,000	314,296	569,296
2021	265,000	303,459	568,459
2022	280,000	291,534	571,534
2023	290,000	278,934	568,934
2024-2028	1,675,000	1,185,419	2,860,419
2029-2033	2,080,000	768,099	2,848,099
2034-2037	2,040,000	194,019	2,234,019
Total	<u>\$ 7,130,000</u>	<u>\$ 3,660,346</u>	<u>\$ 10,790,346</u>

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Eagle Ridge Academy: Following is a summary of Eagle Ridge Academy’s long-term debt transactions for the year ended June 30,2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Current
Bonds Payable - Series 2016	\$ 9,720,000.00	\$ -	\$ 300,000.00	\$ 9,420,000.00	\$ 315,000.00
Premium	179,160	-	9,227	169,933	9,227
Total	<u>\$ 9,899,160</u>	<u>\$ -</u>	<u>\$ 309,227</u>	<u>\$ 9,589,933</u>	<u>\$ 324,227</u>

In November 2016, the Colorado Educational Cultural Facilities Authority (CECFA) issued \$9,720,000 Charter School Revenue Bonds dated November 1, 2016. On November 1, 2016, the Corporation entered into a mortgage and lease agreement with the Brighton Charter School to use the bond proceeds for: a) current refunding of the Authority’s Charter School Revenue Bonds Series 2006 in the original aggregate principal amount of \$10,195,000, where were outstanding in the principal amount of \$9,345,000; b) constructing improvements to existing educational facilities originally financed with proceeds of the Series 2006 Bonds; c) funding a bond reserve fund; and d) paying certain costs of issuance of the Bonds. The Bonds are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part in authorized denominations on November 1, 2021, and on any date thereafter, upon direction by the Corporation and upon payment of par plus accrued interest through the date of redemption. The bonds accrue interest at 4.62%. Interest payments are due semi-annually on May 1 and November 1. Principal payments are due November 1, through 2037. The current refunding was undertaken to reduce total debt service payments over the next 20 years by \$1,649,411 and resulted in an economic gain of \$723,918.

Annual debt service requirements to maturity for the long-term debt transactions are as follows:

Fiscal Year Ending 30-Jun	Principal	Interest	Total
2019	\$ 315,000	\$ 420,466	\$ 735,466
2020	325,000	408,866	733,866
2021	335,000	396,903	731,903
2022	350,000	384,488	734,488
2023	360,000	371,619	731,619
2024-2028	2,005,000	1,645,885	3,650,885
2029-2033	2,505,000	1,131,375	3,636,375
2034-2037	<u>3,225,000</u>	<u>385,875</u>	<u>3,610,875</u>
Total	<u>\$ 9,420,000</u>	<u>\$ 5,145,477</u>	<u>\$ 14,565,477</u>

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Bromley East Charter School: In September, 2015, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$19,155,000 Charter School Refunding and Improvement Revenue Bonds, Series 2015. Bond proceeds were used to refund the Charter School Revenue Refunding Bonds, Series 2005, originally loaned to CEC to refund debt issued to construct the School's education facilities, and to provide additional cash of \$9,350,000 for expansion of the facilities. The School is obligated under a lease agreement to make monthly lease payments to CEC for using the facilities. CEC is required to make equal loan payments to the trustee, for payment of the bonds. Interest accrues at 3.4% per annum, and is paid monthly. Principal payments are due annually beginning September 1, 2016, with a balloon payment of \$14,045,300 due on September 1, 2025.

Proceeds of the Series 2015 Bonds and other resources of CEC, in the amount of \$10,919,148, were deposited with an escrow agent to refund \$10,905,000 of the Series 2005 Bonds on September 24, 2015. As a result, the refunded debt liability has been removed from the financial statements. The refunding resulted in the recognition of an accounting loss of \$1,359,914.

Annual debt service requirements to maturity for the long-term debt transactions are as follows:

Fiscal Year Ending 30-Jun	Principal	Interest	Total
2019	\$ 534,210	\$ 604,790	\$ 1,139,000
2020	552,380	586,164	1,138,544
2021	571,160	566,904	1,138,064
2022	590,580	546,989	1,137,569
2023	610,660	526,397	1,137,057
2024-2026	15,329,610	1,107,581	16,437,191
Total	<u>\$ 18,188,600</u>	<u>\$ 3,938,825</u>	<u>\$ 22,127,425</u>

School District 27J, Colorado
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Changes in Long-term Debt - Changes in the School District's long-term obligations consisted of the following for the year ended June 30, 2018:

Governmental Activities:	Outstanding 7/1/2017	Additions	Reductions	Outstanding 6/30/2018	Amounts Due in One Year
General Obligation Bonds	\$ 268,440,000	\$ 88,000,000	\$ 9,920,000	\$ 346,520,000	\$ 8,000,000
Promissory Note	83,355	-	83,355	-	-
Certificates of Participation	2,105,000	-	190,000	1,915,000	195,000
Capital Lease Obligations	73	-	73	-	-
Bond Premium	36,957,079	17,658,825	2,988,166	51,627,738	-
Total	<u>\$ 307,585,507</u>	<u>\$ 105,658,825</u>	<u>\$ 13,181,594</u>	<u>\$ 400,062,738</u>	<u>8,195,000</u>
Early Retirement Obligation	\$ 565,365	\$ -	\$ 199,473	\$ 365,892	\$ 365,892
Compensated Absences	2,292,356	1,600,523	1,466,722	2,426,157	1,455,694
Total	<u>\$ 2,857,721</u>	<u>\$ 1,600,523</u>	<u>\$ 1,666,195</u>	<u>\$ 2,792,049</u>	<u>\$ 1,821,586</u>

Changes in the Component Units' Long-Term Obligations consisted of the following for the year ended June 30, 2018:

Governmental Activities:	Outstanding 7/1/2017	Additions	Reductions	Outstanding 6/30/2018	Amounts Due in One Year
Loans Payable	\$ 9,720,000	\$ -	\$ 300,000	\$ 9,420,000	\$ 315,000
Building Loan	18,705,250	-	516,650	18,188,600	534,210
Premium	179,160	-	9,227	169,933	9,227
Total	<u>\$ 28,604,410</u>	<u>\$ -</u>	<u>\$ 825,877</u>	<u>\$ 27,778,533</u>	<u>\$ 858,437</u>
Business-Type Activities:					
Building Loan	\$ 7,365,000	\$ -	\$ 235,000	\$ 7,130,000	\$ 245,000
Discount	(73,646)	-	(4,913)	(68,733)	-
Total Business-Type Activities	<u>\$ 7,291,354</u>	<u>\$ -</u>	<u>\$ 230,087</u>	<u>\$ 7,061,267</u>	<u>\$ 245,000</u>
Total Component Units	<u>\$ 35,895,764</u>	<u>\$ -</u>	<u>\$ 1,055,964</u>	<u>\$ 34,839,800</u>	<u>\$ 1,103,437</u>

Other – Payment of principal and interest for general obligation bonds is made from the bond redemption debt service fund. The legal limit and debt margin as of June 30, 2018 are \$700,235,405 and \$353,715,405. Compensated absences, pension and OPEB obligations are generally liquidated in the General Fund.

2-H. Defined Benefit Pension Plan

The School 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.

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

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

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January

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1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve for the SCHDTF.

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

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

Contributions - Eligible employees and the School 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 Year Ended December 31, 2017	For the Year Ended December 31, 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)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
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 SCHDTF 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 School District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School District were \$13,450,724 for the year ended June 30, 2018.

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

At June 30, 2018, the School District reported a liability of \$480,489,474 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 School District’s proportion of the net pension liability was based on the School District contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the School District’s proportion was 1.4859068737 percent, which was a decrease of 0.0389530912 percent from its proportion measured as of December 31, 2016.

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For the year ended June 30, 2018, the School District recognized pension expense of \$99,704,805. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$8,834,154	\$ -
Changes of assumptions or other inputs	122,686,798	778,563
Net difference between projected and actual earnings on pension plan investments	9,525,465	28,394,741
Changes in proportion and differences between contributions recognized and proportionate share of contributions	505,614	5,197,534
Contributions subsequent to the measurement date	6,972,600	-
Total	\$148,524,631	\$34,370,838

\$6,972,600 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Year ended June 30	
2019	\$74,547,338
2020	40,715,747
2021	(931,339)
2022	(7,150,553)
Total	\$107,181,193

Actuarial assumption - The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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	4.78 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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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.

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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.2%	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 US Fixed Income – Developed	1.84%	0.60%
Emerging Market Bonds	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%	

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

Discount rate - The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions in above note. 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%.
- 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%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 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 4.78 percent, 0.48 percent higher compared to the current measurement date.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 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 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

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	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$606,939,926	\$480,489,474	\$377,446,795

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 3 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.
- 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 School District reported a liability of \$480,489,474 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%. For comparative purposes, the following schedule presents an estimate of what the School 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%	\$ 217,080,979

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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 \$224,295,488 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Component Unit Defined Benefit Pension Plan

Bromley East Charter School

Contributions: Employer contributions recognized by the SCHDTF School were \$891,100 for the year ended June 30, 2018.

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

At June 30, 2018, the School reported a liability of \$30,320,190 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 School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the School's proportion was 0.0937647574 percent, which was an increase of 0.0085815643 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the School recognized pension expense of \$7,629,190. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$557,459	\$ -
Changes of assumptions or other inputs	7,741,870	49,129
Net difference between projected and actual earnings on pension plan investments	-	1,190,703
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,493,876	-
Contributions subsequent to the measurement date	486,648	-
Total	\$11,279,853	\$1,239,832

\$486,648 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2019	\$ 6,008,290
2020	3,660,941
2021	332,088
2022	(447,946)
Total	\$ 9,553,373

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 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 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$38,299,557	\$30,320,190	\$23,817,917

The School's estimated net pension liability at June 30, 2018, had the provisions of SB 18-200 been effective was \$13,689,399.

Eagle Ridge Academy

Contributions: Employer contributions recognized by the SCHDTF School were \$290,393 for the year ended June 30, 2018.

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

At June 30, 2018, the School reported a liability of \$10,589,457 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, 2016. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the School's proportion was 0.03275 percent, which was an increase of 0.00133 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the School recognized pension expense of \$2,199,782. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$194,696	\$ -
Changes of assumptions or other inputs	2,703,882	17,158

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Net difference between projected and actual earnings on pension plan investments	-	415,858
Changes in proportion and differences between contributions recognized and proportionate share of contributions	371,662	-
Contributions subsequent to the measurement date	148,316	-
Total	\$3,418,556	\$433,016

\$148,316 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Year ended June 30	
2019	\$1,886,830
2020	1,068,031
2021	38,810
2022	(156,447)
Total	\$2,837,224

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 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 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$13,376,285	\$10,589,457	\$8,318,510

The School's estimated net pension liability at June 30, 2018, had the provisions of SB 18-200 been effective was \$4,784,225.

Belle Creek Charter School

Contributions: Employer contributions recognized by the SCHDTF School were \$470,088 for the year ended June 30, 2018.

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

At June 30, 2018, the School reported a liability of \$16,587,155 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 School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

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At December 31, 2017, the School's proportion was 0.0512955400 percent, which was an increase of 0.0007844324 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the School recognized pension expense of \$3,369,211. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$304,967	\$ -
Changes of assumptions or other inputs	4,235,316	26,877
Net difference between projected and actual earnings on pension plan investments	-	651,393
Changes in proportion and differences between contributions recognized and proportionate share of contributions	165,064	197,032
Contributions subsequent to the measurement date	252,842	-
Total	\$4,958,189	\$875,302

\$252,842 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Year ended June 30	
2019	\$ 2,531,249
2020	1,502,161
2021	416,931
2022	(245,056)
Total	\$ 4,205,285

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 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 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$20,952,397	\$16,587,155	\$13,029,980

The School's estimated net pension liability at June 30, 2018, had the provisions of SB 18-200 been effective was \$7,493,933.

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2-I. Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description - Employees of the School 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. There is no employer match. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$476,771.

2-J. Other Post-Employment Benefits

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Plan description. Eligible employees of the School 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.

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 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.

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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.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees 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 subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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 School District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School District were \$721,219 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 School District reported a liability of \$10,968,413 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 December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The School District's proportion of the net OPEB liability was based on School District 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 School District's proportion was 0.8439837351 percent, which was a decrease of 0.0227223473 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the School District recognized OPEB expense of \$808,018. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$51,875	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	183,499
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	246,228
Contributions subsequent to the measurement date	371,775	-
Total	\$423,650	\$429,727

\$371,775 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 ended 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:

Year ended June 30:	
2019	\$84,058
2020	84,058
2021	84,058
2022	84,058
2023	38,183
Thereafter	3,437
Total	\$377,852

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:

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 percent in 2023

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial

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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.

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.

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- 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, 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. 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.

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.

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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	30 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%.

Sensitivity of the School 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 one percentage point lower or one 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	10,666,629	10,968,413	11,331,891

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%.
- 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.

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- 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 School 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	12,331,944	10,968,413	9,804,601

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.

Component Unit Post-Employment Benefits

Bromley East Charter School

Contributions: Employer contributions recognized by the HCTF from the School were \$45,446 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2018, the School reported a liability of \$692,319 for its proportionate share of the net OPEB liability. At December 31, 2017, the School’s proportion was 0.0532716986 percent, which was an increase of 0.0048525488 percent from its proportion measured as of December 31, 2016. For the year ended June 30, 2018, the School recognized an OPEB expense of \$64,385.

At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$3,274	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	11,583

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

Changes in proportion and differences between contributions recognized and proportionate share of contributions	52,584	-
Contributions subsequent to the measurement date	25,937	-
Total	\$81,795	\$11,583

\$25,937 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 ended 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:

Year ended June 30:	
2019	\$8,079
2020	8,079
2021	8,079
2022	8,079
2023	10,974
Thereafter	985
Total	\$44,275

Sensitivity of the School'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 one percentage point lower or one 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	\$673,271	\$692,319	\$715,262

Sensitivity of the School'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	\$778,384	\$692,319	\$618,860

Eagle Ridge Academy

Contributions. Employer contributions recognized by the HCTF from the School were the required 1.02% of PERA-includable salary, for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2018, the School reported a liability of \$241,818 for its proportionate share of the net OPEB liability. At December

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For The Year Ended June 30, 2018

31, 2017, the School's proportion was 0.01861 percent, which was an increase of 0.00075 percent from its proportion measured as of December 31, 2016. For the year ended June 30, 2018, the School recognized an OPEB expense of \$5,063. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,144	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	4,046
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,096	-
Contributions subsequent to the measurement date	7,908	-
Total	\$17,148	\$4,046

\$7,908 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 ended 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:

Year ended June 30:	
2019	\$804
2020	804
2021	804
2022	805
2023	1816
Thereafter	161
Total	\$5,194

Sensitivity of the School'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 one percentage point lower or one 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	\$235,165	\$241,818	\$249,832

Sensitivity of the School'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

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For The Year Ended June 30, 2018

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	\$271,880	\$241,818	\$216,160

Belle Creek Charter School

Contributions: Employer contributions recognized by the HCTF from the School were \$24,099 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2018, the School reported a liability of \$378,781 for its proportionate share of the net OPEB liability. At December 31, 2017, the School's proportion was 0.0291459340 percent, which was an increase of 0.0010154469 percent from its proportion measured as of December 31, 2016. For the year ended June 30, 2018, the School recognized an OPEB expense of \$31,736.

At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,791	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	6,337
Changes in proportion and differences between contributions recognized and proportionate share of contributions	11,004	-
Contributions subsequent to the measurement date	13,481	-
Total	\$26,276	\$6,337

\$13,481 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 ended 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:

Year ended June 30:	
2019	\$930
2020	930
2021	930
2022	930
2023	2514
Thereafter	224
Total	\$6,458

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Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

Sensitivity of the School'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 one percentage point lower or one 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	\$368,359	\$378,781	\$391,333

Sensitivity of the School'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	\$425,868	\$378,781	\$338,590

2-K. Change in Accounting Principle

For the year ended June 30, 2018, The School District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Through the implementation of this standard, the School District recognized its proportionate share of net OPEB liability and the related deferred inflows and outflows.

As a result, the School District's restated net position is as follows:

Net Position, June 30, 2017	\$ (160,980,476)
Adjustment for OPEB	
Net OPEB liability	(11,237,139)
Deferred outflow	349,445
Net Position, June 30, 2017, as Restated	<u>\$ (171,868,170)</u>

Similarly, the component units recognized their share of net OPEB liability and the related deferred inflows and outflows. The restated net positions are as follows:

	<u>Bromley East</u>	<u>Eagle Ridge</u>	<u>Belle Creek</u>
Net Position, June 30, 2017	\$ (12,329,389)	\$ (5,182,065)	\$ (7,849,840)
Adjustment for OPEB			
Net OPEB liability	(627,771)	(223,943)	(364,721)
Deferred outflow	21,806	-	12,202
Net Position, June 30, 2017, as Restated	<u>\$ (12,935,354)</u>	<u>\$ (5,406,008)</u>	<u>\$ (8,202,359)</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

2-L. Net Position

Net investment in capital assets on the Government-wide Statement of Net Position as of June 30, 2018 is calculated as:

	Governmental Activities
Net investment in capital assets:	
Cost of Capital Assets	\$ 422,444,844
Less Accumulated Depreciation	(82,177,318)
Book Value	340,267,526
Less Capital Related Debt - Bonds	(346,520,000)
Less Capital Related Debt - Certificates of Participation	(1,915,000)
Less Bond Premiums	(51,627,738)
Add Bond Deferred Outflows of Resources	4,991,058
Add Unspent Proceeds	126,637,262
	\$ 71,833,108

Note 3 - Other Notes

3-A. Risk Management

Self-Insurance Pool - The School District is exposed to various risks of loss related to torts, thefts or damage to, or destruction of assets; errors or omissions; workers' compensation; employee dental claims; and natural disasters. School District 27J has been a member of the Adams County BOCES Self Insurance Pool (the Pool) since its inception in 1979. The BOCES consists of 3 school districts in Adams County including Adams 1 – Mapleton, Adams 50 – Westminster and School District 27J. The Pool provides property and liability, workers' compensation, boiler and machinery, errors and omissions, and school board legal liability insurances for its member districts. Annually each district provides funding for the pool based on a pre-established amount that covers the cost of insurance, claims, operation of the Pool. Also, each district receives annual financial information on the equity interest and gains or losses. For the year ended June 30, 2018, the Brighton School District recorded an investment of \$306,706 and an additional paid in capital amount of \$88,422. The District's ending surplus share of the Pool was a net gain of \$88,422.

Pool members and percentage shares are as follows:

<u>Adams County School Districts</u>	<u>% Shares in Pool</u>
No. 1	19.59
No. 27J	39.31
No. 50	41.10

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

Following is a summary of financial information for the Pool as of and for the year ended June 30, 2018:

	Total	District's Share
Assets	\$ 6,881,360	\$ 2,705,288
Liabilities	4,871,249	2,398,583
Equity	\$ 2,010,111	\$ 306,705
Revenues	\$ 2,811,037	\$ 1,105,111
Expenditures	2,530,383	1,016,689
Net Income	280,654	88,422
Surplus, Beginning	1,850,145	218,284
Additional Equity	159,966	88,422
Surplus, Ending	\$ 2,010,111	\$ 306,706

Percentage shares are as of June 30, 2018. Percentages will vary slightly from year-to-year depending upon premium allocation factors. The Pool's Board of Directors consists of one member appointed by the Board of Education of each participating school district. All members of the Pool's Board of Directors have an equal vote in the administration of the Pool's activities, are responsible for selection of management and have complete responsibility for all fiscal matters in the operation of the Pool. Separate financial statements for the Pool are available from the Adams County BOCES, 1400 W. 122nd Avenue, Suite 110, Westminster, Colorado 80234.

The School District pays annual premiums for property, liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. The Pool, which is subjected to actuarial review and annual audit, has various levels of self-insured retentions and purchases excess insurance for amounts above the retentions for liability, property and workers' compensation coverage.

The following schedule shows the coverage for fiscal year 2018:

	School District Deductible	Pool's Self-Insured Retention (Per Occurrence)	Excess Insurance Per Occurrence
Liability	\$ -	\$ 150,000	\$ 5,000,000 (auto) 10,000,000 (general)
Property	1,000	100,000	100,000,000
Workers' Compensation	-	550,000	Statutory
Errors and Omissions	10,000	150,000	10,000,000
Boiler and Machinery	5,000	N/A	50,000,000
Crime	25,000	N/A	1,000,000

The School District is protected under the statutes of the Colorado Governmental Immunity Act to a maximum of \$150,000 per individual and \$600,000 per occurrence for liability exposure.

The School District continues to carry commercial insurance coverage for errors and omissions risks of loss and employee health. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

Dental Self-Insurance Plan - The School District maintains a dental self-insurance plan (the “Plan”) for employees who elect to purchase dental insurance through the plan. The Plan is entirely funded from employee contributions. Monthly premiums are \$42.90 per month for the employee. Dependent coverage is also available. The Plan is designed to minimize the risk to the School District by designing the plan to be dependent upon employee-paid premiums for all plan expenditures. The Plan limits participant claims to \$1,500 per year and a lifetime \$2,000 per person orthodontic claim. The School District consults with Lockton Companies to annually evaluate the plan. Claims are paid by the third party administrator acting on behalf of the School District. Claims due and payable within one year equal \$27,124 and are reported in the proprietary fund Statement of Net Position under current liabilities in the governmental activities internal service fund.

Date	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2016	\$ 8,217	\$ 811,623	\$ 796,906	\$ 22,934
2017	22,934	769,363	792,221	28,513
2018	28,513	799,495	800,884	27,124

3-B. Tax, Spending and Debt Limitations

In November of 1992, Colorado voters approved a State Constitutional amendment, referred to as the Taxpayer’s Bill of Rights (TABOR), containing tax, spending and debt limitations on the state and local governments. TABOR limits increases in revenues and expenditures to the rate of inflation and local growth. TABOR also requires local governments to establish emergency reserves to be used only for declared emergencies. On November 3, 1998, School District 27J voters approved a ballot question “for Authorization of Collection, Retention and Expenditures of Revenue in Excess of the limitations set by Section 20 of Article X of the State Constitution”. This ballot issue authorized the School District to retain and expend all excess revenue in fiscal year 1997/98 and in each fiscal year thereafter. This ballot question was approved by a vote of 4,357 in favor of the question and 2,512 opposing the question. As required by the Amendment, the School District has established a reserve for emergencies of \$3,471,019 at June 30, 2018. This reserve is recorded as a restricted fund balance in the general fund.

Belle Creek Charter School reported an emergency reserve of \$154,000 at June 30, 2018 as a restricted fund balance in the general fund. Eagle Ridge Academy reported a reserve of \$128,097 at June 30, 2018 as a restricted fund balance in the general fund. Bromley East Charter School reported an emergency reserve of \$299,000 at June 30, 2018 as a restricted fund balance in the general fund. Landmark Academy Charter School reported an emergency reserve of \$170,777 at June 30, 2018 as a restricted fund balance in the general fund. Foundations Academy Charter School reported an emergency reserve of \$183,008 at June 30, 2018 as a restricted fund balance in the general fund.

3-C. Designated for Cash-In-Lieu of Land Dedication

Pursuant to CRS 29-1-801, the School District has received land dedications or cash-in-lieu of land dedications from residential land developers to ensure that the cost of school site acquisition is borne by new residential construction and residential development. The School District entered into agreements with various cities and developers called the “Fair Contributions for Public School Sites” that restricts the use of the funds.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

The following cash-in-lieu activities have been recognized in the School District’s general fund balance – restricted for cash-in-lieu of land in the governmental funds Balance Sheet:

Beginning balance as of July 1, 2017	\$ 82,061
Cash received through June 30, 2018	171,594
Cash utilized through June 30, 2018	-
Ending balance as of June 30, 2018	\$ 253,655

3-D. Contingent Liabilities

Grants – The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited but the School District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School District.

Lease Agreements – For 2018 an operating lease agreement was extended through 2018 with Williams Scotsman for the use of the two modular units. Under terms of the agreement, the School District makes monthly rental payments. Rent expense through June 30, 2018 was \$17,608.

JPMorgan Chase Computer/Chromebooks/Carts Operating Lease – For 2017 an operating lease terms was entered into totaling \$414,391, with principal expense due for 36 months with an annual percentage rate of 1.72%. Annual payments began on August 19, 2016 and end on August 19, 2018, at which time title to the computers, chromebooks and carts passes to the School District. Scheduled future payments are shown below:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 138,117	\$ 2,376	\$ 140,493
Total	\$ 138,117	\$ 2,376	\$ 140,493

JPMorgan Chase Chromebooks/Chromebox/Monitors Operating Lease – For 2018 an operating lease terms was entered into totaling \$409,257, with principal expense due for 36 months with an annual percentage rate of 2.48%. Annual payments began on July 18, 2017, with a principal payment of \$139,769, and end on July 18, 2019, at which time title to the computers, Chromebooks and carts passes to the School District. Scheduled future payments are shown below:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 133,096	\$ 6,673	\$ 139,769
2020	136,392	3,377	139,769
Total	\$ 269,488	\$ 10,050	\$ 279,538

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2018

JPMorgan Chase Chromebook Operating Lease – For 2018 an operating lease terms was entered into totaling \$1,640,468, with principal expense due for 36 months with an annual percentage rate of 2.98%. Annual payments begin on July 15, 2018 and end on July 15, 2020, at which time title to the Chromebooks passes to the School District. Scheduled future payments are shown below:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 560,000	\$ 4,477	\$ 564,477
2020	532,311	32,166	564,477
2021	548,158	16,318	564,476
Total	<u>\$ 1,640,469</u>	<u>\$ 52,961</u>	<u>\$ 1,693,430</u>

Litigation – The School District is involved in significant or potential litigation for the year ended June 30, 2018.

Stewardship, Compliance and Accountability

Construction – The School District had multiple construction contracts during fiscal year 2018. As of June 30, 2018 a total of \$58,078,915 was committed for construction. The breakdown is as follows:

<u>Location</u>	<u>Amount</u>
Brighton High School	\$ 256,359
BHS Health Clinic	305,688
Districtwide Roofing	376,376
ESC - Safety & Security	26,426
Henderson Elementary	468,603
Northeast Elementary	6,134,364
Overland Trail Middle School	4,185,802
Rodger Quist Middle School	44,564,172
Riverdale Ridge High School	951,451
Southeast Elementary	715,225
Technology Building	94,449
	<u>\$ 58,078,915</u>

Investment earnings of \$917,022 were earned in fiscal year 2018. The total amount expended in fiscal year 2018 for capital projects was \$72,228,556.

3-E. Subsequent Events

The School District has no noted significant subsequent events.

Required Supplementary Information

School District 27J, Colorado
General Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 30,982,334	\$ 35,408,123	\$ 36,493,535	\$ 1,085,412
Intergovernmental Revenue				
Vocational Education	517,000	621,110	274,956	(346,154)
Special Education	2,731,568	2,760,508	3,108,885	348,377
Transportation	-	-	-	-
Equalization	92,528,027	91,568,335	93,128,798	1,560,463
Operating Grants and Contributions	-	-	-	-
Pupil Activities	-	-	-	-
Charges for Service	583,818	702,026	701,441	(585)
Investment Earnings	30,000	50,000	236,526	186,526
Miscellaneous	405,447	345,447	718,669	373,222
Total Revenues	127,778,194	131,455,549	134,662,810	3,207,261
Expenditures				
Instructional Services	58,215,770	60,576,569	59,355,692	1,220,877
Supporting Services				
Pupil Services	5,316,473	5,141,881	5,003,591	138,290
Instructional Staff	3,069,797	3,047,623	2,988,128	59,495
General Administration	1,416,469	1,461,534	1,349,171	112,363
School Administration	7,912,016	8,529,540	8,393,095	136,445
Operations and Maintenance	9,242,598	9,690,171	9,417,714	272,457
Pupil Transportation	-	20,000	32,209	(12,209)
Business Supporting Services	5,844,319	7,266,177	2,409,914	4,856,263
Central Supporting Services	9,471,091	7,042,478	6,328,645	713,833
Community Services	323,672	329,046	356,874	(27,828)
Contingency Reserves	693,505	4,865,393	-	4,865,393
Capital Outlay	281,318	373,136	135,655	237,481
Debt Service				
Principal Retirement	1,304,189	1,477,492	579,663	897,829
Interest	6,884	65,313	64,540	773
Fiscal Charges	232,732	1,000	2,000	(1,000)
Intergovernmental				
Charter Schools	26,948,801	28,107,051	27,942,884	164,167
Total Expenditures	130,279,634	137,994,404	124,359,775	13,634,629
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,501,440)	(6,538,855)	10,303,035	16,841,890
Other Financing Sources (Uses)				
Transfers Out	(4,736,110)	(5,560,126)	(4,911,787)	648,339
Net Change in Fund Balance	\$ (7,237,550)	\$ (12,098,981)	5,391,248	\$ 17,490,229
Fund Balance Beginning of Year			22,195,150	
Fund Balance End of Year			\$ 27,586,398	

See the independent auditor's report.

School District 27J, Colorado
Nutrition Services Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Student Lunches	\$ 1,886,335	\$ 1,886,335	\$ 2,076,630	\$ 190,295
State Match	97,124	97,124	104,372	7,248
Federal Sources				
School Lunches	2,317,917	2,317,917	2,513,303	195,386
Breakfast Program	477,230	477,230	428,886	(48,344)
Fruit and Vegetable Program	-	-	17,898	17,898
Summer Program	124,856	124,856	53,941	(70,915)
Commodity Donations	450,000	450,000	487,654	37,654
Investment Income	1,839	1,839	15,519	13,680
Total Revenues	<u>5,355,301</u>	<u>5,355,301</u>	<u>5,698,203</u>	<u>342,902</u>
Expenditures				
Salaries	2,061,354	2,670,295	1,992,389	677,906
Benefits	663,168	809,183	618,963	190,220
Purchased Services	91,485	91,485	150,407	(58,922)
Food and Milk	1,966,048	1,966,048	2,022,557	(56,509)
General and Office Supplies	641,676	641,676	688,516	(46,840)
Capital Outlay	27,675	27,675	114,445	(86,770)
Contingency	1,701,940	1,330,619	-	1,330,619
Total Expenditures	<u>7,153,346</u>	<u>7,536,981</u>	<u>5,587,277</u>	<u>1,949,704</u>
Net Change in Fund Balance	<u>\$ (1,798,045)</u>	<u>\$ (2,181,680)</u>	110,926	<u>\$ 2,292,606</u>
Fund Balance Beginning of Year			<u>2,220,051</u>	
Fund Balance End of Year			<u>\$ 2,330,977</u>	

See the independent auditor's report.

School District 27J, Colorado
Government Designated Purpose Grants Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental				
Federal Grants	\$ 4,800,510	\$ 6,174,174	\$ 5,650,273	\$ (523,901)
State Grants	3,350,397	3,208,773	3,260,218	51,445
Local Grants	500,000	133,870	180,446	46,576
Miscellaneous	76,742	85,126	85,126	-
Total Revenues	<u>8,727,649</u>	<u>9,601,943</u>	<u>9,176,063</u>	<u>(425,880)</u>
Expenditures				
Current				
Instructional Services	5,387,029	5,227,651	5,246,805	(19,154)
Supporting Services				
Pupil Services	1,568,162	1,896,967	1,791,608	105,359
Instructional Staff	1,014,135	1,104,012	985,823	118,189
School Administration	112,778	289,343	178,565	110,778
Pupil Transportation	49,866	47,247	61,949	(14,702)
Business Supporting Services	445,761	198,884	230,006	(31,122)
Central Supporting Services	152,447	194,027	198,161	(4,134)
Community Services	103,001	54,521	38,093	16,428
Contingency Reserves	824,526	1,638,657	-	1,638,657
Capital Outlay	10,318	62,400	34,772	27,628
Total Expenditures	<u>9,668,023</u>	<u>10,713,709</u>	<u>8,765,782</u>	<u>1,947,927</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(940,374)</u>	<u>(1,111,766)</u>	410,281	<u>1,522,047</u>
Fund Balance Beginning of Year			<u>1,058,169</u>	
Fund Balance End of Year			<u>\$ 1,468,450</u>	

See the independent auditor's report.

School District 27J, Colorado
Schedule of District Pension Contributions
Last 10 Fiscal Years*
(Dollar amounts in thousands)

	2015	2016	2017	2018
Contractually required contribution	\$ 10,889	\$ 11,804	\$ 12,402	\$ 13,451
Contributions in relation to the contractually required contribution	<u>(10,889)</u>	<u>(11,804)</u>	<u>(12,402)</u>	<u>(13,451)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 64,484	\$ 65,847	\$ 67,842	\$ 71,479
Contributions as a percent of Covered Payroll	16.89%	17.93%	18.28%	18.82%

* This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years for which information is available.

See accompanying notes to the basic financial statements

School District 27J, Colorado
*Schedule of the District's Proportionate Share of the
Net Pension Liability
Last 10 Calendar Years**
(Dollar amounts in thousands)

	2014	2015	2016	2017
District's proportion of the Net Pension Liability (Asset)	1.51%	1.52%	1.52%	1.49%
District's proportionate share of the Net Pension Liability (Asset)	\$ 205,030	\$ 232,267	\$ 454,010	\$ 480,489
Districts Covered Payroll	\$ 63,374	\$ 66,182	\$ 68,435	\$ 68,519
District's proportionate share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	323.52%	350.95%	663.42%	701.25%
Plan fiduciary net position as a percent of the total Pension Liability	62.84%	59.20%	43.10%	43.96%

* The amounts presented for each fiscal year were determined as of 12/31.
This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is compiled, the School District is presenting information
for those years for which information is available.

See accompanying notes to the basic financial statements

School District 27J, Colorado
Schedule of District OPEB Contributions
Last 10 Fiscal Years*
(Dollar amounts in thousands)

	2018
Contractually required contribution	\$ 721
Contributions in relation to the contractually required contribution	(721)
Contribution Deficiency (Excess)	\$ -
 District's Covered Payroll	\$ 71,479
Contributions as a percent of Covered Payroll	1.01%

* This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years for which information is available.

See accompanying notes to the basic financial statements

School District 27J, Colorado
Schedule of the Districts Proportionate Share of the
Net OPEB Liability
*Last 10 Calendar Years**
(Dollar amounts in thousands)

	2017
District's proportion of the OPEB Liability (Asset)	0.84%
District's proportionate share of the OPEB Liability (Asset)	\$ 10,968
District's Covered Payroll	\$ 68,519
District's proportionate share of the OPEB Liability (Asset) as a percentage of its Covered Payroll	16.01%
Plan fiduciary net position as a percent of the total Pension Liability	17.53%

* The amounts presented for each fiscal year were determined as of 12/31.
This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is compiled, the School District is presenting information
for those years for which information is available.

See accompanying notes to the basic financial statements

School District 27J, Colorado
Notes to the Required Supplementary Information
For The Year Ended June 30, 2018

Stewardship, Compliance and Accountability

Budgetary Information – Budgets are required by state law for all funds. By June 1, the Superintendent submits to the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Education to obtain taxpayer comments. The budget must be adopted by formal resolution prior to June 30, although it may be subsequently revised by January 31.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments, within any fund and the reallocation of budget line items within any department or within any fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. Appropriations are based on total resources expected to be available in each budget year, including reserves as established by the Board of Education. Variances between budget and actual are the result from the non-expenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects and normal operating variances.

Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent of Schools and/or the Board of Education throughout the year.

Supplementary Information
Combining and Individual Fund
Financial Statements and Schedules

The Combining and Individual Fund Financial Statements represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type. For those fund types with a single fund, individual fund financial statements are presented.

Non-Major Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Growth Impact Fund - This fund accounts for the revenues received from the City and County of Denver, Colorado as the result of an annexation by Denver of land previously within the School District boundaries.

Pupil Activity Fund - This fund accounts for financial transactions of all school activity funds in the District. Revenues are those raised by clubs and/or school building support groups. Expenditures are for school activity functions.

Pupil Transportation Fund - This fund accounts for fees collected for the payment of excess transportation costs without voter approval. Transportation categorical program revenues received from the state are also recorded in this fund.

Other Special Programs Fund - This fund accounts for all revenues and costs of providing day care to people who live within the District. This fund also accounts for the Detention Center school. The Brighton School District provides this program for the Adams County Detention Center. All other school districts that make up the catchment area for the center are billed an amount in proportion to their number of students. Also included are the district print shop, and the summer school programs.

Child Care/Extended Day Kindergarten – This fund is considered an “Other Special Revenue” fund. The Child Care and Extended Day Kindergarten programs are tuition based for generating revenue.

Major Governmental

Nutrition Services Fund – This fund accounts for financial transactions related to nutrition services operations.

Capital Projects Fund - This fund accounts for bond proceeds and other revenues used for the construction and acquisition of major capital facilities.

Governmental Designated-Purpose Grants Fund - This fund accounts for grants received for designated programs funded by federal, state or local governments.

Debt Service Fund - This fund accounts for the accumulated resources (normally property taxes) used to retire principal and interest on general long-term debt.

School District 27J, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Growth Impact	Pupil Activity	Pupil Transportation	Child Care / Extended Day Kindergarten	Other Special Programs	Non-Major Governmental Funds
Assets						
Cash and Investments	\$ 63,007	\$ 1,171,910	\$ -	\$ -	\$ -	\$ 1,234,917
Receivables						
Accounts	-	12,358	4,103	21,695	-	38,156
Interfund Receivable	40,274	68,524	313,125	766,813	1,019,199	2,207,935
Total Assets	<u>\$ 103,281</u>	<u>\$ 1,252,792</u>	<u>\$ 317,228</u>	<u>\$ 788,508</u>	<u>\$ 1,019,199</u>	<u>\$ 3,481,008</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	-	23,557	6,675	250	1,476	31,958
Accrued Salary and Benefits	-	-	310,553	59,860	126,706	497,119
Total Liabilities	<u>-</u>	<u>23,557</u>	<u>317,228</u>	<u>60,110</u>	<u>128,182</u>	<u>529,077</u>
Fund Balances						
Committed, Reported In Nonmajor Governmental Funds (See Note 1-E-10)	<u>103,281</u>	<u>1,229,235</u>	<u>-</u>	<u>728,398</u>	<u>891,017</u>	<u>2,951,931</u>
Total Fund Balances	<u>103,281</u>	<u>1,229,235</u>	<u>-</u>	<u>728,398</u>	<u>891,017</u>	<u>2,951,931</u>
Total Liabilities and Fund Balances	<u>\$ 103,281</u>	<u>\$ 1,252,792</u>	<u>\$ 317,228</u>	<u>\$ 788,508</u>	<u>\$ 1,019,199</u>	<u>\$ 3,481,008</u>

See the independent auditor's report.

School District 27J, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2018

	<u>Growth Impact</u>	<u>Pupil Activity</u>	<u>Pupil Transportation</u>	<u>Child Care / Extended Day Kindergarten</u>	<u>Other Special Programs</u>	<u>Nonmajor Governmental Funds</u>
Revenues						
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-
Transportation Services	-	-	1,503,981	-	-	1,503,981
Pupil Activities	-	2,362,593	-	-	-	2,362,593
Investment Earnings	1,021	18,990	-	-	-	20,011
Charges for Services	-	-	379,171	1,343,013	2,130,021	3,852,205
Miscellaneous	22,842	-	-	-	-	22,842
Total Revenues	<u>23,863</u>	<u>2,381,583</u>	<u>1,883,152</u>	<u>1,343,013</u>	<u>2,130,021</u>	<u>7,761,632</u>
Expenditures						
Instructional Services	-	-	-	5,628	1,285,893	1,291,521
Business Supporting Services	25,138	-	-	-	-	25,138
Transportation Services	-	-	6,093,527	-	1,000	6,094,527
Instructional Staff	-	-	-	-	700	700
Community Services	-	-	-	1,318,253	-	1,318,253
Central Supporting Services	-	-	-	-	830,572	830,572
Pupil Activities	-	3,171,878	-	-	103,291	3,275,169
Capital Outlay	-	-	-	-	2,180	2,180
Total Expenditures	<u>25,138</u>	<u>3,171,878</u>	<u>6,093,527</u>	<u>1,323,881</u>	<u>2,223,636</u>	<u>12,838,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,275)</u>	<u>(790,295)</u>	<u>(4,210,375)</u>	<u>19,132</u>	<u>(93,615)</u>	<u>(5,076,428)</u>
Other Financing Sources (Uses)						
Transfers In (Out)	-	420,704	4,210,375	-	233,036	4,864,115
Net Change in Fund Balances	(1,275)	(369,591)	-	19,132	139,421	(212,313)
Fund Balances Beginning of Year	104,556	1,598,826	-	709,266	751,596	3,164,244
Net Position End of Year	<u>\$ 103,281</u>	<u>\$ 1,229,235</u>	<u>\$ -</u>	<u>\$ 728,398</u>	<u>\$ 891,017</u>	<u>\$ 2,951,931</u>

See the independent auditor's report.

School District 27J, Colorado
Growth Impact Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment Earnings	\$ 100	\$ 100	\$ 1,021	\$ 921
Miscellaneous	42,000	42,000	22,842	(19,158.00)
Total Revenues	<u>42,100</u>	<u>42,100</u>	<u>23,863</u>	<u>(18,237)</u>
Expenditures				
Supporting Services	17,855	17,855	25,138	(7,283)
Contingency	104,245	128,801	-	128,801
Total Expenditures	<u>122,100</u>	<u>146,656</u>	<u>25,138</u>	<u>121,518</u>
Net Change in Fund Balance	<u>\$ (80,000)</u>	<u>\$ (104,556)</u>	(1,275)	<u>\$ 103,281</u>
Fund Balance Beginning of Year			<u>104,556</u>	
Fund Balance End of Year			<u>\$ 103,281</u>	

See the independent auditor's report.

School District 27J, Colorado
Pupil Activity Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Pupil Activities	\$ 4,059,862	\$ 3,542,015	\$ 2,362,593	\$ (1,179,422)
Investment Earnings	-	-	18,990	18,990
Total Revenues	<u>4,059,862</u>	<u>3,542,015</u>	<u>2,381,583</u>	<u>(1,160,432)</u>
Expenditures				
Pupil Activities	5,300,157	5,561,545	3,171,878	2,389,667
Capital Outlay	-	-	-	-
Total Expenditures	<u>5,300,157</u>	<u>5,561,545</u>	<u>3,171,878</u>	<u>2,389,667</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,240,295)</u>	<u>(2,019,530)</u>	<u>(790,295)</u>	<u>1,229,235</u>
Other Financing Sources (Uses)				
Transfers In (Out)	420,704	420,704	420,704	-
Net Change in Fund Balance	<u>\$ (819,591)</u>	<u>\$ (1,598,826)</u>	<u>(369,591)</u>	<u>\$ 1,229,235</u>
Fund Balance Beginning of Year			<u>1,598,826</u>	
Fund Balance End of Year			<u>\$ 1,229,235</u>	

See the independent auditor's report.

School District 27J, Colorado
Transportation Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Pupil Transportation	\$ 1,448,998	\$ 1,500,438	\$ 1,503,981	\$ 3,543
Charges for Services	315,000	315,000	379,171	64,171
Total Revenues	<u>1,763,998</u>	<u>1,815,438</u>	<u>1,883,152</u>	<u>67,714</u>
Expenditures				
Pupil Transportation	5,799,914	6,639,576	6,093,527	546,049
Total Expenditures	<u>5,799,914</u>	<u>6,639,576</u>	<u>6,093,527</u>	<u>546,049</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,035,916)</u>	<u>(4,824,138)</u>	<u>(4,210,375)</u>	<u>613,763</u>
Other Financing Sources (Uses)				
Transfers In (Out)	4,035,916	4,824,138	4,210,375	(613,763)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance Beginning of Year			<u>-</u>	
Fund Balance End of Year			<u>\$ -</u>	

See the independent auditor's report.

School District 27J, Colorado
Other Special Programs Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Charges for Services	\$ 1,944,466	\$ 2,219,432	\$ 2,130,021	\$ (89,411)
Total Revenues	<u>1,944,466</u>	<u>2,219,432</u>	<u>2,130,021</u>	<u>(89,411)</u>
Expenditures				
Current				
Instructional Services	1,456,559	1,392,034	1,285,893	106,141
Supporting Services				
Pupil Services	221,032	217,802	103,291	114,511
Instructional Staff	4,704	4,216	700	3,516
School Administration	-	-	-	-
Pupil Transportation	-	-	1,000	(1,000)
Business Supporting Services	73,909	-	-	-
Central Supporting Services	488,657	367,533	830,572	(463,039)
Contingency Reserves	843,890	1,224,039	-	1,224,039
Capital Outlay	-	-	2,180	(2,180)
Total Expenditures	<u>3,178,015</u>	<u>3,205,624</u>	<u>2,223,636</u>	<u>981,988</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,233,549)</u>	<u>(986,192)</u>	<u>(93,615)</u>	<u>892,577</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>279,490</u>	<u>233,036</u>	<u>233,036</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (954,059)</u>	<u>\$ (753,156)</u>	<u>139,421</u>	<u>\$ 892,577</u>
Fund Balance Beginning of Year			<u>751,596</u>	
Fund Balance End of Year			<u>\$ 891,017</u>	

See the independent auditor's report.

School District 27J, Colorado
Child Care/Extended Day Kindergarten
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Charges for Services	\$ 1,278,437	\$ 1,051,373	\$ 1,343,013	\$ 291,640
Total Revenues	<u>1,278,437</u>	<u>1,051,373</u>	<u>1,343,013</u>	<u>291,640</u>
Expenditures				
Current				
Instructional Services	5,993	8,421	5,628	2,793
Supporting Services				
Business Supporting Services	-	67,792	-	67,792
Community Services	2,127,744	1,684,428	1,318,253	366,175
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,133,737</u>	<u>1,760,641</u>	<u>1,323,881</u>	<u>436,760</u>
Net Change in Fund Balance	<u>\$ (855,300)</u>	<u>\$ (709,268)</u>	19,132	<u>\$ 728,400</u>
Fund Balance Beginning of Year			<u>709,266</u>	
Fund Balance End of Year			<u>\$ 728,398</u>	

See the independent auditor's report.

School District 27J, Colorado
Capital Projects Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Investment Earnings	\$ 1,415,000	\$ 2,000,000	\$ 917,022	\$ (1,082,978)
Total Revenues	<u>1,415,000</u>	<u>2,000,000</u>	<u>917,022</u>	<u>(1,082,978)</u>
Expenditures				
Capital Outlay	-	200,521,606	72,228,566	128,293,040
Debt Service				
Bond Issue Costs	-	-	572,800	(572,800)
Total Expenditures	<u>-</u>	<u>200,521,606</u>	<u>72,801,366</u>	<u>127,720,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,415,000</u>	<u>(198,521,606)</u>	<u>(71,884,344)</u>	<u>126,637,262</u>
Other Financing Sources (Uses)				
Issuance of Bonds	<u>98,000,000</u>	<u>105,658,825</u>	<u>105,658,825</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 99,415,000</u>	<u>\$ (92,862,781)</u>	<u>33,774,481</u>	<u>\$ 126,637,262</u>
Fund Balance Beginning of Year			<u>92,862,781</u>	
Fund Balance End of Year			<u>\$ 126,637,262</u>	

See the independent auditor's report.

School District 27J, Colorado
Debt Service Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 21,958,000	\$ 25,964,443	\$ 25,988,094	\$ 23,651
Investment Earnings	1,900	25,648	113,045	87,397
Total Revenues	<u>21,959,900</u>	<u>25,990,091</u>	<u>26,101,139</u>	<u>111,048</u>
Expenditures				
Debt Service				
Principal Retirement	9,920,000	9,080,979	9,920,000	(839,021)
Interest	12,050,346	16,030,478	15,191,456	839,022
Issue Costs	-	2,000	412	1,588
Fiscal Charges	42,000	42,750	6,150	36,600
Contingency Reserves	17,692,854	19,465,268	-	19,465,268
Total Expenditures	<u>39,705,200</u>	<u>44,621,475</u>	<u>25,118,018</u>	<u>19,503,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,745,300)</u>	<u>(18,631,384)</u>	<u>983,121</u>	<u>19,614,505</u>
Net Change in Fund Balance	<u>\$ (17,745,300)</u>	<u>\$ (18,631,384)</u>	<u>983,121</u>	<u>\$ 19,614,505</u>
Fund Balance Beginning of Year			<u>18,631,384</u>	
Fund Balance End of Year			<u>\$ 19,614,505</u>	

See the independent auditor's report.

Proprietary Funds

Proprietary Fund - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The School District's proprietary funds are classified as internal service funds.

Internal Service Fund - The internal service funds accounts for the District's self-insured dental plan and print shop.

Fiduciary Funds

Fiduciary Fund - The School District's fiduciary funds provides scholarships to students and is classified as a private purpose trust fund and an agency fund providing school-sponsored pupil organizations and student activities.

School District 27J, Colorado
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	<u>Print Shop</u>	<u>Risk Management</u>	<u>Governmental Activities - Internal Service Funds</u>
Assets			
Cash and Investments	\$ -	\$ -	\$ -
Receivables			
Accounts	408	119	527
Interfund Receivable	-	578,850	578,850
Total Assets	<u>408</u>	<u>578,969</u>	<u>579,377</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	47	27,124	27,171
Interfund Payable	361	-	361
Total Liabilities	<u>408</u>	<u>27,124</u>	<u>27,532</u>
 Net Position	<u>\$ -</u>	<u>\$ 551,845</u>	<u>\$ 551,845</u>

See the independent auditor's report

School District 27J, Colorado
Combining Statement of Revenues, Expenditures and Changes in Net Position
Internal Service Funds
For The Year Ended June 30, 2018

	<u>Print Shop</u>	<u>Risk Management</u>	<u>Governmental Activities - Internal Service Funds</u>
Operating Revenues			
Dental Insurance Premiums	\$ -	\$ 824,300	\$ 824,300
Print Shop	70,863	-	70,863
Total Operating Revenues	<u>70,863</u>	<u>824,300</u>	<u>895,163</u>
Operating Expenses			
Salaries and Benefits	65,826	-	65,826
Purchased Services	18,957	-	18,957
Materials and Supplies	29,846	-	29,846
Indirect Costs	3,907	-	3,907
Risk Management Dental	-	800,885	800,885
Total Operating Expenses	<u>118,536</u>	<u>800,885</u>	<u>919,421</u>
Income (Loss) from Operations	<u>(47,673)</u>	<u>23,415</u>	<u>(24,258)</u>
Transfers In (Out)	<u>47,673</u>	<u>-</u>	<u>47,673</u>
Change in Net Position	-	23,415	23,415
Net Position Beginning of Year	<u>-</u>	<u>528,430</u>	<u>528,430</u>
Net Position End of Year	<u><u>\$ -</u></u>	<u><u>\$ 551,845</u></u>	<u><u>\$ 551,845</u></u>

See the independent auditor's report

School District 27J, Colorado
Combining Statement of Cash Flows
Internal Service Funds
For The Year Ended June 30, 2018

	<u>Print Shop</u>	<u>Risk Management</u>	<u>Governmental Activities - Internal Service Funds</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows From (Used for) Operating Activities			
Cash Received from Customers	\$ 70,863	\$ 802,274	\$ 873,137
Cash Payments for Goods and Services	(118,536)	-	(118,536)
Cash Payments for Insurance Premiums and Expenses	-	(802,274)	(802,274)
Net Cash From (Used for) Operating Activities	<u>(47,673)</u>	<u>-</u>	<u>(47,673)</u>
Cash Flows from (Used for) Noncapital Financing Activities			
Transfers	47,673	-	(47,673)
Net Cash From (Used for) Noncapital Financing Activities	<u>47,673</u>	<u>-</u>	<u>(47,673)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities			
Operating Income (Loss)	\$ (47,673)	\$ 23,415	\$ (24,258)
Accounts Receivable	-	(76)	(76)
Interfund Receivable	-	(21,950)	(21,950)
Increase (Decrease) in Liabilities:			
Accounts Payable	-	(1,389)	(1,389)
Net Cash From (Used for) Operating Activities	<u>\$ (47,673)</u>	<u>\$ -</u>	<u>\$ (47,673)</u>

See the independent auditor's report

School District 27J, Colorado
Print Shop Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Charges for Services	\$ -	\$ 88,485	\$ 70,863	\$ (17,622)
Total Revenues	<u>-</u>	<u>88,485</u>	<u>70,863</u>	<u>(17,622)</u>
Expenses				
Current:				
Business Supporting Services	-	170,733	118,536	52,197
Central Supporting Services	-	-	-	-
Total Expenses	<u>-</u>	<u>170,733</u>	<u>118,536</u>	<u>52,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>-</u>	<u>(82,248)</u>	<u>(47,673)</u>	<u>34,575</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	82,248	47,673	(34,575)
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund Balances Beginning of Year			<u>-</u>	
Fund Balances End of Year			<u>\$ -</u>	

See the independent auditor's report.

School District 27J, Colorado
Risk Management Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Dental Insurance Premiums	\$ 834,500	\$ 820,000	\$ 824,300	\$ 4,300
Total Revenues	<u>834,500</u>	<u>820,000</u>	<u>824,300</u>	<u>4,300</u>
Expenses				
Dental Insurance Claims	865,515	825,000	800,885	24,115
Contingency	462,955	523,430	-	523,430
Total Expenses	<u>1,328,470</u>	<u>1,348,430</u>	<u>800,885</u>	<u>547,545</u>
Change in Net Position	<u>\$ (493,970)</u>	<u>\$ (528,430)</u>	23,415	<u>\$ 551,845</u>
Net Position Beginning of Year			<u>528,430</u>	
Net Position End of Year			<u>\$ 551,845</u>	

See the independent auditor's report.

School District 27J, Colorado
Schedule of Changes in Net Position - Budget to Actual
Fiduciary Funds
For The Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Additions				
Investment Earnings	\$ -	\$ 727	\$ 667	\$ (60)
Pupil Activity Earnings	-	-	-	-
Total Additions	<u>-</u>	<u>727</u>	<u>667</u>	<u>(60)</u>
Deductions				
Support Services	<u>20,625</u>	<u>24,958</u>	<u>-</u>	<u>24,958</u>
Total Deductions	<u>20,625</u>	<u>24,958</u>	<u>-</u>	<u>24,958</u>
Change in Net Position	<u>\$ (20,625)</u>	<u>\$ (24,231)</u>	667	<u>\$ 24,898</u>
Net Position Beginning of Year			<u>24,231</u>	
Net Position End of Year			<u>\$ 24,898</u>	

See the independent auditor's report.

School District 27J, Colorado
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For The Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets				
Cash and Investments	\$ 274,466	\$ 1,175,778	\$ 309,544	\$ 1,140,700
Total Assets	<u>\$ 274,466</u>	<u>\$ 1,175,778</u>	<u>\$ 309,544</u>	<u>\$ 1,140,700</u>
Liabilities				
Due to Others	\$ 274,466	\$ 1,175,778	\$ 309,544	\$ 1,140,700
Total Liabilities	<u>\$ 274,466</u>	<u>\$ 1,175,778</u>	<u>\$ 309,544</u>	<u>\$ 1,140,700</u>

See the independent auditor's report.

Component Units

The component units consist of a foundation and five charter schools: Capital Facility Fee Foundation, Bromley East Charter School, Belle Creek Charter School, Landmark Academy Charter School, Foundations Academy Charter School and Eagle Ridge Charter School.

The Foundation is a 501(c)(3) organization whose purpose is to promote and assist in the development, financing and acquisition of educational facilities and capital improvements in the School District. The Foundation consists of a nine-member board of directors and includes three representatives of contributing builders or developers, three School District representatives, and one city council representative of each city. Voluntary contributions are accepted by the Foundation and kept in foundation-managed accounts. The Board of Education makes requests for the release of Foundation funds for school construction purposes as needed. The Foundation Board determines if the request meets the requirements for disbursement of the funds.

The charter schools have separate governing boards but are dependent upon the District for the majority of their funding.

School District 27J, Colorado
Component Units
Combining Statement of Net Position
June 30, 2018

	Capital Facility Fee Foundation	Bromley East Charter School	Eagle Ridge Academy Charter School	Belle Creek Charter School	Foundation Academy Charter School	Landmark Academy Charter School	Total Component Units
Assets							
Cash and Investments	\$ 169,316	\$ 3,596,577	\$ 1,645,864	\$ 2,188,687	\$ 221,066	\$ 211,012	\$ 8,032,522
Restricted Cash and Investments	2,118,257	2,300,842	1,132,364	861,609	-	-	6,413,072
Accounts Receivable	10,335	57,253	85,526	24,605	-	14,629	192,348
Grants Receivable	-	-	-	11,396	62,697	-	74,093
Prepaid Expenses	-	36,800	1,399	84,936	-	30,864	153,999
Deposits	-	1,000	-	-	-	-	1,000
Capital Assets, Not Being Depreciated	-	144,120	50,000	-	-	-	194,120
Leasehold and Building Improvements	-	21,847,779	9,811,913	7,419,195	-	-	39,078,887
Vehicles	-	287,258	-	123,871	-	-	411,129
Equipment	-	-	-	-	46,098	-	46,098
Less Accumulated Depreciation	-	(3,890,361)	(1,987,207)	(2,713,871)	(26,234)	-	(8,617,673)
Total Assets	2,297,908	24,381,268	10,739,859	8,000,428	303,627	256,505	45,979,595
Deferred Outflows of Resources							
Related to Pensions	-	11,279,853	3,418,556	4,958,189	-	-	19,656,598
OPEB	-	81,795	17,148	26,276	-	-	125,219
Cost of Refunding	-	974,606	-	870,406	-	-	1,845,012
Total Deferred Outflows of Resources	-	12,336,254	3,435,704	5,854,871	-	-	21,626,829
Liabilities							
Accounts Payable	-	384,903	19,806	99,716	-	-	504,425
Accrued Liabilities	-	30,690	-	66,672	-	-	97,362
Accrued Salaries and Benefits	-	345,934	114,841	190,672	-	-	651,447
Claims Payable	-	498,416	97,419	-	13,645	-	609,480
Unearned Revenue	-	43,000	-	-	51,363	48,402	142,765
Accrued Interest Payable	-	51,534	70,078	94,671	-	-	216,283
Noncurrent Liabilities							
Due Within one year	-	534,210	324,227	245,000	-	-	1,103,437
Due in more than one year	-	17,654,390	9,265,706	6,816,267	-	-	33,736,363
Net Pension Liability	-	30,320,190	10,589,457	16,587,155	-	-	57,496,802
Net OPEB Liability	-	692,319	241,818	378,781	-	-	1,312,918
Total Liabilities	-	50,555,586	20,723,352	24,478,934	65,008	48,402	95,871,282
Deferred Inflows of Resources							
Related to Pensions	-	1,239,832	433,016	875,302	-	-	2,548,150
Related to OPEB	-	11,583	4,046	6,337	-	-	21,966
Total Deferred Inflows of Resources	-	1,251,415	437,062	881,639	-	-	2,570,116
Net Position							
Net Investment in Capital Assets	-	1,174,802	(1,715,227)	(1,280,605)	19,864	-	(1,801,166)
Restricted for							
Capital Projects	2,297,908	1,768,264	-	-	-	-	4,066,172
Other Program Purposes	-	94,000	-	90,000	-	-	184,000
Building Maintenance	-	-	101,134	95,813	-	-	196,947
Emergencies	-	299,000	128,097	154,000	183,008	170,777	934,882
Debt Service	-	482,252	961,152	671,125	-	-	2,114,529
Unrestricted	-	(18,907,797)	(6,460,007)	(11,235,607)	35,747	37,326	(36,530,338)
Total Net Position	\$ 2,297,908	\$ (15,089,479)	\$ (6,984,851)	\$ (11,505,274)	\$ 238,619	\$ 208,103	\$ (30,834,974)

See the independent auditor's report.

School District 27J, Colorado
Component Units
Combining Statement of Activities
For The Year Ended June 30, 2018

	Capital Facility Fee Foundation	Bromley East Charter School	Eagle Ridge Academy Charter School	Belle Creek Charter School	Foundation Academy Charter School	Landmark Academy Charter School	Total Component Units
Revenues							
Intergovernmental Revenue:							
Per Pupil Operating Revenue	\$ -	\$ 8,855,531	\$ 3,815,492	\$ 4,635,250	\$ 5,450,444	\$ 5,016,917	\$ 27,773,634
Mill Levy Override	-	48,620	21,498	16,353	31,796	29,696	147,963
Capital Construction	-	315,949	136,897	165,268	194,461	178,994	991,569
Investment Earnings	3,702	36,389	14,832	36,543	-	-	91,466
Charges for Services	856,446	184,268	204,959	21,217	94,252	92,244	1,453,386
Operating Grants and Contributions	21,217	430,741	49,412	255,186	178,372	208,911	1,143,839
Capital Grants and Contributions	-	91,909	-	46,437	-	-	138,346
Other	105,191	100,684	46,907	12,123	167,168	170,684	602,757
Total Revenues	986,556	10,064,091	4,289,997	5,188,377	6,116,493	5,697,446	32,342,960
Expenditures							
Current							
Instruction	-	9,524,898	3,165,636	4,904,036	2,610,508	2,542,496	22,747,574
Support Services	28,175	4,716,526	2,273,870	2,392,602	3,479,233	3,144,370	16,034,776
Education Center	-	-	-	597,358	-	-	597,358
Interest on Long-term Debt	-	757,926	429,334	-	-	-	1,187,260
Depreciation	-	435,307	-	-	4,610	-	439,917
Business-Type Activities	-	-	-	-	5,900	5,700	11,600
Total Expenditures	28,175	15,434,657	5,868,840	7,893,996	6,100,251	5,692,566	41,018,485
Change in Net position	958,381	(5,370,566)	(1,578,843)	(2,705,619)	16,242	4,880	(8,675,525)
Fund Balances Beginning of Year	1,339,527	(9,112,948)	(5,182,065)	(8,447,136)	222,377	203,223	(20,977,022)
Restatement	-	(605,965)	(223,943)	(352,519)	-	-	(1,182,427)
Fund Balance, Restated	1,339,527	(9,718,913)	(5,406,008)	(8,799,655)	222,377	203,223	(22,159,449)
Net Position End of Year	\$ 2,297,908	\$ (15,089,479)	\$ (6,984,851)	\$ (11,505,274)	\$ 238,619	\$ 208,103	\$ (30,834,974)

See the independent auditor's report.

**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2018**

Statistical Section



School District 27J, Colorado
Statistical Section

This part of the School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

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SOURCE: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

School District 27J
SEC Bond Issue Requirement
Undertaking to Provide Ongoing Disclosure

Pursuant to the requirements of Section (b) (5) (i) of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, 240.15c2-12) (the “Rule”), the District has agreed to provide certain financial information and other operating data (the “Undertaking”) to nationally recognized municipal securities information repositories (“NRMSIRs”).

The following tables are the information specified in the covenants to bond holders. The information is on June 30, 2018. This information was prepared by the District and has not been subjected to the audit process.

School District 27J, Colorado
Net Position by Component
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 44,230,545	\$ 44,758,012	\$ 38,645,785	\$ 48,083,168	\$ 51,929,200	\$ 54,911,193	\$ 58,348,901	\$ 77,351,838	\$ 159,173,513	\$ 71,833,108
Restricted	13,785,135	13,937,175	22,249,080	19,407,505	16,203,020	18,017,412	21,188,694	21,880,142	118,644,734	154,177,765
Unrestricted	5,208,592	7,906,169	11,641,451	12,106,805	16,435,788	14,138,367	(176,032,876)	(190,921,679)	(438,798,723)	(479,514,264)
Total Governmental Activities Net Position	\$ 63,224,272	\$ 66,601,356	\$ 72,536,316	\$ 79,597,478	\$ 84,568,008	\$ 87,066,972	\$ (96,495,281)	\$ (91,689,699)	\$ (160,980,476)	\$ (253,503,391)
Business-Type Activities										
Net Investment in Capital Assets	\$ 182,357	\$ 169,378	\$ 146,261	\$ 126,867	\$ 153,740	\$ 127,249	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,678,957	1,292,318	1,216,899	1,076,674	983,681	1,546,913	-	-	-	-
Total Business-Type Activities Net Position	\$ 1,861,314	\$ 1,461,696	\$ 1,363,160	\$ 1,203,541	\$ 1,137,421	\$ 1,674,162	\$ -	\$ -	\$ -	\$ -
Primary Governmental										
Net Investment in Capital Assets	\$ 44,412,902	\$ 44,927,390	\$ 38,792,046	\$ 48,210,035	\$ 52,082,940	\$ 55,038,442	\$ 58,348,901	\$ 77,351,838	\$ 159,173,513	\$ 71,833,108
Restricted	13,785,135	13,937,175	22,249,080	19,407,505	16,203,020	18,017,412	21,188,694	21,880,142	118,644,734	154,177,765
Unrestricted	6,887,549	9,198,487	12,858,350	13,183,479	17,419,469	15,685,280	(176,032,876)	(190,921,679)	(438,798,723)	(479,514,264)
Total Primary Governmental Net Position	\$ 65,085,586	\$ 68,063,052	\$ 73,899,476	\$ 80,801,019	\$ 85,705,429	\$ 88,741,134	\$ (96,495,281)	\$ (91,689,699)	\$ (160,980,476)	\$ (253,503,391)

School District 271, Colorado
Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenditures:										
Instruction	\$ 57,121,363	\$ 58,505,091	\$ 58,283,462	\$ 52,281,942	\$ 56,534,016	\$ 58,078,995	\$ 69,819,034	\$ 70,958,267	\$ 110,287,101	\$ 123,402,162
Supporting Services	4,828,891	5,931,702	5,954,687	5,727,129	5,695,910	6,040,052	7,160,322	7,598,750	11,089,858	12,171,523
Pupil Services	3,398,915	2,974,897	2,889,136	2,398,258	2,702,021	3,188,517	4,195,210	4,388,290	6,674,199	6,519,988
Instructional Staff	1,391,143	1,225,790	1,138,125	1,010,678	1,126,195	1,247,085	1,422,035	1,253,592	2,270,773	2,865,341
General Administration	6,875,040	7,072,636	6,311,175	6,120,805	6,768,955	7,529,507	7,420,284	7,420,284	14,657,259	17,859,057
School Administration	8,219,103	8,174,673	8,119,576	8,214,894	8,608,872	9,358,202	10,210,360	9,186,136	15,854,736	17,400,459
Operations and Maintenance	3,993,596	4,291,929	4,756,441	4,425,409	4,783,685	5,436,870	5,007,425	5,007,425	8,995,023	10,366,324
Pupil Transportation	1,738,792	1,929,783	1,701,482	1,544,282	1,703,378	1,463,254	2,058,803	2,077,563	3,870,464	5,217,770
Business Supporting Services	3,499,962	3,931,487	4,085,525	3,937,387	3,985,709	5,389,693	6,538,379	7,096,785	14,171,480	12,000,638
Central Supporting Services	2,012,481	1,880,468	1,712,629	1,457,395	2,802,651	1,919,695	1,196,170	1,372,391	2,311,704	2,780,297
Community Services	3,077,383	3,035,073	3,262,241	2,819,923	3,146,673	3,497,522	3,497,522	3,449,901	5,057,738	5,315,104
Pupil Activities	14,184,429	15,465,132	17,573,744	19,037,798	20,339,699	21,654,836	23,613,579	25,076,862	26,799,848	27,942,884
Charter Schools	8,370,757	8,153,857	7,850,584	6,901,656	6,871,192	7,696,768	6,085,213	11,136,192	9,628,044	13,249,944
Debt Service - Interest	3,562,389	4,306,182	4,327,381	4,316,876	4,778,745	5,447,599	5,367,753	5,582,380	8,140,985	8,881,578
Nutrition Services	122,274,844	126,878,700	127,366,188	120,194,452	129,851,701	138,055,595	155,312,420	162,504,818	239,809,212	265,979,069
Total Governmental Activities	3,562,389	4,306,182	4,327,381	4,316,876	4,778,745	5,447,599	-	162,504,818	239,809,212	265,979,069
Business-Type Activities:										
Nutrition Services	\$ 125,837,233	\$ 131,184,882	\$ 131,693,569	\$ 124,511,308	\$ 134,630,446	\$ 143,503,194	\$ 155,312,420	\$ 162,504,818	\$ 239,809,212	\$ 265,979,069
Total - Primary Government	\$ 1,434,946	\$ 1,543,545	\$ 1,334,399	\$ 1,274,739	\$ 2,589,011	\$ 1,508,692	\$ 3,144,026	\$ 3,035,051	\$ 3,334,404	\$ 4,174,475
Program Revenues:										
Governmental Activities:										
Charges for Services:	2,664,867	2,853,993	3,083,493	2,221,891	2,918,456	3,075,202	2,883,360	2,628,234	2,971,610	2,076,630
Pupil Transportation	7,281,868	8,195,839	12,969,834	7,673,493	8,270,645	7,707,759	10,633,518	10,920,832	11,821,675	12,294,332
Operating Grants and Contributions:	783,877	934,775	1,191,287	1,428,170	1,520,293	1,605,012	1,353,453	1,425,769	1,462,467	1,503,981
Pupil Transportation	99,966	621,641	1,964,178	160,499	340,039	123,881	3,000	135,498	137,020	180,446
Capital Grants and Contributions:	14,192,393	20,543,191	20,543,191	12,758,792	15,638,444	14,020,546	23,563,629	23,881,535	25,522,637	26,571,682
Instruction	1,425,565	1,436,845	1,575,143	1,353,246	1,659,755	2,613,055	-	-	-	-
Operations and Maintenance	2,311,367	2,469,719	2,653,702	2,961,483	3,118,990	3,263,944	-	-	-	-
Business-Type Activities:										
Charges for Services:	3,736,932	3,906,564	4,228,845	4,514,729	4,778,745	5,876,999	-	-	-	-
Nutrition Service	16,002,456	18,098,957	24,772,036	17,273,521	20,417,189	19,897,545	23,563,629	23,881,535	25,522,637	26,571,682
Total Business-Type Activities	\$ (106,446,931)	\$ (108,380,125)	\$ (102,495,616)	\$ (103,118,764)	\$ (109,434,512)	\$ 118,587,450	\$ (131,748,785)	\$ (138,623,283)	\$ (214,286,575)	\$ (239,401,387)
Total Governmental Activities	\$ (174,543)	\$ 399,618	\$ 98,536	\$ (197,853)	\$ 66,120	\$ (429,400)	\$ (131,748,785)	\$ (138,623,283)	\$ (214,286,575)	\$ (239,401,387)
Total - Primary Government	\$ (106,621,474)	\$ (107,980,507)	\$ (102,397,080)	\$ (103,316,617)	\$ (109,368,392)	\$ 118,158,050	\$ (131,748,785)	\$ (138,623,283)	\$ (214,286,575)	\$ (239,401,387)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes:										
General Purposes	\$ 24,696,358	\$ 24,530,429	\$ 24,225,084	\$ 23,379,529	\$ 24,220,246	\$ 25,634,454	\$ 25,763,791	\$ 32,062,244	\$ 31,838,574	\$ 36,520,581
Debt Service	14,276,269	14,711,894	14,378,674	14,330,300	15,608,518	15,189,593	17,450,842	22,468,773	21,894,389	25,988,094
Equalization	62,627,379	70,306,824	67,327,379	70,412,540	72,854,971	78,593,963	87,575,528	86,853,890	89,855,162	93,128,798
Earnings on Investments	1,237,771	207,969	89,598	48,838	171,515	22,949	(233,272)	839,319	774,056	1,302,123
Miscellaneous	1,591,878	2,404,536	2,409,953	1,651,247	1,549,992	2,191,310	674,989	1,204,638	633,617	826,637
Total Governmental Activities	104,229,655	112,161,652	108,430,576	109,822,454	114,405,042	121,632,269	131,231,878	143,428,864	144,995,798	157,766,233
Change in Net Position	(2,017,276)	3,377,085	5,934,960	6,703,690	4,970,530	3,044,819	(516,907)	4,805,581	(69,290,777)	(81,635,154)
Business-Type Activities	174,543	(399,618)	(98,536)	197,853	(66,120)	429,400	-	-	-	-
Business-Type Transfers										
Total - Primary Government	\$ (1,842,733)	\$ 2,977,467	\$ 5,836,424	\$ 6,544,071	\$ 4,904,410	\$ 3,474,219	\$ (516,907)	\$ 4,805,581	\$ (69,290,777)	\$ (81,635,154)

School District 27J, Colorado
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	\$ 3,091,110	\$ 541,950	\$ 3,180,775	\$ 5,298,917	\$ 3,947,577	\$ 4,003,552	\$ 2,967,123	\$ 2,792,537	\$ 3,960,316	\$ 4,593,650
Nonspendable Prepaid Item	-	-	-	31,209	8,930	633,455	19,087	58,104	427,015	497,287
Committed	-	-	2,153,544	2,153,544	2,503,657	3,156,594	3,772,824	3,787,365	3,953,555	3,943,973
Assigned	-	-	1,121,059	797,269	5,581,111	3,781,597	3,977,837	7,290,445	9,770,708	15,540,555
Unassigned	(836,180)	3,464,188	6,559,483	10,759,350	6,927,619	5,567,028	6,519,050	7,096,553	4,083,556	3,010,933
Total General Fund	2,254,930	4,006,138	13,014,861	19,040,289	18,968,894	17,142,226	17,255,921	21,025,004	22,195,150	27,586,398
All Other Governmental Funds										
Restricted	24,585,786	20,612,357	18,962,386	12,837,134	12,485,506	13,865,957	17,166,032	189,122,487	113,626,251	148,422,371
Nonspendable Prepaid Item	-	-	-	-	-	-	-	175	88,413	160,373
Restricted for Government Designated Purpose Grants	-	-	1,837,000	1,489,423	639,549	623,264	1,055,539	1,289,831	1,058,167	1,468,450
Committed, reported in:										
Special Revenue Funds	4,195,550	3,331,544	1,541,255	1,615,129	2,317,270	1,924,689	3,854,314	4,106,885	3,163,794	2,951,931
Total All Other Governmental Funds	28,781,336	23,943,901	22,340,641	15,941,686	15,442,325	16,413,910	22,075,885	194,519,378	117,936,625	153,003,125
Total Fund Balances of Governmental Funds	\$31,036,266	\$ 27,950,039	\$ 35,355,502	\$ 34,981,975	\$ 34,411,219	\$ 33,556,136	\$ 39,331,806	\$ 215,544,382	\$ 140,131,775	\$ 180,589,523

NOTE 1 - Tabor Reserve moved from General Fund Reserved to Capital Projects Fund Reserved in fiscal year 2010. Tabor Reserve moved back to General Fund Reserved in fiscal year 2011.

NOTE 2 - For fiscal year ending 2011, the District follows GASB 54, Fund Balance Reporting and Governmental Fund Type Definition.

School District 271, Colorado
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 38,497,123	\$ 39,569,230	\$ 38,331,394	\$ 38,136,956	\$ 39,370,670	\$ 40,830,227	\$ 43,389,958	\$ 54,164,431	\$ 53,688,850	\$ 62,481,629
Intergovernmental ¹	70,693,124	79,437,438	81,488,408	78,086,033	82,283,591	88,803,250	102,897,473	102,895,315	106,638,745	110,533,165
Local Grants	99,966	621,641	1,964,178	1,604,999	340,039	123,881	3,000	135,498	137,020	180,446
Pupil Activities	2,664,867	2,853,993	3,083,493	4,150,370	2,957,393	3,075,202	2,885,360	2,628,234	2,971,610	2,362,588
Charges for Services	1,434,946	1,543,545	1,334,399	1,274,739	2,949,329	2,183,005	5,333,324	5,372,621	5,630,424	6,630,276
Investment Earnings	1,237,771	2,079,969	89,598	48,838	171,515	22,949	(233,272)	839,319	774,056	1,302,123
Miscellaneous	1,391,879	2,404,537	2,409,933	1,651,247	1,549,792	620,482	696,571	1,204,038	653,617	826,667
Total Revenues	<u>116,219,676</u>	<u>126,638,353</u>	<u>128,701,403</u>	<u>123,508,682</u>	<u>129,624,329</u>	<u>135,638,996</u>	<u>154,992,414</u>	<u>167,240,056</u>	<u>170,474,322</u>	<u>184,316,864</u>
Expenditures:										
Instruction	52,244,003	53,903,484	48,678,629	47,882,445	51,651,793	55,385,700	60,542,859	62,319,644	62,958,047	65,894,018
Supporting services:										
Pupil Services	4,496,457	5,495,141	5,460,322	5,232,927	5,185,598	5,528,005	6,178,769	6,366,083	6,450,116	6,795,199
Instructional Staff	3,384,478	2,959,640	2,272,183	2,381,305	2,685,068	3,121,900	3,944,667	3,934,136	4,110,103	3,974,651
General Administration	1,230,139	1,110,757	1,061,277	968,575	1,076,842	1,182,540	1,232,049	1,241,070	1,183,243	1,349,171
School Administration	5,905,700	6,328,515	5,768,379	5,757,566	6,377,121	7,041,755	7,433,569	7,617,701	7,856,803	8,571,660
Operations and Maintenance	8,151,575	8,477,569	8,040,818	8,134,904	8,537,890	9,121,361	9,185,014	8,874,127	9,183,388	9,417,714
Pupil Transportation	3,671,850	3,901,229	4,353,368	4,076,863	4,326,254	4,972,783	5,061,879	5,272,481	5,575,251	6,188,685
Business Supporting Services	1,224,527	1,561,839	1,439,748	1,370,725	1,518,711	1,378,520	1,418,944	1,311,402	1,791,758	2,665,058
Central Supporting Services	3,309,175	3,749,941	3,901,346	3,767,128	3,825,928	5,177,907	5,938,717	6,239,025	8,802,844	7,357,378
Community Services	2,012,481	1,880,468	1,712,629	1,457,395	2,802,651	1,919,694	1,117,737	1,242,672	1,451,274	1,713,220
Pupil Activities	3,077,383	3,035,073	3,262,241	2,819,923	3,146,673	3,604,522	3,268,280	5,054,729	5,123,872	5,472,832
Nutrition Services	-	-	-	-	-	-	5,023,969	3,123,814	3,183,300	3,275,169
Capital Outlay	35,761,595	7,644,453	2,608,805	8,781,545	3,332,261	1,801,101	2,993,528	14,862,348	79,545,320	72,515,618
Charter Schools	14,184,429	15,465,132	17,573,744	19,037,798	20,339,699	21,654,836	23,613,578	25,076,862	26,799,848	27,942,884
School District 271 Debt Service ²	-	-	-	-	-	-	-	-	-	-
Principal	6,942,756	7,440,329	7,108,287	7,210,790	14,914,690	8,132,392	8,819,026	12,359,049	10,227,368	10,499,663
Interest	8,558,782	8,326,555	8,047,386	7,087,158	7,242,931	6,812,108	6,470,104	10,436,280	10,772,996	15,255,996
Administrative Fees	4,250	4,250	6,779	5,251	8,195	5,734	6,975	92,136	27,036	81,500
Payment to Escrow	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Advance Refunding	-	-	-	275,092	9,750	-	144,500	952,239	139,504	573,212
Total Expenditures	<u>154,159,580</u>	<u>131,284,375</u>	<u>121,295,941</u>	<u>126,247,390</u>	<u>136,982,055</u>	<u>136,840,859</u>	<u>152,394,164</u>	<u>176,395,798</u>	<u>245,182,071</u>	<u>249,470,278</u>
Percentage of Debt Service Expenditures to Non-Capital Expenditures ³	12.8%	12.5%	12.6%	0.0%	0.0%	16.3%	11.0%	10.3%	12.4%	13.9%
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,939,904)	(4,646,022)	7,405,462	(2,738,708)	(7,357,726)	(1,181,863)	2,598,250	(9,155,742)	(74,707,749)	(65,153,414)
Other Financing Sources (Uses)										
Other Financing Sources (Uses)										
Issuance of Bonds	-	-	-	32,855,000	6,730,000	-	49,530,000	160,000,000	36,610,000	88,000,000
Premium on Bond Issuance	-	-	-	5,280,148	-	-	8,101,220	25,353,909	3,494,045	17,658,825
Discount on COPS	-	-	-	-	-	-	-	-	-	-
Payment to COPS Escrow	-	-	-	-	-	-	-	(2,250,000)	(40,734,842)	-
Payment to Bond Escrow	-	-	-	(37,860,056)	(7,367,463)	-	(57,265,849)	2,290,000	-	-
Issuance of COPS	-	-	-	-	-	-	-	-	-	-
Capital Lease Proceeds	1,081,666	1,137,795	-	1,886,359	113,418	471,680	1,242,125	-	-	-
Sale of Capital Assets	-	379,400	-	-	-	-	-	-	-	-
Land Contribution Proceeds	-	42,600	-	-	-	-	-	-	-	-
Transfers In	3,456,771	2,137,350	288,875	5,533,678	3,609,603	3,928,521	3,562,338	3,629,212	4,374,453	4,864,120
Transfers Out	(3,456,771)	(2,137,350)	(288,875)	(5,176,206)	(3,609,603)	(4,004,177)	(3,569,572)	(3,654,804)	(4,448,515)	(4,911,787)
Total Other Financing Sources (Uses)	<u>1,081,666</u>	<u>1,539,795</u>	<u>-</u>	<u>2,518,923</u>	<u>(524,045)</u>	<u>396,024</u>	<u>1,600,262</u>	<u>185,368,317</u>	<u>(704,859)</u>	<u>105,611,538</u>
Net Change in Fund Balances	<u>\$ (36,858,238)</u>	<u>\$ (3,086,227)</u>	<u>\$ 7,405,462</u>	<u>\$ (219,785)</u>	<u>\$ (7,881,771)</u>	<u>\$ (785,839)</u>	<u>\$ 4,198,512</u>	<u>\$ 176,212,376</u>	<u>\$ (75,412,608)</u>	<u>\$ 40,457,744</u>

Note 1 - Intergovernmental Revenue total includes vocational education, special education, transportation, federal and state grants and equalization revenue.

Note 2 - Debt service expenditures are recorded as principal retirement, interest and fiscal charges, advance refunding and bond issuance costs.

Note 3 - Percentage of debt service expenditures to noncapital expenditures is calculated using capital outlay amount from the Reconciliation of the Statement of Revenues, Expenditures and Changes. Principal and interest are divided by total expenditures less capital outlay plus reconciliation capital outlay less principal, interest, issue costs and fees.

School District 27J, Colorado
Governmental Funds Revenues by Source
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Local Sources										
Taxes	\$ 38,497,123	\$ 39,569,230	\$ 38,331,394	\$ 38,136,956	\$ 39,370,670	\$ 40,830,227	\$ 43,389,958	\$ 54,164,431	\$ 53,688,850	\$ 62,481,629
Grants	99,966	621,641	1,964,178	160,499	340,039	123,881	3,000	135,498	137,020	180,446
Interest	1,237,771	207,969	89,598	48,838	171,515	22,949	(233,272)	839,319	774,056	1,302,123
Pupil Activities	2,664,867	2,853,993	3,083,493	2,722,200	2,957,393	3,075,202	2,885,360	2,628,234	2,971,610	2,362,588
Charges for Services	1,434,946	1,543,545	1,334,399	1,274,739	2,949,329	2,183,005	5,353,324	5,372,621	5,630,424	6,630,276
Miscellaneous	1,591,879	2,404,537	2,409,933	1,651,247	1,549,792	620,482	696,571	1,204,638	633,617	826,637
Total Local Sources	45,526,552	47,200,915	47,212,995	43,994,479	47,338,738	46,855,746	52,094,941	64,344,741	63,835,577	73,783,699
State Sources										
Equalization	62,627,379	70,306,824	67,327,287	70,412,540	72,854,971	78,593,963	87,575,528	86,853,890	89,855,162	93,128,798
Vocational Education	416,529	606,514	633,100	457,146	499,745	621,111	587,100	516,935	441,373	274,956
Transportation	783,877	934,775	1,191,287	1,428,170	1,159,975	1,225,752	1,353,453	1,425,769	1,462,467	1,503,981
Special Education	1,867,659	2,052,101	2,103,579	2,189,703	2,262,225	2,599,278	2,684,981	2,927,817	3,095,008	3,108,885
Grants	637,529	757,827	861,752	707,546	1,098,995	1,274,289	2,598,557	3,428,724	3,433,004	3,364,590
Total State Sources	66,332,973	74,658,041	72,117,005	75,195,105	77,875,911	84,314,393	94,799,619	95,153,135	98,287,014	101,381,210
Federal Sources										
Grants	4,360,151	4,779,397	9,371,403	4,319,098	4,409,680	4,488,857	8,097,854	7,742,179	8,351,731	9,151,955
Total Revenues by Source	\$ 116,219,676	\$ 126,638,353	\$ 128,701,403	\$ 123,508,682	\$ 129,624,329	\$ 135,658,996	\$ 154,992,414	\$ 167,240,056	\$ 170,474,322	\$ 184,316,864

Note - 2012 Transportation revenue moved from General Fund to Special Revenue Fund

School District 27J, Colorado
Governmental Funds Expenditures by Function
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction	\$ 52,244,003	\$ 53,903,484	\$ 48,678,629	\$ 47,882,445	\$ 51,651,793	\$ 55,385,700	\$ 60,542,859	\$ 62,319,644	\$ 62,958,047	\$ 65,894,018
Pupil Services	4,496,457	5,495,141	5,460,322	5,232,927	5,185,598	5,528,005	6,178,769	6,366,083	6,450,116	6,795,199
Instructional Staff	3,384,478	2,959,640	2,272,183	2,381,305	2,685,068	3,121,900	3,944,667	3,934,136	4,110,103	3,974,651
General Administration	1,230,139	1,110,757	1,061,277	968,575	1,076,842	1,182,540	1,232,049	1,241,070	1,183,243	1,349,171
School Administration	5,905,700	6,328,515	5,768,379	5,757,566	6,377,121	7,041,755	7,433,569	7,617,701	7,856,803	8,571,660
Operations and Maintenance	8,151,575	8,477,569	8,040,818	8,134,904	8,537,890	9,121,361	9,185,014	8,874,127	9,183,388	9,417,714
Pupil Transportation	3,671,850	3,901,229	4,353,368	4,076,863	4,326,254	4,972,783	5,061,879	5,272,481	5,575,251	6,188,685
Central Supporting Services	4,533,702	5,311,780	5,341,094	5,137,853	5,344,639	6,556,429	7,357,661	7,550,427	10,594,602	10,022,436
Community Services	2,012,481	1,880,468	1,712,629	1,457,395	2,802,651	1,919,694	1,117,737	1,242,672	1,451,274	1,713,220
Nutrition Services	-	-	-	-	-	-	5,023,969	5,054,729	5,123,872	5,472,832
Pupil Activities	3,077,383	3,035,073	3,262,241	2,819,923	3,146,673	3,604,522	3,268,280	3,123,814	3,183,300	3,275,169
Capital Outlay	35,761,595	7,644,453	2,608,805	8,781,545	3,332,261	1,801,100	2,993,528	14,862,348	79,545,320	72,515,618
Charter Schools	14,184,429	15,465,132	17,573,744	19,037,798	20,339,699	21,654,836	23,613,578	25,076,862	26,799,848	27,942,884
Debt Services:										
Principal	6,942,756	7,440,329	7,108,287	7,210,790	7,789,690	8,132,392	8,819,026	12,359,049	10,227,368	10,499,663
Interest and Fiscal Charges	8,563,032	8,330,805	8,054,165	7,092,409	7,008,663	6,812,108	6,477,079	10,456,280	10,772,996	15,255,996
Bond Issuance Costs	-	-	-	275,092	9,750	5,734	144,500	952,239	166,540	573,212
Advance Refunding	-	-	-	-	-	-	-	92,136	-	8,150
Total Expenditures by Function	\$ 154,159,580	\$ 131,284,375	\$ 121,295,941	\$ 126,247,390	\$ 129,614,592	\$ 136,840,859	\$ 152,394,164	\$ 176,395,798	\$ 245,182,071	\$ 249,470,278

School District 271, Colorado
Assessed Value and Actual Value of Taxable Property in the District
Last Ten Fiscal Years
(Unaudited)

Levy Year/ Collection Year	Residential Property	Personal Property ¹	Commercial Property	Oil and Gas	Agricultural Property	Vacant Land	Industrial Property	State Assessed	Natural Resources	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2008/2009	469,834,730	83,775,440	104,172,480	31,390,600	5,617,880	85,601,780	7,879,620	5,710,700	4,051,600	798,034,830	45.264	6,961,802,362	11.46%
2009/2010	452,112,290	98,181,610	112,173,930	56,438,240	5,294,450	64,974,250	8,557,680	6,270,110	4,265,170	808,267,730	45.215	6,778,134,057	11.92%
2010/2011	460,364,110	98,744,640	117,378,900	24,744,360	4,597,560	57,516,450	8,733,240	6,163,826	2,783,720	781,026,806	45.284	6,832,444,892	11.43%
2011/2012	447,667,730	96,851,400	124,917,140	36,407,990	5,043,360	48,680,090	8,722,800	6,155,215	3,012,250	777,457,975	45.703	6,640,373,366	11.71%
2012/2013	455,113,890	106,671,110	126,708,040	48,820,850	4,961,130	44,776,456	8,877,650	8,910,956	2,817,280	807,657,362	45.629	6,829,414,724	11.83%
2013/2014	453,686,040	117,995,570	135,622,540	48,601,373	5,599,140	44,366,430	9,660,260	8,549,637	3,140,910	827,221,900	45.629	6,877,310,990	12.03%
2014/2015	469,081,120	118,090,820	141,839,460	43,523,260	5,582,360	39,368,110	9,823,820	8,799,279	3,333,690	839,441,919	45.629	7,071,554,244	11.87%
2015/2016	568,802,860	130,837,590	160,875,080	75,121,460	7,106,070	49,614,270	11,365,230	10,969,350	2,923,990	1,017,615,900	47.628	8,529,320,999	11.93%
2016/2017	594,006,650	128,428,570	161,934,530	32,478,880	7,082,330	42,524,940	25,666,750	10,727,170	3,076,000	1,005,925,820	49.359	8,812,153,952	11.42%
2017/2018	731,336,890	130,169,750	177,900,570	27,910,920	6,745,690	74,963,820	25,270,180	10,168,070	2,225,840	1,186,691,730	49.164	11,670,590,079	10.17%

¹ Represents personal property in Adams County only. Personal property in Weld County is distributed throughout other categories.

Tax Rates by category		Oil & Gas		Collection Year	
Levy Year	Residential	Commercial	Oil & Gas	2008	2009
2008	7.96%	29.00%	87.50%	2008	2009
2009	7.96%	29.00%	87.50%	2010	2011
2010	7.96%	29.00%	87.50%	2011	2012
2011	7.96%	29.00%	87.50%	2012	2013
2012	7.96%	29.00%	87.50%	2013	2014
2013	7.96%	29.00%	87.50%	2014	2015
2014	7.96%	29.00%	87.50%	2015	2016
2015	7.96%	29.00%	87.50%	2016	2017
2016	7.96%	29.00%	87.50%		
2017	7.20%	29.00%	87.50%		

SOURCE: Adams, Broomfield and Weld Counties Assessors' Offices.

School District 27J, Colorado
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Levy/ Collection Year	Total Tax Levy	Current Tax Collection	Percentage of Levy Collection	Delinquent Tax Collection	Total Tax Collection	% of Total Tax Collection to Levy
2007/2008	34,735,232	34,419,251	99.09%	45,084	34,464,335	99.22%
2008/2009	36,082,688	35,599,972	98.66%	117,738	35,717,710	98.99%
2009/2010	36,601,597	36,450,467	99.59%	114,802	36,565,269	99.90%
2010/2011	35,694,935	35,451,518	99.32%	78,828	35,530,346	99.54%
2011/2012	35,474,631	35,582,083	100.30%	98,303	35,680,386	100.58%
2012/2013	36,852,598	36,761,713	99.75%	127,283	36,888,996	100.10%
2013/2014	37,745,309	37,714,321	99.92%	180,517	37,894,838	100.40%
2014/2015	39,980,940	39,073,895	97.73%	111,810	39,185,705	98.01%
2015/2016	50,227,828	48,883,815	97.32%	114,802	48,998,617	97.55%
2016/2017	48,983,275	47,777,952	97.54%	22,994	47,800,946	97.59%

Notes: County treasurer's fees of 0.25% have not been deducted from these amounts. Abatements made to taxpayers for overpayment of taxes have not been deducted from these amounts. The percent of total tax collections to levy includes amounts collected as delinquent taxes and therefore may result in total collections of more than 100% of taxes levied. Both levy and collection years are a calendar year beginning January 1. Information is not available from the counties as it relates to the year that delinquent taxes apply. In accordance with modified accrual accounting, delinquent taxes are recorded in the year collected, not the year assessed.

SOURCE: Adams, Broomfield and Weld Counties Treasurer's Offices reports.

School District 27J, Colorado
History of District's Assessed Valuation
Last Ten Fiscal Years
(Unaudited)

Levy/ Collection Year	Assessed Valuation				Percent Increase
	Adams County	Broomfield County	Weld County	Total	
2008/2009	772,256,070	540	25,778,220	798,034,830	11.8%
2009/2010	779,829,870	15,440	28,422,420	808,267,730	1.3%
2010/2011	756,033,520	13,386	24,979,900	781,026,806	-3.4%
2011/2012	753,613,410	10,655	23,833,910	777,457,975	-0.5%
2012/2013	775,126,010	11,476	32,519,876	807,657,362	3.9%
2013/2014	780,933,390	16,827	46,271,683	827,221,900	2.4%
2014/2015	795,775,740	18,369	43,647,810	839,441,919	1.5%
2015/2016	937,492,120	5,517	80,104,580	1,017,602,217	21.2%
2016/2017	942,311,960	1,877	50,919,225	993,233,062	-2.4%
2017/2018	1,130,027,810	1,072	44,689,345	1,174,720,104	18.3%

NOTES: Estimated statutory actual valuation is not intended to represent market value. The estimate is based on the breakdown of major classification of property in the district and the percentage set by state law for the computation of assessed value and does not include tax increment financing properties. The assessment rates for commercial property is 29% of actual valuation. Both levy and collection year are calendar year beginning January 1.

The assessment rates for residential property have been:

<u>Years</u>	<u>Percent</u>
1983-1986	21.00
1987	18.00
1988	16.00
1989-1990	15.00
1991-1992	14.34
1993-1994	12.86
1995-1996	10.36
1997-2000	9.74
2001-2002	9.15
2003-2015	7.96
2016-2017	7.20

SOURCE: Adams, Broomfield and Weld Counties Assessors' Offices.

School District 27J, Colorado
Property Tax Rates
(In Mills)
Last Ten Fiscal Years
(Unaudited)

Levy/ Collection Year	General Fund				Bond Redemption Fund	Total Levy
	Finance Act	Credits and Abatements	Mill Levy Override	Total		
2008/2009	26.262	0.013	0.940	27.215	18.000	45.215
2009/2010	26.262	0.094	0.928	27.284	18.000	45.284
2010/2011	26.262	0.186	0.960	27.408	18.295	45.703
2011/2012	26.262	0.077	0.965	27.304	18.325	45.629
2012/2013	26.262	0.433	0.929	27.624	18.005	45.629
2013/2014	26.262	0.098	0.907	27.267	18.362	45.629
2014/2015	26.262	0.261	0.893	27.416	20.212	47.628
2015/2016	26.262	0.291	0.737	27.290	22.069	49.359
2016/2017	26.262	0.231	0.755	27.248	22.069	49.317
2017/2018	26.262	0.195	0.638	27.095	22.069	49.164

NOTES: Both levy and collection year are a calendar year beginning January 1.

SOURCE: Adams, Broomfield and Weld Counties Assessors' Offices.

School District 27J, Colorado
Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2017		2008	
	Assessed Valuation	Percent of District's Assessed Valuation	Assessed Valuation	Percent of District's Assessed Valuation
Public Service Co of Colorado	\$ 19,909,510	1.69%	\$ 5,538,720	0.69%
United Power, Inc	19,754,480	1.68%	\$ 12,530,160	1.57%
Aurora Convention Center Hotel LLC	14,330,950	1.22%		
TLM Division of STC C/O Property Tax Dept	11,609,130	0.99%		
Tri-State Generation	11,463,260	0.98%	10,652,480	1.33%
Ward Petroleum Corporation	9,101,660	0.77%		
EFP Investments Inc LLC	7,775,000	0.66%		
Brighton Lease Management LLC	7,693,650	0.65%	7,685,000	0.96%
Prairie Center Retail One LLC	7,157,860	0.61%		
Lennar Colorado LLC	6,765,280	0.58%	5,507,090	0.69%
Brighton Community Hospital Assoc			20,690,860	2.59%
Kerr-McGee Oil and Gas Onshore LP			4,871,020	0.61%
Qwest Corporation FKA US West			5,782,400	0.72%
Shea Homes Limited Partnership			7,038,930	0.88%
Richmond American Homes of Colorado			4,890,800	0.61%
Total	\$ 115,560,780	9.84%	\$ 85,187,460	10.67%

NOTES: The 2017 Principal taxpayers assessed valuation amounts are as of December 31, 2017, the latest date for which information is available.

SOURCE: Adams County Assessor's Office.

School District 27J, Colorado
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
School District No. 27J	27.215	27.284	27.408	27.304	27.304	27.267	27.416	27.290	27.290	27.095
General Fund	18.000	18.000	18.295	18.325	18.325	18.362	20.212	22.069	22.069	22.069
Bond Redemption Fund	45.215	45.284	45.703	45.629	45.629	45.629	47.628	49.359	49.359	49.164
Total School District No. 27J										
Adams County	26.809	26.824	26.883	26.806	26.903	26.815	27.042	26.817	27.055	26.929
City of Brighton	6.650	6.650	6.650	6.650	6.650	6.650	6.650	6.650	6.650	6.650
City of Commerce City	3.280	3.280	3.206	3.280	3.269	3.280	3.280	3.280	3.128	3.160
City of Thornton	10.210	10.210	10.210	10.210	10.597	10.210	10.210	10.210	10.210	10.210
Belle Creek Metro #1	69.900	72.900	73.900	74.900	74.900	74.900	74.900	74.900	74.900	62.500
Bennett Fire Protection District No. 7	8.907	8.907	8.907	8.907	8.907	8.907	8.907	8.907	9.063	13.041
Box Elder Water and Sanitation District	1.800	1.800	36.000	42.000	42.000	42.000	42.000	42.000	42.000	42.000
Brighton Area Fire Protection District No. 6	11.795	11.795	11.795	11.795	11.795	11.795	11.795	11.795	11.795	11.795
Brighton Crossing #4 FKA Bromley Park #4	44.000	44.000	44.000	50.000	50.000	52.000	52.000	52.000	52.000	62.270
Bromley Park #2	61.725	71.025	71.025	81.025	86.025	86.025	86.025	86.025	86.025	86.025
Bromley Park #3	46.368	55.000	54.932	54.932	54.932	54.932	54.932	54.932	54.932	60.622
Bromley Park #5	25.000	25.000	25.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
Bromley Park #6	18.000	18.000	18.000	18.000	18.000	18.000	18.000	26.000	35.000	35.000
Buffalo Ridge	42.827	42.827	42.827	42.827	42.827	42.827	42.827	42.827	42.827	46.860
Central Colorado Water Conservation District	0.540	0.425	0.425	0.392	1.856	1.887	1.737	1.533	2.004	1.800
Central Colorado Ground Water Management	1.306	1.338	1.339	1.319	1.291	1.301	1.309	1.272	1.580	1.583
Commerce City GID	27.000	27.000	27.000	27.000	27.000	27.000	27.000	27.000	27.000	10.000
Fronterra Village	46.529	49.000	53.500	58.500	58.500	60.750	60.750	54.000	53.000	40.000
Fronterra Village #2	53.475	57.475	59.475	59.475	59.475	59.475	59.475	59.475	58.521	13.337
Great Rock Water and Sanitation District	35.000	35.000	42.500	45.500	45.500	46.840	46.840	46.840	46.840	51.417
Hazelhine Heights Water and Sanitation District	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500
Hi-Land Acres Water and Sanitation District	3.275	3.645	3.559	3.178	3.171	3.360	3.360	2.852	2.852	2.852
Lost Creek Water Management District	0.818	0.849	0.906	0.964	0.897	0.935	0.918	0.787	0.862	0.813
North Metro Fire District	11.268	11.307	11.225	11.176	11.375	11.246	14.403	14.213	14.810	14.710
North Metro Fire District Pension Fund	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
North Metro Fire District Bonds	1.400	1.400	1.400	1.400	1.400	1.400	1.400	1.400	1.400	1.400
North Range Metro #1	63.000	69.400	69.400	69.400	73.400	77.400	79.870	79.870	79.875	88.305
Prairie Center Metro #1	35.000	60.000	60.000	60.000	60.000	60.000	60.000	60.000	60.000	60.000
Prairie Center Metro #4	35.000	60.000	60.000	60.000	60.000	60.000	60.000	60.000	60.000	60.000
Prairie Center Metro #5	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	55.277
Rangeview Library FKA Adams County Library	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.669
Riverdale Dunes #1	31.700	38.000	38.000	43.650	75.650	79.684	79.620	64.062	64.039	56.683
Sable-Altura Fire District No. 11	21.000	21.000	21.000	21.000	21.000	21.000	21.000	17.000	17.264	17.000
South Adams Fire District No. 4	4.300	4.300	4.300	4.300	4.300	9.900	9.900	9.900	9.900	9.900
S. Adams Water and Sanitation District	3.102	3.102	3.102	3.102	3.102	3.102	3.102	3.102	3.102	2.701
Southeast Weld County Fire District No. 5	5.764	5.764	5.764	5.764	5.764	5.764	5.880	7.896	1.765	7.775
Todd Creek Farms #2	11.000	11.000	11.000	11.000	11.000	11.000	11.000	11.000	8.800	--
Todd Creek Village Parks and Rec.	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Urban Drainage and Flood Control District	0.528	0.508	0.523	0.566	0.599	0.608	0.632	0.553	0.559	0.500
Urban Drainage and Flood Control District South Platte	0.063	0.061	0.053	0.057	0.058	0.064	0.068	0.058	0.061	0.057
Wright Farms Metropolitan District	20.000	20.000	20.000	20.000	20.000	20.000	20.000	18.000	18.000	16.000

NOTES: Overlapping governments may or may not have overlapped the District for the entire ten years shown. Totals are not shown since individual properties are not subject to all levies. Overlapping governments which do not have a property tax are not shown. Numbers shown represent the mill levy, amount assessed per \$1,000. The above figures are as of December 31, 2015, the latest date for which information is available. The year is the levy year.

SOURCE: Adams, Broomfield and Weld County Assessors' Offices.

School District 27J, Colorado
Ratio of Net Bonded Debt to Actual Value
and Total Outstanding Debt per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated District Population	Estimated Personal Income	Assessed Value	Actual Value	Governmental Activities						Debt Service Funds Available	Net Bonded Debt	Net Bonded Debt to Actual Value	Percentage of Personal Income	Total Outstanding Debt Per Capita
					Certificates of Participation	Promissory Note	Capital Leases	Bond Premium	Gross Bonded Debt						
2009	65,927	26,652	808,267,730	6,961,802,362	3,370,000	-	959,612	8,397,006	176,075,000	11,070,420	165,004,580	2.37%	N/A	2,864	
2010	69,622	27,508	781,026,806	6,778,134,057	3,230,000	-	952,078	7,847,480	169,920,000	11,492,174	158,427,826	2.34%	N/A	2,613	
2011	71,581	20,348	781,026,806	6,832,444,892	3,080,000	-	390,790	7,297,953	163,525,000	11,578,516	151,946,484	2.22%	10.43%	2,435	
2012	84,695	25,790	777,457,975	6,640,373,366	2,925,000	-	1,886,359	10,647,169	156,260,000	12,286,520	143,973,480	2.17%	6.59%	2,027	
2013	86,406	27,158	807,657,362	6,829,414,724	2,765,000	416,771	1,410,087	9,630,248	148,825,000	12,221,506	136,603,494	2.00%	5.82%	1,887	
2014	89,302	26,431	827,221,900	6,877,310,990	2,600,000	333,417	1,157,729	8,826,767	141,665,000	13,575,545	128,089,455	1.86%	5.43%	1,731	
2015	92,508	27,794	839,441,919	7,071,554,244	2,430,000	250,063	1,289,182	12,903,208	131,160,000	16,963,688	114,196,312	1.61%	4.44%	1,600	
2016	96,878	29,362	1,017,615,900	8,529,320,999	2,290,000	166,709	414,014	36,510,671	279,945,000	17,797,774	262,147,226	3.07%	9.22%	3,296	
2017	97,292	35,041	993,233,062	8,812,153,952	2,105,000	83,355	73	36,957,079	268,440,000	18,631,383	249,808,617	2.83%	7.33%	3,161	
2018	100,890	35,291	1,174,720,104	11,671,890,869	1,915,000	-	-	51,627,738	346,520,000	19,614,505	326,905,495	2.80%	9.18%	3,965	

SOURCE: Estimated District Population is based on numbers provided by Claritas, Inc. Population information for the School District is generally not available until the United States decennial census has been published.

School District 27J, Colorado
***Ratio of Annual Debt Service Expenditures for General
Obligation Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years***
(Unaudited)

Fiscal Year	Principal	Interest and Other Expenditures	Total Debt Service	Total General Fund Expenditures and Transfer	Ratio of Debt Service to Total General Fund Expenditures and Transfer
2008	3,650,000	7,922,593	11,572,593	84,112,985	13.76%
2009	5,865,000	8,364,848	14,229,848	95,806,303	14.85%
2010	6,155,000	8,135,140	14,290,140	99,359,671	14.38%
2011	6,395,000	7,897,332	14,292,332	93,851,637	15.23%
2012	6,665,000	7,232,388	13,897,388	94,811,867	14.66%
2013	7,040,000	6,886,042	13,926,042	101,473,624	13.72%
2014	7,160,000	6,675,554	13,835,554	109,830,764	12.60%
2015	7,455,000	6,131,072	16,963,688	115,713,520	14.66%
2016	11,215,000	10,419,688	21,634,688	122,179,349	17.71%
2017	9,545,000	10,884,982	20,429,982	125,312,457	16.30%

School District 271, Colorado
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxable Assessed Valuation	\$ 23,833,910	\$ 808,267,730	\$ 781,026,806	\$ 777,457,975	\$ 807,657,362	\$ 827,221,900	\$ 839,441,919	\$ 1,017,615,900	\$ 993,233,062	\$ 1,174,718,227
Plus: Tax Increment Financing Dist Property	20,338,300	22,148,100	33,401,494	46,304,825	40,281,444	37,923,233	35,105,261	34,208,083	34,440,858	48,916,453
Total Assessed Valuation	44,172,210	830,415,830	814,428,300	823,762,800	847,938,806	865,145,133	874,547,180	1,051,823,983	1,027,673,920	1,223,634,680
Legal Debt Limit Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Legal Debt Limit	\$ 11,043,053	\$ 207,603,958	\$ 203,607,075	\$ 205,940,700	\$ 211,984,702	\$ 216,286,283	\$ 218,636,795	\$ 262,955,996	\$ 256,918,480	\$ 305,908,670
Amount of Debt Outstanding	\$ 176,075,000	\$ 169,920,000	\$ 163,525,000	\$ 156,260,000	\$ 148,825,000	\$ 141,665,000	\$ 131,160,000	\$ 279,945,000	\$ 268,440,000	\$ 346,520,000
General Obligation Bonds Payable	3,370,000	3,230,000	3,080,000	2,925,000	2,765,000	2,600,000	2,430,000	2,290,000	2,105,000	1,915,000
Certificates of Participation	959,612	952,078	990,790	1,886,359	1,410,087	1,157,729	1,289,182	414,087	73	-
Capital Leases	-	-	-	1,886,359	1,410,087	1,157,729	1,289,182	414,087	73	-
Promissory Note	-	-	-	-	416,771	333,417	250,063	166,709	85,438	-
Bond Premium	8,397,006	784,780	7,297,953	10,647,169	9,630,248	8,826,767	12,903,208	36,510,671	36,957,079	51,627,738
Unused Legal Debt Margin	\$ (177,758,566)	\$ 3,217,100	\$ 29,313,332	\$ 34,222,172	\$ 48,937,596	\$ 61,703,370	\$ 70,604,342	\$ (56,370,471)	\$ (50,669,110)	\$ (94,154,068)

Fiscal Year 2018 Calculation

Under the Colorado Public School Finance Act of 1994, per Colorado Revised Statute 22-42-104, the limitation on bonded indebtedness is the greater of 20 percent ** of assessed value or 6 percent of actual value.

	Assessed Value	Actual Value
Assessed or Estimated Actual Value	\$ 1,223,634,680	\$ 11,670,590,079
Debt Limit Percentage**	25%	6%
Legal debt limit	305,908,670	700,235,405
Amount of debt applicable to debt limit:	400,062,738	346,520,000
Total bonded debt as of June 30, 2018	\$ (94,154,068)	\$ 353,715,405

** Per section 1.3, in years of high growth as defined in the statute, the debt limit can be raised to 25%.
SOURCE: Assessed Valuations are per certifications received from the Adams, Broomfield and Weld County Assessors' Offices. Total Bonded Debt is per the School District 271 audited financial statements.

School District 27J, Colorado
Estimated Overlapping General Obligation Debt
(Unaudited)

Overlapping Entity	Outstanding General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties within the District	
		Percent	Amount
Airways Business Center Metropolitan District	\$ 830,000	100.00	\$ 830,000
Aspen Hills Metropolitan District	1,065,000	100.00	1,065,000
Belle Creek Metropolitan District	7,062,000	100.00	7,062,000
BNC Metropolitan District #1	11,981,000	100.00	11,981,000
BNC Metropolitan District #2	5,000,000	100.00	5,000,000
Brighton Crossing Metropolitan District	28,585,000	100.00	28,585,000
Bromley Park Metropolitan District #3	25,000,000	100.00	25,000,000
Buffalo Ridge Metropolitan District	23,307,087	100.00	23,307,087
Buffalo Run Mesa Metropolitan District	7,142,126	100.00	7,142,126
Central Colorado Ground Water Subdistrict	13,498,925	21.54	2,907,668
Commerce City North Infrastructure GID	78,965,000	100.00	78,965,000
Eagle Shadow Metropolitan District #1	9,235,000	100.00	9,235,000
Fronterra Village Metropolitan District	11,919,489	100.00	11,919,489
Great Rock Water and Sanitation District	6,793,804	100.00	6,793,804
Hazeltine Heights Water and Sanitation	295,961	100.00	295,961
Heritage Todd Creek Metro District	36,492,175	100.00	36,492,175
Hi-Land Acres Water and Sanitation District	-	100.00	-
Larkridge Metropolitan District #1	10,395,000	100.00	10,395,000
North Range Metropolitan District #1	36,625,000	100.00	36,625,000
North Range Village Metropolitan District	7,034,803	100.00	7,034,803
North Range Metropolitan District #2	30,965,000	100.00	30,965,000
Potomac Farms Metropolitan District	5,291,858	100.00	5,291,858
Riverdale Dunes Metropolitan District	2,591,858	100.00	2,591,858
Riverdale Peaks II Metropolitan District	3,058,603	100.00	3,058,603
Todd Creek Farms Metropolitan District #2	-	100.00	-
Well Augmentation Subdistrict of the Central	-	100.00	-
Central Colorado Well Augmentation	15,192,163	5.78	878,107
Subtotal Overlapping Debt	<u>378,326,852</u>		<u>353,421,539</u>
Direct Debt of School District 27J	400,062,738	94.87	379,539,520
Total Direct & Overlapping Debt	<u>\$ 778,389,590</u>		<u>\$ 732,961,059</u>

SOURCE: Adams, Broomfield and Weld County Assessor's Offices and individual entities

- (1) Overlapping governments without general obligation debt are not shown.
- (2) The percentage of each entity's outstanding debt chargeable to the School District is calculated by comparing the assessed valuation of the portion overlapping the School District to the total assessed valuation of the overlapping entity. To the extent the School District's assessed valuation changes disproportionately with the assessed valuation of the overlapping entities, the percentage of debt for which property owners within the School District are responsible will also change.

School District 27J, Colorado
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	Industry	2017		2008	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Adams County	Government	1,923	25%	1,700	21%
BakerHughes AKA BJ Service USA	Gas & Oil	390	5%	109	1%
City of Brighton	Government	502	6%	477	6%
King Soopers	Retail	320	4%	163	2%
O'Neal Flat Rolled Metals	Steel Metal Processing	321	4%		0%
Platte Valley Medical	Healthcare	626	8%	607	8%
School District 27J	Education	1,860	24%	1,579	20%
Super Wal-Mart	Retail	277	4%	365	5%
Transwest	Semi Truck Sales	270	3%		
United Power	Utility		0%	163	2%
Vestas	Manufacturing	1,300	17%		0%
American Pride Co-op	Retail			110	1%
Brighton Care Center	Health Care			113	1%
Haliburton Energy Services	Oil Services			345	4%
Home Depot	Retail			130	2%
Intertape	Manufacturing			100	1%
K-Mart Distribution Center	Distribution Center			206	3%
Leed Fabrication Services Inc	Steel Service Center			105	1%
Lowe's Home Improvement	Retail			120	2%
Metalwest	Manufacturing			300	4%
Petrocco Farms	Agriculture			300	4%
Sakata Farms	Agriculture			300	4%
Super Target	Retail			200	3%
Tagawa Greenhouse	Agriculture			275	3%
Valley Bank & Trust	Financial Institue			160	2%
Total		<u>7,789</u>	<u>100%</u>	<u>7,927</u>	<u>100%</u>

NOTES: The principal employers current data is as of December 31, 2017, the latest date for which information is available.

SOURCE: <http://www.brightonedc.org/live-and-work>

School District 27J, Colorado
Percentage of Free and Reduced Meals
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Free Meals	Reduced Meals	Total Free and Reduced	Total Meals	Percent of Free and Reduced Meals
2009	577,128	192,740	769,868	1,567,381	49.12%
2010	608,759	181,888	790,647	1,512,360	52.28%
2011	678,217	160,613	838,830	1,528,011	54.90%
2012	773,222	194,085	967,307	1,610,893	60.05%
2013	807,506	170,161	977,667	1,564,014	62.51%
2014	816,531	182,601	999,132	1,611,977	61.98%
2015	779,747	332,720	1,112,467	1,728,308	64.37%
2016	755,671	164,009	919,680	1,526,986	60.23%
2017	737,988	179,037	917,025	1,568,621	58.46%
2018	718,348	203,025	921,373	1,587,949	58.02%

SOURCE: School District 27J Nutrition Services

School District 27J, Colorado
Full-time Equivalent School District Employees by Function
Last Ten Year
(Unaudited)

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instructional	1,072,245	992,444	919,545	968,945	986,670	1,055,090	1,007,544	1,066,441	1,130,900	1,127,226
Support Services										
Pupil Services	61,404	78,105	81,368	69,388	79,278	76,985	73,639	86,650	118,830	129,398
Instructional Staff	39,484	38,561	23,580	28,838	25,930	30,400	33,066	33,135	33,430	45,957
General Administration	6,400	7,070	6,570	9,850	6,100	7,600	7,350	7,975	8,750	7,980
School Administration	84,006	106,301	106,094	111,577	116,000	111,835	99,027	100,475	118,190	114,630
Operations and Maintenance	92,750	108,938	93,600	99,919	98,470	88,800	100,550	96,450	105,500	119,800
Pupil Transportation	83,503	85,691	85,500	85,313	84,060	102,630	96,317	99,125	122,313	118,960
Business Supporting Services	14,000	14,750	12,000	12,000	11,250	11,770	15,070	15,900	13,625	20,743
Central Supporting Services	25,150	28,525	23,410	25,300	27,600	31,850	44,845	38,300	43,738	46,610
Nutrition Services	49,248	59,748	68,623	64,527	63,150	84,600	77,487	71,175	77,570	76,405
Enterprise Operations	23,790	24,325	34,616	28,065	20,560	20,000	48,250	18,838	28,031	38,600
Community Services	9,282	11,033	9,033	4,700	5,300	9,000	8,800	9,000	1,000	1,800
Facilities Acquisition/Construction	3,000	3,650	2,400	5,050	1,000	1,000	1,000	6,075	11,040	13,768
Pupil Activities	1,000	1,000	1,000	1,000	1,000	1,000	-	-	-	-
Total	1,565,262	1,560,139	1,467,339	1,514,471	1,526,368	1,632,560	1,612,945	1,649,539	1,812,916	1,861,877

NOTES: FTE's include all employees paid from all funds.

SOURCE: School District records

School District 27J, Colorado
Teacher/Student Ratio
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Pupil Membership</u>	<u>Teacher FTE</u>	<u>Pupil/Teacher Ratio</u>
2008/2009	13,711	736.13	18.63
2009/2010	14,469	755.52	19.15
2010/2011	15,089	718.10	21.01
2011/2012	15,671	767.20	20.43
2012/2013	16,184	743.40	21.77
2013/2014	16,586	792.43	20.93
2014/2015	17,103	827.35	20.67
2015/2016	17,043	815.39	20.90
2016/2017	17,115	817.62	20.93
2017/2018	17,882	785.78	22.76

SOURCE: Colorado Department of Education Statistical Reports

School District 27J, Colorado
Teacher Salaries and Education
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Salary Ranges			# of Teachers in Each Range		
	Bachelor's Degree	Master's Degree	PHD	Bachelor's Degree	Master's Degree	PHD
2008/2009	\$32,942-\$66,197	\$37,231-\$79,277	\$44,882-\$81,453	302	388	23
2009/2010	\$33,519-\$67,356	\$37,882-\$80,664	\$45,668-\$82,879	303	410	26
2010-2011	\$33,519-\$67,356	\$37,882-\$80,664	\$45,668-\$82,879	252	384	27
2011/2012	\$33,519-\$67,356	\$37,882-\$80,666	\$45,668-\$82,881	261	375	24
2012/2013	\$33,519-\$67,356	\$37,882-\$80,666	\$45,668-\$82,881	242	427	32
2013/2014	\$33,686-\$67,692	\$38,072-\$81,067	\$45,896-\$83,293	231	446	30
2014/2015	\$33,686-\$67,692	\$38,072-\$81,067	\$45,896-\$83,293	238	468	37
2015/2016	\$33,686-\$67,692	\$38,072-\$81,067	\$45,896-\$83,293	238	468	37
2016/2017	\$33,686-\$67,692	\$38,072-\$81,067	\$45,896-\$83,293	242	475	43
2017/2018	\$33,686-\$67,692	\$38,072-\$81,067	\$45,896-\$83,293	241	511	43

Average Salary School District 27J

2008/2009	\$50,761
2009/2010	\$52,153
2010/2011	\$52,637
2011/2012	\$50,247
2012/2013	\$51,920
2013/2014	\$53,059
2014/2015	\$53,338
2015/2016	\$53,601
2016/2017	\$53,173
2017/2018	\$54,319

SOURCE: School District Records

School District 27J, Colorado
School Building Information
June 30, 2018
(Unaudited)

	Enrollment for the 2017/18 School Year	Recommended Capacity ¹	Capacity Used in 2016/17	Years Constructed/ Renovated ²
Brantner (K-5)	516	718	71.87%	2013
Henderson (PK-5)	321	557	57.63%	1969/2016
North (PK-5)	288	491	58.66%	1998
Northeast (PK-6)	560	611	91.65%	1973/1999
Pennock (K-5)	581	758	76.65%	2003
Second Creek (PK-5)	575	834	68.94%	2003
South (K-5)	455	547	83.18%	1969/2000
Southeast (K-6)	459	771	59.53%	1963/1995
Thimmig PK-5)	611	834	73.26%	2002
Turnberry (PK-5)	673	837	80.41%	2008
Westridge (PK-5)	665	834	79.74%	2007
Reunion (PK-5)	442	667	66.27%	2017
Total Elementary Schools	6,146	8,459	72.66%	
MIDDLE SCHOOLS (6-8)				
Vikan	613	630	97.30%	1961/2002
Overland Trail	597	650	91.85%	1984/2000/2005
Prairie View Middle School	871	825	105.58%	2008
Stuart Middle School	855	825	103.64%	2009
Total Middle Schools	2,936	2,930	100.20%	
HIGH SCHOOL (9-12)				
Brighton High School	1,792	1,719	104.25%	1953/1992/1975 1982/2005
Prairie View High School	2,126	1,805	117.78%	2006
Brighton Heritage Academy	141	395	35.70%	1926/1955/1970/2002
Total for High School	4,059	4,019	101.00%	
Total in District Buildings (PK-12)	13,141	15,408	85.29%	
Charters (Not In District Buildings)	3,910	4,061	96.28%	
27J Preschool at the BLARC	82	117	70.09%	
BOLT Academy at the BLARC	63	60	105.00%	
Total not in District Buildings (PK-12)	4,055	4,238	95.68%	

1 Recommended capacity equals the maximum class size and includes modular classroom space and preschool classes.

2 Includes initial year of construction and years of major additions and renovations.

NOTES: The above figures do not take into consideration half-time students and various methods of utilizing classrooms at the secondary level. This table demonstrates that for the current school year, the School District's schools are very close to capacity.

Acquisition of school sites can be the most difficult part of acquiring additional student space. Based on long-term projections of growth, the School District has aggressively pursued acquiring school sites. The School District has obtained land by dedication from developers or purchase for 20 elementary school sites, 2 middle school sites and 2 high school sites totaling over 365 acres. The School District is in the process of obtaining additional school sites through land dedication.

In addition to the school buildings and their contents, the School District owns or leases the following facilities and properties: the District Training Center, the District Educational Services Center, a technology building & annex, a facilities building, utility/storage buildings, an indoor swimming pool, and 149 vehicles, of which 119 are buses or multi-passenger vans.

SOURCE: School District Records

School District 27J, Colorado
Enrollment and Funded Pupil Count by Grade
Last Ten Fiscal Years
(Unaudited)

Grade	Oct 1 2008	Oct 1 2009	Oct 1 2010	Oct 1 2011	Oct 1 2012	Oct 1 2013	Oct 1 2014	Oct 1 2015	Oct 1 2016	Oct 1 2017	Ten Year Average Class Size
Colo. Preschool Proj.	371.0	339.0	333.0	337.0	319.0	393.0	353.0	325.0	288.5	467.0	352.6
Special Ed. Preschool	229.0	218.0	228.0	217.0	175.0	162.0	175.0	185.0	199.0	211.0	199.9
K	1,237.0	1,303.0	1,361.0	1,355.0	1,356.0	1,323.0	1,328.0	1,308.0	1,235.0	1,369.0	1,317.5
1	1,220.0	1,318.0	1,369.0	1,415.0	1,399.0	1,414.0	1,408.0	1,329.0	1,355.0	1,302.0	1,352.9
2	1,185.0	1,253.0	1,333.0	1,352.0	1,440.0	1,398.0	1,448.0	1,412.0	1,338.0	1,395.0	1,355.4
3	1,150.0	1,219.0	1,286.0	1,307.0	1,336.0	1,449.0	1,425.0	1,434.0	1,420.0	1,406.0	1,343.2
4	1,130.0	1,171.0	1,221.0	1,298.0	1,288.0	1,337.0	1,422.0	1,396.0	1,450.0	1,469.0	1,318.2
5	1,106.0	1,141.0	1,190.0	1,216.0	1,304.0	1,318.0	1,331.0	1,431.0	1,405.0	1,474.0	1,291.6
6	983.0	1,093.0	1,152.0	1,207.0	1,191.0	1,301.0	1,318.0	1,262.0	1,355.0	1,408.0	1,227.0
7	947.0	996.0	1,087.0	1,142.0	1,191.0	1,196.0	1,296.0	1,261.0	1,260.0	1,395.0	1,177.1
8	929.0	981.0	974.0	1,098.0	1,143.0	1,225.0	1,178.0	1,253.0	1,272.0	1,282.0	1,133.5
9	1,019.0	1,131.0	1,151.0	1,017.0	1,131.0	1,183.0	1,220.0	1,149.0	1,226.0	1,299.0	1,152.6
10	898.0	846.0	966.0	1,038.0	995.0	1,114.0	1,162.0	1,155.0	1,136.0	1,239.0	1,054.9
11	704.0	758.0	714.0	931.0	952.0	922.0	1,071.0	1,095.0	1,098.0	1,106.0	935.1
12	603.0	702.0	698.0	719.0	943.0	963.0	968.0	1,075.0	1,086.0	1,127.0	888.4
Ungraded	-	-	-	-	-	-	-	-	-	-	-
Total Enrollment	13,711.0	14,469.0	15,063.0	15,649.0	16,163.0	16,698.0	17,103.0	17,070.0	17,123.5	17,949.0	15,894.4
Adjustments to calculate Funded Pupil Count											
CPP (.5 FTE)	(167.0)	(159.5)	(156.0)	(158.5)	(193.5)	(176.5)	(161.0)	(167.0)	(167.0)	(233.5)	(174.7)
Spec Ed Preschool (.5 FTE)	(109.0)	(114.0)	(108.5)	(87.5)	(81.0)	(87.5)	(92.5)	(99.5)	(99.5)	(105.5)	(97.3)
Kindergarten (.5 FTE)	(650.0)	(680.5)	(677.5)	(675.5)	(661.0)	(664.0)	(652.5)	(617.5)	(617.5)	(684.5)	(658.9)
Full Day Kinder Factor .08	104.0	108.9	108.4	108.1	109.8	106.1	104.6	98.8	98.8	109.0	105.8
Part-Time Students (.5 FTE)	(9.5)	(3.0)	(4.0)	(9.0)	(15.5)	(23.0)	(25.0)	(10.0)	(10.0)	(9.0)	(12.1)
Out-of-District Students	-	-	(70.0)	(62.0)	-	-	-	-	-	40.0	4.4
Non-Eligible Students	(57.0)	(67.0)	(70.0)	(62.0)	(57.0)	(57.0)	(131.0)	(128.0)	(128.0)	(108.0)	(89.8)
Other Students	60.0	80.5	80.5	74.0	78.5	78.5	218.5	280.4	280.4	148.8	146.7
Total FPC	12,882.5	13,634.4	14,235.9	14,838.6	15,343.3	15,874.6	16,364.1	16,427.2	16,480.7	17,106.3	15,120.1

NOTES: FPC is the District's funded pupil count as defined by the Colorado School Finance Act. Full day Kinder Factor additional funding began in 2008

SOURCE: Colorado Department of Education pupil membership by county, district and grade report.

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**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2018**

Compliance Section



**Independent Auditors' Report On Internal
Control Over Financial Reporting And On
Compliance And Other Matters Based On An
Audit Of Financial Statements Performed In
Accordance With *Government Auditing Standards***

Board of Education
Adams/Weld School District 27J
Brighton, 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Adams/Weld School District 27J (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 28, 2018. Our report includes a reference to other auditors who audited the financial statements of the Capital Facility Fee Foundation, Bromley East Charter School, Eagle Ridge Academy Charter School, Belle Creek Charter School, Foundation Academy Charter School and Landmark Academy Charter School, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Capital Facility Fee Foundation, Bromley East Charter School and Belle Creek Charter School 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

November 28, 2018



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**Independent Auditors' Report On Compliance
For Each Major Federal Program And
On Internal Control Over Compliance
Required By The Uniform Guidance**

Board of Education
Adams/Weld School District 27J
Brighton, Colorado

Report On Compliance For Each Major Federal Program

We have audited the Adams/Weld School District 27J's (the District) compliance with the types of compliance requirements described in the Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the 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 each of its major federal programs for the year ended June 30, 2018.

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 an 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 the District's 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

This report is intended solely for the information and use of those charged with governance, others within the entity and federal awarding agencies. Accordingly, this report is not intended to be, and should not be, used by anyone other than those specific parties.

RubinBrown LLP

November 28, 2018

ADAMS/WELD SCHOOL DISTRICT 27J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2018

Section I - Summary Of Audit Results

Financial Statements

Type of auditors' report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	___ <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	___ yes	___ <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	___ yes	___ <input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes	___ <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	___ yes	___ <input checked="" type="checkbox"/> none reported
Type of auditors' report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes	___ <input checked="" type="checkbox"/> no

Identification Of Major Programs

CFDA No.	Name Of Federal Program Or Cluster
10.553, 10.555, 10.559	Child Nutrition - School Breakfast Program (SBP), National School Lunch Program (NSLP), and Summer Food Service Program for Children (SFSP)
84.027, 84.173	IDEA - Part B and Preschool Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ___ yes ___ no

ADAMS/WELD SCHOOL DISTRICT 27J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For The Year Ended June 30, 2018

Section II - Financial Statement Findings

There were no findings relating to the District's financial statements for the year ended June 30, 2018.

Section III - Federal Award Findings And Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2018.



SCHOOL DISTRICT 27J

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BOARD OF EDUCATION

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2018

Finding 2017-001 – Construction Accounts Payable Review and Reconciliation

Summary of Prior Audit Finding: The District did not have a system of internal accounting controls that would prevent, detect and correct errors in a timely manner related to financial reporting, including those around the accounts payable process and construction invoices.

Initial Finding Reporting Year: 2017

Status: Corrective Action Plan Taken

SCHOOL DISTRICT 27J, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures to Subrecipients
<i>US Department of Agriculture:</i>				
<u>Child Nutrition Cluster</u>				
Passed through State Department of Education:				
School Breakfast Program (4553)	4553	10.553	\$ 428,885	\$ -
National School Lunch Program (4555)	4555	10.555	2,513,302	-
Summer Food Service Program for Children (4559)	4559	10.559	53,940	-
Passed through Colorado Department of Human Services:				
Food Donation (4555)	4555	10.555	487,654	-
Total Child Nutrition Cluster			<u>3,483,781</u>	<u>-</u>
Passed through the Colorado Department of Education:				
Fresh Fruits and Vegetables Program (4582)	4582	10.582	17,897	-
Total US Department of Agriculture			<u>3,501,678</u>	<u>-</u>
<i>US Department of Education:</i>				
Passed through State Department of Education:				
Special Education Cluster				
Title VIB - Handicapped / IDEA - Part B (4027)	4027	84.027	2,625,591	-
Title VIB - Handicapped / IDEA - Preschool (4173)	4173	84.173	38,761	-
Total Special Education Cluster			<u>2,664,352</u>	<u>-</u>
Title I, Part A (4010)	4010	84.010	1,313,946	-
Title IIA - Teacher Quality (4367)	4367	84.367	215,698	-
Title III - English Language (4365)	4365	84.365	124,767	-
Title IV Part A- Student Support (4424)	4424	84.424	20,603	-
Passed through Colorado Community College System/MEP Youth Advocate Aurora				
Carl Perkins (4048)	4048	84.048	85,126	-
Total US Department of Education			<u>4,424,492</u>	<u>-</u>
<i>US Department of Transportation:</i>				
Federal Highway Administration (FHWA):				
Passed through Colorado Department of Transportation:				
Highway Planning and Construction Cluster				
Safe Routes (2081)	2081	20.205	2,459	-
Total US Department of Transportation			<u>2,459</u>	<u>-</u>
Total Federal Assistance			<u>\$ 7,928,629</u>	<u>\$ -</u>

SCHOOL DISTRICT 27J, COLORADO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

NOTE 1: **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Brighton School District 27J, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts reported in, or used in the preparation of, the basic financial statements.

NOTE 2: **Non-Cash Assistance**

Commodities donated to the School District by the U.S. Department of Agriculture (USDA) are valued based on the June 2012 USDA's Donated Commodity Price List and by values provided by the USDA. The commodities are recognized as revenue and expenses when received. Commodity donations of \$487,654 were recorded as a federal source of school lunch revenue in the Food Service Fund. Commodity donations of \$487,654 were recorded as food and milk expenses in the Food Service Fund.

NOTE 3: **Indirect Costs**

The District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.

See schedule of expenditures of federal awards



Colorado Department of Education
Auditors Integrity Report
 District: 0040 - SCHOOL DISTRICT 27J
 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	20,956,818		97,350,889	91,862,428		26,445,279
18 Risk Mgmt Sub-Fund of General Fund	882,738		1,394,019	1,299,001		977,756
19 Colorado Preschool Program Fund	355,594		3,063,229	3,255,464		163,359
Sub- Total	22,195,150		101,808,137	96,416,893		27,586,394
11 Charter School Fund	9,335,394		32,802,864	31,933,665		10,204,593
20,26-29 Special Revenue Fund	1,565,419		3,729,932	3,572,655		1,722,696
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
21 Food Service Spec Revenue Fund	2,220,051		5,698,190	5,587,263		2,330,977
22 Govt Designated-Purpose Grants Fund	1,058,167		9,174,094	8,765,779		1,466,482
23 Pupil Activity Special Revenue Fund	1,598,824		2,802,271	3,171,860		1,229,235
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		6,093,527	6,093,527		0
31 Bond Redemption Fund	18,631,384		26,101,139	25,118,018		19,614,504
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	92,862,781		106,575,847	72,801,364		126,637,263
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	0		0	0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	149,467,169		294,786,001	253,461,024		190,792,145
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	528,430		0	-23,416		551,846
60,65-69 Other Internal Service Funds	0		118,535	118,535		0
Totals	528,430		118,535	95,119		551,846
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	24,231		667	0		24,899
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	193,819		341,342	309,546		225,616
79 GASB 34:Permanent Fund	0		0	0		0
85 Foundations	1,339,527		986,556	28,175		2,297,908
Totals	1,557,578		1,328,565	337,720		2,548,423

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DEPARTMENT OF FINANCE

School District 27J

18551 E. 160th Avenue | Brighton, CO 80601

