

2018 - 19



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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019



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

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2019

BOARD OF EDUCATION

Marques Ivey, J.D., President

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

Kevin Cox, Treasurer

Debra E. Gerkin, Secretary

Cathy Wildman, Director

Dan Jorgensen, Ph.D., Director

Monica Colbert, Director

Superintendent
D. Rico Munn

Prepared by:
Division of Finance

**JOINT SCHOOL DISTRICT No. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2019**

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Aurora
Public
Schools

INTRODUCTORY SECTION



GOVERNING BOARD OF EDUCATION - FUNCTION AND COMPOSITION

Clockwise from top left:

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

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

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





Division of Finance
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November 8, 2019

To the Members of the Board of Education:

The Comprehensive Annual Financial Report for Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, is hereby presented to the Board of Education and stakeholders of Aurora Public Schools. This report for fiscal year ended June 30, 2019, was prepared by the Division of Finance and includes the audit opinion of the independent auditors, BKD, LLP, who conducted the annual audit of the financial statements in accordance with generally accepted auditing standards and in compliance with state statutes.

BKD, LLP, certified public accountants, issued an unmodified (clean) opinion on the financial statements of the district for the fiscal year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of the District

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

The district is located in Aurora, Colorado, a city on the eastern border of Denver, Colorado, and covers nearly 121 square miles. APS provides a full range of educational programs to 40,280 students, as authorized by Colorado state statutes. The district is an independent school district that is a public corporation duly organized and existing under the constitution and laws of the state of Colorado.

During 2018-19, the district operated four preschools, 28 elementary schools, seven combination elementary and middle schools, six middle schools, six high schools, one combination grades 6-12 school, one technical college and eight charter schools. In school year 2018-19, 2,216 teachers were employed by the district.

In addition to regular education, student offerings include special education, vocational education at the technical college, pre-school, gifted & talented, English language acquisition and International Baccalaureate programs.

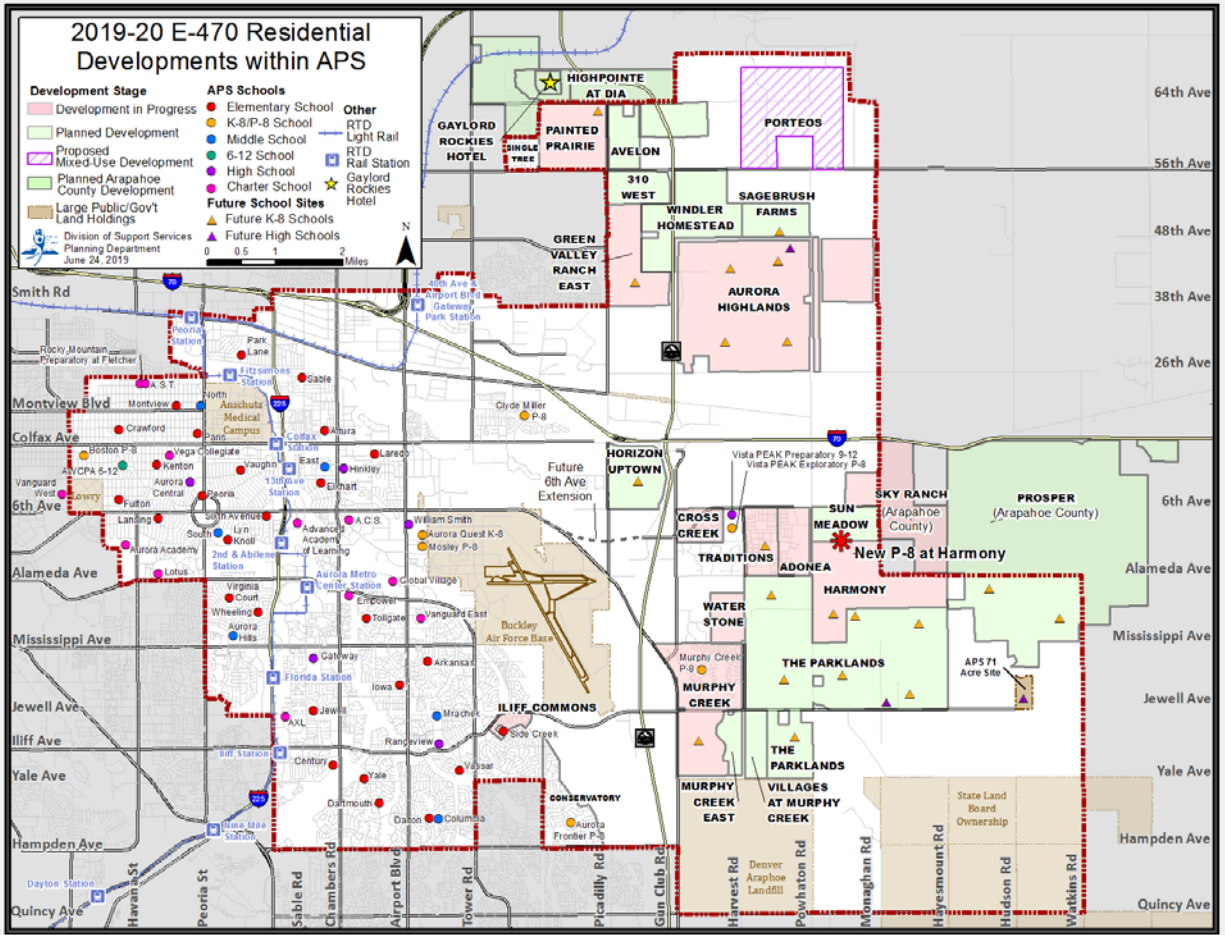
The transportation department travels over 1.45 million miles annually, transporting over 9,280 general education students and over 820 special needs students to and from school each day. The district operates 54 general education buses and 52 special needs buses to deliver daily transportation service. In total, 141 buses and 24 Multi-Function School Activity Buses (MFSAB's) are available to cover routes and support over 3,200 field and activity trips.

A seven-member Board of Education governs the district. Each board member is elected by the public and serves a four-year term. The Board of Education is required by state statute, to adopt annual budgets that represent a complete financial plan for the ensuing fiscal year. §22-44-110(4), C.R.S. The Board of Education must adopt a resolution specifying appropriations for each fund. Pursuant to these requirements, the district uses a detailed programmatic and line item budget for planning expenditures. Quarterly financial reports are prepared for each fund and distributed to the board and district administrators. While allowing minor deviations from budgets at the line item level, department and program-level budget areas stay within their total appropriations ensured by continuing management control of expenditures. Budget-to-actual comparison reports are available online to all program directors and department supervisors. These reports highlight budgetary variances and significant line-item deviations are discussed with appropriate supervisory administrators. This report includes all district funds and ten component units: the Aurora Public Schools Foundation and nine charter schools – Academy of Advanced Learning, Aurora Academy, AXL Charter School, Global Village Academy, Lotus School for Excellence, Rocky Mountain Preparatory School at Fletcher, Vanguard Classical School, Vega Collegiate Academy and Denver School of Science and Technology, Inc.– Aurora Science and Tech. Denver School of Science and Technology, Inc.– Aurora Science and Tech will begin operations in 2019-20.

Local Economy

The district is located almost entirely within the city of Aurora and other portions are located in unincorporated Adams and Arapahoe counties. With over 374,000 residents, Aurora is the 54th largest city in the nation and the third largest in the state of Colorado. The city of Aurora covers 154 square miles. Approximately 10,710 businesses, employing 109,298 people; however, 193,307 employees are located in the city. City demographics indicate that 39.9 percent are college graduates. Median household income is \$63,055, and the median age is 34.4. Most of Aurora's new residential development continues to take place in southeast and northeast Aurora along the E-470 tollway, shown on the map on the next page, providing a major north-south thoroughfare in the center of the district. Approximately 55 percent of the area within the district boundaries is not developed. The Painted Prairie, Green Valley Ranch East and Horizon Uptown are examples of mixed-use developments currently operating or planned along the E-470 corridor.

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



Map provided by: Aurora Public Schools Planning Department

The Anschutz Medical Campus and Fitzsimons Innovation Community consists of one square mile undergoing a significant transformation in the heart of Aurora and the school district. The site, with almost 25,000 employees, is home to the University of Colorado Anschutz Medical Campus, UCHealth University of Colorado Hospital, Children’s Hospital Colorado, U.S. Department of Veterans Affairs Rocky Mountain Regional VA Medical Center and several other centers for health care, biomedical research and workforce development. The Anschutz/Fitzsimons site currently generates about \$7 billion in economic impact and is expected to employ approximately 45,000 people when fully developed. The site includes residential, hotel and retail spaces.

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

Long-term Financial Planning

The fund balance in the General Fund is a measure of the ability of the district’s finances to sustain operations in the event of a financial downturn. Fund balance increased by \$42.3 million, from \$66.3 million to \$108.6 million. Total fund balance in the General Fund is 26 percent of total ordinary General Fund

revenues (excluding other financing sources), which includes fund balances that are restricted (e.g., three percent TABOR emergency reserve), assigned for identified needs (e.g., the Board's cash fund emergency reserve) and unassigned fund balances to cover contingencies caused by unpredictable revenues and potentially volatile expenditures.

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

Outstanding general obligation debt as of June 30, 2019, is \$427.6 million. During 2018-19, \$57.3 million from the district's bond program authorized in 2016 was expended to renovate existing schools. Approximately 88 percent of the district's 52 schools are over 20 years old and roughly 47 percent are over 40 years old. Every school will benefit from various projects funded from the 2016 bond program.

Financial Policies

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

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

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

Colorado Public School Finance

School funding in Colorado is primarily generated by the School Finance Act with per pupil revenues distributed to districts based upon a finance formula. This formula is designed to equalize school funding across districts for variations in local property values and student needs. However, revenue shortfalls at the state level caused by the economic recession continued to stress school district budgets in 2018-19. Statewide, Colorado school district funding was reduced over \$673 million. During 2018-19, Aurora received \$8,474 per pupil, \$498 more per pupil than the prior year. If sufficient revenue were available in Colorado's General Fund, APS would have received \$9,282 per pupil, or over \$31 million more in state per pupil funding.

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

During 2019-20, the district's per pupil funding is budgeted to increase by \$368, from \$8,474 to \$8,842. Along with the per pupil increase, the 2019-20 budget projected a decrease in funded pupil count of 513, resulting in decreased per pupil funding of \$4.5 million. The increase in per pupil funding does not restore state funding to the level that would have occurred if the state could fully fund the school finance formula.

The Public School Finance Act of 1994 provides state funding for charter schools authorized by the local Board of Education. Funding flows from the state, through the district, and then to the charter schools. Schools receive per pupil funding, a proportionate share of local mill levy override funding, state capital

construction funding and federal start-up funds, if applicable. The district had eight charter schools operating in 2018-19: Academy of Advanced Learning, Aurora Academy, AXL Charter School, Global Village Academy, Lotus School for Excellence, Rocky Mountain Preparatory School at Fletcher, Vanguard Classical School and Vega Collegiate Academy.

Local Property Tax Support

Property taxes collected during the 2018-19 fiscal year were based on assessed valuations which increased by 1.76 percent in 2018-19.

The mill levy programs approved by APS voters in 1990, 2008, 2012 and 2018 provide funding for instruction-related programs that support student achievement. For example, mill levy dollars fund increased instruction in math, science and literacy, classroom technology and full-day kindergarten at most APS schools. Other examples of how APS mill levy funds benefit students include:

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

Major Initiatives

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

APS is also continuing implementation and refinement of its reform framework--Communities Organized to Reach Excellence (CORE), which began in 2015. The CORE Framework has drawn upon national best practices and the unique context of the Aurora community to increase capacity for change at both the school and district levels. Under CORE, APS focuses on nine capacity-building areas: turnaround leadership, budget flexibility, talent management, charter authorization, innovation status, physical space, philanthropic relationships, community engagement, and turnaround management. The most visible components of APS' CORE work also include key strategies used to drive improvement: leveraging communities of practices, innovative systems, and CORE Timeline and strategies for schools on Performance Watch.

The new strategic plan and CORE Reform Framework has provided a foundation for change and momentum that APS has seen--including helping APS move off of the district accountability clock for the 2017-18 school year. Our graduation rates have seen significant increases over the last five years school years, making significant progress to close the gap with the state average and eliminating the graduation gap between our students who are white, Hispanic, and African American/Black. In 2018-19, eight schools moved off the accountability clock and seven schools moved onto the state's accountability clock, bringing the district's total to twelve. APS continues to focus on improving overall achievement for our students.

In addition to the APS 2020 Strategic Plan and CORE Reform Framework, APS is developing a new comprehensive, long-term education and facilities plan called *Blueprint APS*. The city of Aurora is experiencing tremendous change with a decline in enrollment over the past several years that is particularly affecting schools in the western part of the district and anticipated growth in housing developments on the eastern part of the district. In June 2018, APS began engaging the community to get input on the future of APS and what they wanted for their children. With direction from the community and the APS Board of Education, APS is entering its implementation phase of that vision for *Blueprint APS*. This will include shifting neighborhood schools to boundary schools, implementation of regions with specialties aligned to community assets, and more district-run schools for families to choose, such as magnet schools. For APS,

this will mean changes to align with *Blueprint APS* and the changes the community is experiencing, including repurposing of existing schools and building of new schools.

APS is also undertaking implementation of key activities to support the health and safety of our students as a result of the passage of APS' 2018 Mill Levy Override. The ballot measure included funding to support: expanding staff and training dedicated to student mental health; increasing pay to recruit and retain high quality teachers; expanding after-school learning programs for K-5 elementary students; and adding and providing seat belts on buses.

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

Awards and Acknowledgements

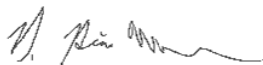
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the district for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 35th consecutive year that the district received this prestigious award. In order to receive a certificate of achievement, the district must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to generally accepted accounting principles and applicable legal requirements. This report must satisfy accounting principles generally accepted in the United States of America and applicable legal requirements.

In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Aurora Public Schools for its comprehensive annual financial report for fiscal year ended June 30, 2018. This certificate is awarded to government units that publish an easy-to-read and well-organized comprehensive annual financial report whose content conforms to the program's standards. Such report satisfy both generally accepted accounting principles and any other applicable legal requirements.

Certificates from both ASBO and GFOA are valid for a period of one year only. We believe that our current report continues to meet the certificate of achievement programs' requirements and we are submitting it to both ASBO and GFOA for review and certification.

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

Respectfully submitted,

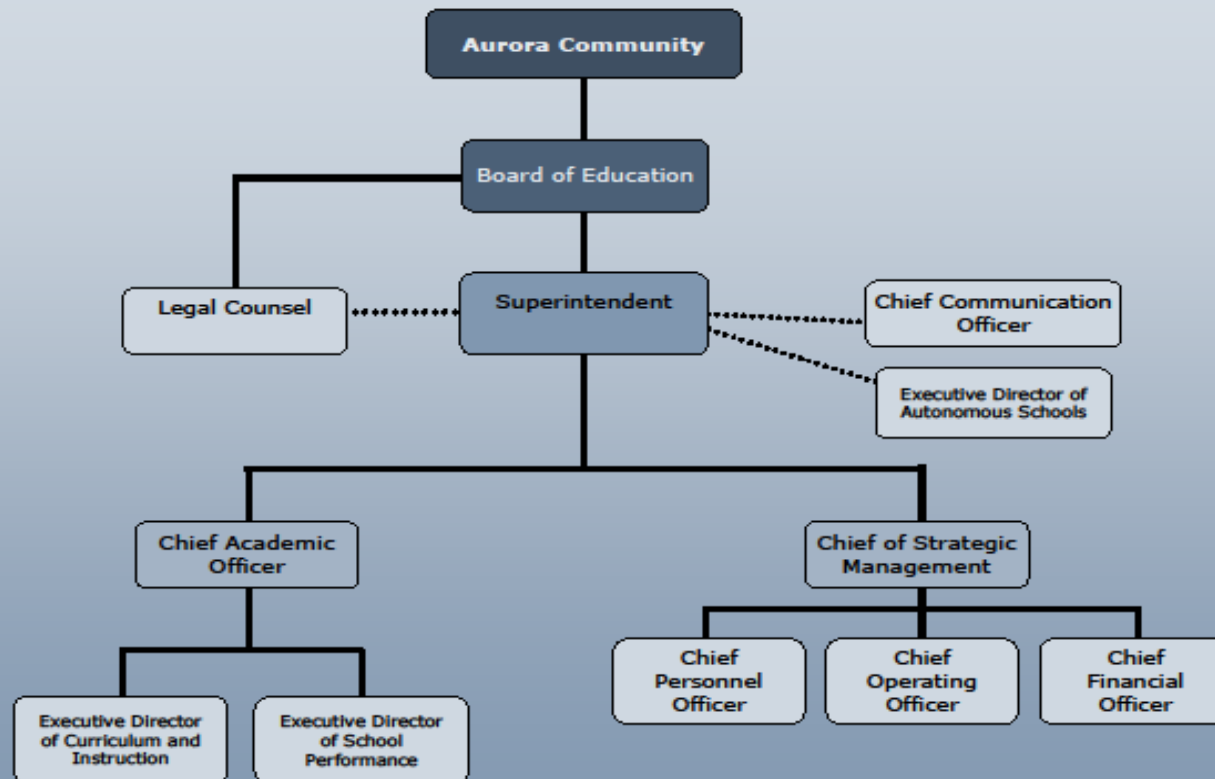


D. Rico Munn
Superintendent of Schools



Brett Johnson
Chief Financial Officer

District Organizational Structure 2018-19 School Year





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



**The Certificate of Excellence in Financial Reporting
is presented to**

**Joint School District No 28J of the Counties
of Adams and Araphahoe, Colorado**

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, appearing to read 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, appearing to read 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer



FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Aurora Academy, Global Village Academy, Academy of Advanced Learning, Lotus School for Excellence, Vanguard Classical School, AXL Academy, Rocky Mountain Preparatory School, Vega Collegiate Academy, or Denver School of Science and Technology – Aurora Science and Tech, all of which are included as discretely presented component units, which represent 98.68% of total assets and 98.35% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2019. Those statements were audited by other auditors whose reports thereon have been furnished to us and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts included for Aurora Academy, Global Village Academy, Academy of Advanced Learning, Lotus School for Excellence, Vanguard Classical School, AXL Academy, Rocky Mountain Preparatory School, Vega Collegiate Academy, and Denver School of Science and Technology – Aurora Science and Tech, 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 Aurora Public Schools Foundation, Academy of Advance Learning, AXL Academy, Vanguard Classical School, Vega Collegiate Academy, and Denver Science and Technology – Aurora Science and Tech component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual major and nonmajor fund financial statements and schedules, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as well as other information including the introductory and statistical sections, as listed in the

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

table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
November 8, 2019



Aurora
Public
Schools

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

Joint School District No. 28-J
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2019

The management of Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado, offers to readers this discussion and analysis of the district's financial performance for the year ended June 30, 2019. This discussion and analysis focuses on the primary government and does not include its discretely presented component units. We encourage readers to consider the information presented here in conjunction with the transmittal letter, basic financial statements, notes to the basic financial statements, the required supplementary information, supplementary information and the statistical section to further enhance their understanding of APS's financial performance.

Financial Highlights

On the statement of net position, assets and deferred outflows of resources were less than the district's liabilities and deferred inflows of resources, resulting in a net position deficit of \$940.7 million. Total assets increased by \$35.3 million, deferred outflows of resources decreased by \$287.1 million, total liabilities decreased by \$920.6 million and deferred inflows of resources increased by \$489.1 million.

On the statement of activities, general revenues totaling \$467.0 million accounted for 84.3 percent of all revenues of the primary government. Program revenues provided \$86.8 million, or 15.7 percent of all revenues, directly supporting the functions and programs of the primary government. Total expenses decreased from \$730.9 million in 2017-18 to \$374.1 million in 2018-19.

The outstanding liability for general obligation bonds payable, including accreted interest and principal, decreased by \$29.3 million due to scheduled principal payments, leaving \$432.4 million in principal payments outstanding.

Governmental funds reported combined ending fund balances of \$297.9 million, an increase of \$6.9 million from the prior year. Unassigned fund balance of \$29.3 million in the General Fund is available for district use. Nonspendable fund balance for prepaid items totaled \$2.9 million; fund balances restricted for statutory requirements and committed for contractual agreements totaled \$202.4 million; fund balance amounts assigned by district management for various operations and contingencies totaled \$63.3 million.

In November 2018, voters approved a mill levy override increase of 13 mills resulting in \$33.9 million of additional revenue for fiscal year 2018-19. The passage of the mill levy override is the primary reason for the increase in fund balance.

Overview of the Basic Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the district's finances using accounting methods similar to those used by private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the district's assets, deferred outflows of 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 district is improving or deteriorating.

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The statement of activities shows how the government's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities when the event occurs, regardless of the timing of when cash is received or paid. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused leave).

Fund Financial Statements

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

Governmental Funds

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

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

Because there are differences between governmental activities (shown in the statement of net position and the statement of activities previously discussed) and governmental funds, two reconciliations are provided in the financial statements. The major differences between the financial reporting on governmental activities and governmental funds relate to the district's long-term liabilities and acquisition of capital assets. The district maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Bond Redemption, Grants, Nutrition Services, Building and Capital Reserve, all of which are considered to be major funds. Data for the other three governmental funds (Athletic, Medicaid and Pickens Post-Secondary) are combined into a singled, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements included in this report.

Fiduciary Funds

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

Notes to Basic Financial Statements

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

Required Supplementary Information and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also includes required supplementary information containing the district's budgetary schedules for the district's General Fund, Grants Fund, and Nutrition Services Fund, as well as pension information as required by GASB 68 and OPEB information as required by GASB 75. Other supplementary information, including financial

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statements and budgetary comparisons for the district's other governmental funds, and financial statements for the district's fiduciary funds and component units, follows the required supplementary information. Legal compliance information for budgetary requirements and the Auditor's Integrity Report is included in other supplementary information.

Government-wide Financial Analysis

Governmental Activities

As of June 30, 2019, assets were not sufficient to fund liabilities. The sole reason for liabilities exceeding assets is due to amounts related to the PERA pension and OPEB. As required by GASB 68, the district recorded a noncurrent liability of \$754.1 million for its net pension liability. APS has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits or annual required contribution decisions made by PERA. The district also recorded a noncurrent liability of \$37.7 million as required by GASB 75. Deferred outflows of resources related to the pension plan and OPEB decreased by \$283.2 million due to the difference between projected and actual earnings on investments. As a result, the district's total net position increased from a deficit of \$1.1 billion to a deficit of \$940.7 million.

A significant portion of the district's assets are its investments in capital assets, such as land, buildings, vehicles and equipment. The value of capital assets, including nondepreciable and depreciable assets, net of depreciation, increased by \$29.6 million, from \$409.6 million to \$439.2 million. The change is due to new assets of \$53.6 million offset partially by depreciation of \$24.0 million. The new assets include construction in progress of \$50.0 million, which is a result of the district using proceeds from the general obligation bonds approved by voters in November 2016. Noncurrent assets consisting of cash, cash equivalents and investments that are restricted for capital construction and renovations of schools and support buildings, bond debt service and charter school agreements totaled \$178.1 million, a decrease of \$33.5 million over the previous year. This decrease is due to capital spending of restricted cash offset by increased property tax receipts for bond debt service and restricted investment income receipts.

Current assets increased by \$39.3 million primarily due to cash received from a \$36.9 million increase in property and specific ownership taxes and partially due to timing variances for accounts receivable. Current liabilities decreased by approximately \$0.3 million. Noncurrent liabilities decreased by \$920.3 million primarily due to the change in net pension liability and net OPEB liability of \$855.2 million.

The district's restricted net position includes seven categories: 1) Colorado Preschool Program funds, §22-28-101, C.R.S., 2) a TABOR emergency reserve mandated by the Article X, Section 20, of the Colorado constitution, 3) Medicaid grant funds restricted for the improvement of student achievement, 4) student fees charged for instructional programs, restricted by §22-32-117(2)(c), C.R.S, 5) funds restricted for charter school agreements, 6) funds for long-term debt service generated by bond redemption property taxes, and 7) funds restricted for nutrition services. In accordance with the TABOR emergency reserve mandate, the primary government and its component units reserved 3.0 percent of applicable expenditures, totaling \$11.0 million.

The district's net position for governmental activities increased by \$179.7 million. Expenses for governmental activities decreased by \$356.8 million mainly due to the decrease in PERA net pension liability. The prior year pension expense including employer contribution was \$335.2 million while the current year pension expense including employer contribution was a credit of \$66.0 million resulting in a total year over year reduction in pension expense of \$401.2 million.

Property tax revenue increased by \$36.9 million in 2018-19 due to increased net assessed valuation of property located within the district and the first-year collection of the November 2018 mill levy override. The state's budget balancing factor, the budget stabilization factor, was marginally reduced. In 2018-19, the district's total per-pupil funding was reduced by 8.7 percent, or \$32.0 million, compared to a reduction of 11.0 percent, or \$39.5 million in the prior year due to the budget stabilization factor. The budget stabilization

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factor continues to have an adverse impact on the district's budget; state funding has not been restored to the level that would have occurred if the state could fully fund the state's school finance formula. If sufficient state revenues were available, the district would receive \$9,282 per pupil, compared to \$8,474 per pupil actually received in 2018-19.

The net expenses of governmental activities after program revenues are applied was \$287.3 million in 2018-19 and \$652.0 million in 2017-18. General revenues, such as property taxes and school finance act revenue, fund these net expenses.

Net Position

The table below provides a summary of the district's net position for June 30, 2019. Comparative data for June 30, 2018, is also presented. The following condensed financial information was derived from the government-wide statements of net position for the periods indicated.

Comparative Condensed Summary of Net Position

	Primary Government			
	Governmental Activities			
	June 30, 2019	June 30, 2018	Increase (Decrease)	% Change from prior year
Current assets	\$ 166,841,541	\$ 127,550,547	\$ 39,290,994	30.8%
Noncurrent assets, excluding capital assets	178,110,459	211,638,467	(33,528,008)	-15.8%
Capital assets, net	439,217,169	409,641,515	29,575,654	7.2%
Total assets	784,169,169	748,830,529	35,338,640	4.7%
Deferred outflow s of resources	205,098,135	492,213,665	(287,115,530)	-58.3%
Current liabilities	78,903,833	79,227,304	(323,471)	-0.4%
Noncurrent liabilities outstanding	1,250,928,874	2,171,236,274	(920,307,400)	-42.4%
Total liabilities	1,329,832,707	2,250,463,578	(920,630,871)	-40.9%
Deferred inflow s of resources	600,119,490	110,928,106	489,191,384	441.0%
Net investment in capital assets	74,657,134	64,577,395	10,079,739	15.6%
Restricted	97,255,276	76,663,926	20,591,350	26.9%
Unrestricted (deficit)	(1,112,597,303)	(1,261,588,811)	148,991,508	-11.8%
Total net position (deficit)	\$ (940,684,893)	\$ (1,120,347,490)	\$ 179,662,597	-16.0%

The deferred outflow decrease of \$287.1 million is primarily due to the difference between the expected and actual experience as reported by PERA. The deferred inflow increase of \$489.2 million is primarily due to the difference between projected and actual earnings on investments as reported by PERA. See footnotes 1, 10 and 11 in Notes to the Financial Statements for additional information on GASB 68, GASB 75 and GASB 85.

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The following condensed financial information was derived from the government-wide statements of activities and reflects how the district's net position changed from June 30, 2018 to June 30, 2019.

Comparative Summary of Activities and Changes in Net Position

	Primary Government			
	Governmental Activities			
	Year Ended June 30, 2019	Year Ended June 30, 2018	Increase (Decrease)	% Change from prior year
REVENUES				
Program revenues:				
Charges for services	\$ 16,789,078	\$ 15,334,788	\$ 1,454,290	9.5%
Operating grants & contributions	65,770,177	58,038,488	7,731,689	13.3%
Capital grants & contributions	4,213,538	5,532,458	(1,318,920)	-23.8%
General revenues:				
Property taxes	226,785,004	189,896,466	36,888,538	19.4%
State School Finance Act	233,366,711	221,921,447	11,445,264	5.2%
Other	6,853,627	2,975,954	3,877,673	130.3%
Total revenues	553,778,135	493,699,601	60,078,534	12.2%
EXPENSES				
Instruction	170,369,692	380,254,999	(209,885,307)	-55.2%
Pupil support	31,930,044	65,598,901	(33,668,857)	-51.3%
Instructional staff support	20,283,178	42,969,988	(22,686,810)	-52.8%
General administration	7,607,758	13,043,903	(5,436,145)	-41.7%
School administration	23,596,381	60,485,937	(36,889,556)	-61.0%
Business administration	3,542,180	8,489,944	(4,947,764)	-58.3%
Operations & maintenance	31,303,925	51,445,540	(20,141,615)	-39.2%
Transportation	9,114,960	19,233,264	(10,118,304)	-52.6%
Personnel/data/risk management	15,412,202	28,921,045	(13,508,843)	-46.7%
Other support services	27,543,436	16,466,875	11,076,561	67.3%
Food service operations	13,534,678	23,297,106	(9,762,428)	-41.9%
Interest on long-term debt	19,877,104	20,695,296	(818,192)	-4.0%
Total expenses	374,115,538	730,902,798	(356,787,260)	-48.8%
Change in net position	179,662,597	(237,203,197)	416,865,794	-175.7%
Net position (deficit) - beginning of year	(1,120,347,490)	(844,740,967)	(275,606,523)	32.6%
Restatement for change in accounting principle	-	(38,403,326)	38,403,326	-100.0%
Net position - beginning of year, as restated	(1,120,347,490)	(883,144,293)	(237,203,197)	26.9%
Net position (deficit) - end of year	\$ (940,684,893)	\$ (1,120,347,490)	\$ 179,662,597	-16.0%

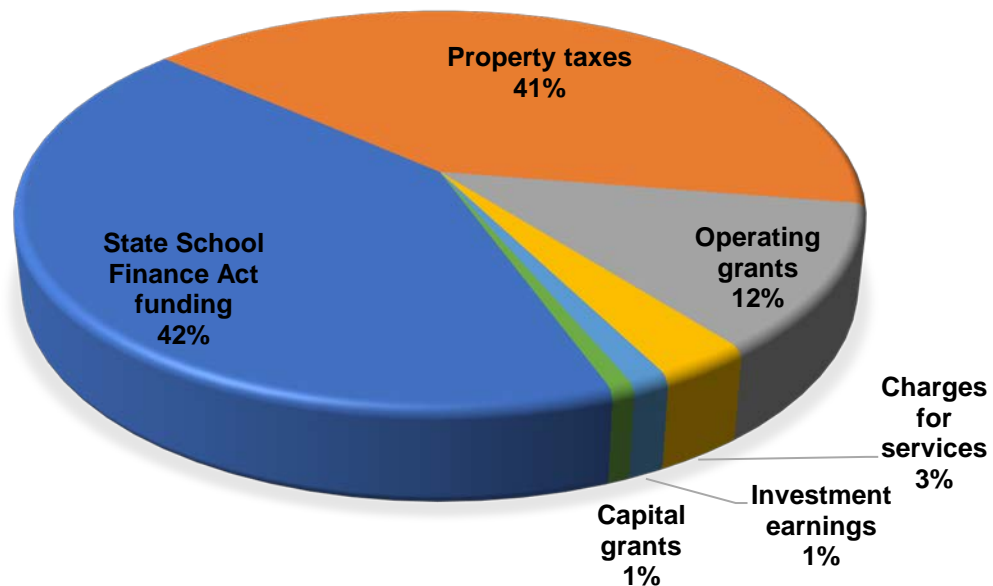
Most revenues to Colorado's school districts are provided through the Public School Finance Act of 1994 (as amended). The district's adjusted total program funding for 2018-19 was \$326.9 million based on a funded pupil count of 38,579 and per pupil total program funding of \$8,474, compared to total program funding of \$310.0 million based on a funded pupil count of 38,869 and per pupil total program funding of \$7,976 for 2017-18. Of the \$326.9 million adjusted funding, \$252.5 million was funded through state equalization and the remainder through a combination of local property and specific ownership taxes compared to \$238.8 million funded through state equalization in 2017-18. The district distributes per pupil total program funding to its charters as state funding is received.

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The primary government, which excludes charters, generated \$233.3 million in School Finance Act, unrestricted monies, for 2018-19 compared with \$221.9 million in 2017-18. General revenues also included property tax revenues of \$226.8 million in 2018-19 compared to \$189.9 million in 2017-18. Total property tax revenues include School Finance Act mills, Mill Levy Override Election mills, Tax Abatement mills and Bond Redemption Fund mills. The increase in property tax revenues is due to the November 2018 voter approved mill levy override. Total expenses for the primary government in 2018-19 were \$374.1 million compared to \$730.9 million in 2017-18. As discussed previously, the primary reason for the significant decrease in expenses was the change in PERA pension and OPEB expenses.

The following chart illustrates the district's revenues by source.

Revenues by Source - Primary Government
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Analysis of the School District's Funds

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

Governmental Funds

Governmental funds had total revenues and other financing sources of \$563.9 million and expenditures including other financing uses of \$556.9 million. As of the end of the current fiscal year, the district's nine governmental funds reported combined ending fund balances of \$297.9 million, an increase of \$6.9 million. The Building Fund is used to account for construction projects financed by the sale of general obligation bonds. The fund recorded an ending fund balance of \$97.4 million, a decrease of \$49.5 million from the prior year. This is the result of spending a portion of the proceeds that Aurora voters approved in November 2016. \$200 million of the \$300 million approved general obligation bonds were sold in January 2017.

The Colorado constitution requires a TABOR emergency reserve of 3.0 percent of expenditures, with certain federal and local expenditures excluded from this requirement. On the district's Balance Sheet for Governmental Funds, the required amount of \$11.0 million is shown as fund balance restricted for TABOR emergency reserve. The General Fund's unassigned fund balance is \$29.3 million, which provides a measure of the district's net resources available for spending at the end of the fiscal year. In general, unassigned fund balances are necessary to cover contingencies caused by unpredictable revenues and potentially volatile expenditures. The district's board of education established a policy in November 2003, and revised it in April 2017, that requires a minimum total fund balance of 5.0 percent of revenue using the TABOR calculation.

Revenues and Other Financing Sources
Governmental Funds

	Year Ended		Increase (Decrease)	% Change from prior year
	June 30, 2019	June 30, 2018		
Local:				
Property and specific ownership taxes	\$ 229,289,300	\$ 188,761,532	\$ 40,527,768	21.5%
Other	30,397,170	26,850,084	3,547,086	13.2%
State	246,167,928	229,721,725	16,446,203	7.2%
Federal	49,398,120	47,423,359	1,974,761	4.2%
Subtotal	<u>555,252,518</u>	<u>492,756,700</u>	62,495,818	12.7%
Other financing sources	8,613,250	10,639,550	(2,026,300)	-19.0%
Total	<u>\$ 563,865,768</u>	<u>\$ 503,396,250</u>	<u>\$ 60,469,518</u>	12.0%

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Property tax revenue increased by \$39.9 million compared to last year. The increase is due to increases in net assessed valuations on the real property located within the district and revenues from the November 2018 voter approved mill levy override. Specific ownership tax revenue, taxes paid annually on motor vehicles, increased from \$14.4 million to \$15.1 million, or 4.9 percent, in 2018-19.

Expenditures and Other Financing Uses

Governmental Funds

	Year Ended		Increase (Decrease)	% Change from prior year
	June 30, 2019	June 30, 2018		
Instruction	\$ 216,460,847	\$ 200,128,521	\$ 16,332,326	8.2%
Pupil support	43,777,500	36,619,052	7,158,448	19.5%
Instructional staff support	27,521,478	24,661,603	2,859,875	11.6%
General administration	9,064,071	8,798,086	265,985	3.0%
School administration	33,213,830	32,107,009	1,106,821	3.4%
Business administration	5,036,502	4,495,054	541,448	12.0%
Operations and maintenance	34,535,919	32,112,476	2,423,443	7.5%
Transportation	12,792,552	11,661,225	1,131,327	9.7%
Personnel/data/risk management	18,437,417	17,720,182	717,235	4.0%
Other support services	16,033,182	7,839,104	8,194,078	104.5%
Food service operations	16,212,168	16,181,459	30,709	0.2%
Payment to bond escrow agent	5,406	-	5,406	0.0%
Facilities acquisition/improvement	61,855,699	57,472,970	4,382,729	7.6%
Debt service	53,386,316	55,092,153	(1,705,837)	-3.1%
Subtotal	548,332,887	504,888,894	43,443,993	8.6%
Other financing uses	8,613,250	6,870,789	1,742,461	25.4%
Total	<u>\$ 556,946,137</u>	<u>\$ 511,759,683</u>	<u>\$ 45,186,454</u>	8.8%

Governmental fund expenditures increased by 8.8 percent due to a variety of factors:

- Instructional costs increased by \$16.3 million due to increased salaries and benefits.
- Pupil support increased by \$7.1 million due to increased salaries and benefits.
- Facilities acquisition and improvement costs increased by \$4.4 million due to the continued use of approved general obligation bond funded projects.

The majority of the district's governmental expenses, 57.8 percent, are directed to the delivery of student instruction, providing additional student and staff supports, student nutrition and transportation. These programs increased expenditures by \$27.5 million compared to 2017-18 and are accounted for in the instruction, pupil support, instructional staff support, food service operations and transportation programs. The district's administrative expenses increased year over year by \$10.1 million and are 11.6 percent of total costs. These programs are accounted for in the general administration, school administration, business administration and other support services programs. Other support services expenditures increased by \$8.2 million primarily due to a new state statute which requires the sharing of per pupil mill levy with charter schools.

General Fund Budgetary Highlights

General Fund – Original budget compared to final budget

Differences between the original budget and the final budget are included in the January 2019 budget appropriations as approved by the Board of Education. Changes to the budget take into consideration the availability of revenues from certifying the mill levy, finalizing the pupil count and receiving updated estimates on state funding.

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In order to address reductions in state funding while minimizing the use of district reserves, the Board of Education called for an election to be held in November 2018 asking the voters to increase the mill levy override by 13 mills, equaling \$33.9 million for fiscal year 2018-19, to provide additional, annual funding to the district. The successful passage of the mill levy override was reflected in increased budgeted property tax revenues and increased expenditures for specified purposes.

The district further modified the budget in January 2019 based on the following:

- \$2 million in carry-forward of curriculum adoption funds
- \$3 million in new funding for curriculum adoption
- \$250,000 for professional development associated with curriculum adoption
- \$1.1 million increase for exceptional student services
- \$650,000 in increased funding for ASCENT/concurrent enrollment
- \$1 million in new preschool funding for additional preschool seats awarded by CDE

General Fund – Budget to Actual Analysis

General fund revenues exceeded budget by \$16.1 million. The district's final budget conservatively estimated transfers of state equalization funding for charter schools that did not materialize creating a \$12.4 million positive variance. Specific ownership tax (i.e., annual taxes paid on motor vehicles) exceeded budget by \$2.3 million. Motor vehicle taxes are difficult to estimate given the seasonality of purchasing vehicles and the length of time owners hold a vehicle. The amount of motor vehicle tax collected reduces as the vehicle ages. As individuals purchase newer vehicles and additional car owners move to the district, there is opportunity for increased specific ownership taxes. Other state revenue exceeded budget by \$0.5 million as allocations finalized at the state level. Additionally, the district earned \$0.6 million more in interest earnings than budgeted due to the stronger investment earnings paid through the investment pool, U.S. Treasuries, U.S. government agency obligations and other allowable investments. The balances held in investments are structured to ensure funds availability based on scheduled spending in bonds and capital projects. Additionally, investments in the investment pool allow for a higher degree of liquidity for operations throughout the year.

Excluding contingencies and appropriated reserves, expenditures were less than budget by \$16.7 million equating to 4.4 percent expenditure variance (i.e., spending rate was 95.6 percent). The majority of the variance, \$14.6 million, is underspending in budgeted salaries and benefits of approximately 4.7 percent variance in these categories. The district instituted a mid-year salary increase (i.e., January). The estimated impact to benefits and the vacancy rate contributed to the underspending. Traditionally, the district budgets PERA and Medicare withholdings against an employee's gross pay. This method allows for the most flexibility to ensure the district is properly funded for each benefit obligation and will generally cause a favorable expenditure variance. However, as of July 1, 2019, PERA adjusted the definition of PERA-includable salary that does not take into account contributions made to cafeteria plans or for certain fringe benefits. This change will increase the district's employer PERA obligation for new employees and will align PERA-includable salary much more closely with an employee's gross pay. Looking forward, the employer contribution to PERA will increase from 20.4 percent in 2019-20 to 20.9 percent in 2020-21.

The district increased transfers out of the general fund above budget to support nutrition services, capital reserve and Pickens Post-Secondary.

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 fund expenditures. Actual expenditures of the General Fund including other financing uses amounted to \$375.3 million. Unassigned fund balance represents 10 percent of expenditures while total fund balance represents 30 percent of budget-based expenditures. A significant portion of fund balance is assigned for specific purposes because of the new mill levy and APS Blueprint, instruction carryover and textbook adoption, and materials for a new school. These funds are assigned to these

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purposes and, contingent upon appropriations would be spent on the designations listed. Additionally assignments are made to mitigate future risk related to exceptional student services, insurance risk and a reserve for the impending change in the district's School Finance Act formula that will reduce the funded pupil count from a five-year average closer to the actual pupil count for the current year. As the district's enrollment continues to stabilize or increases, the formula to calculate funded pupil count will change resulting in a funded pupil count of approximately 1,000 fewer pupils. This change will result in a decrease in per-pupil funding to the district of \$9.0 million.

Capital Assets and Debt Administration

Capital Assets

Net of depreciation, the district's capital assets as of June 30, 2019, totaled \$439.2 million, which is invested in land, buildings, equipment, software and construction-in-progress. Depreciation charges this year totaled \$24 million.

Capital Assets				
(Net of Depreciation)				
Primary Government				
Governmental Activities				
	June 30, 2019	June 30, 2018	Increase (Decrease)	% Change from prior year
Land	\$ 20,553,331	\$ 20,451,625	\$ 101,706	0.5%
Buildings & improvements	296,101,057	304,720,072	(8,619,015)	-2.8%
Equipment, software & vehicles	12,263,148	12,452,960	(189,812)	-1.5%
Subtotal	328,917,536	337,624,657	(8,707,121)	-2.6%
Construction-in-progress	110,299,633	72,016,858	38,282,775	53.2%
Total	<u>\$ 439,217,169</u>	<u>\$ 409,641,515</u>	<u>\$ 29,575,654</u>	7.2%

The most significant impact on capital assets this year was the additions made to construction-in-progress due to the start of renovations and improvements to school buildings and other facilities funded by the sale of general obligation bonds in January 2017. Net additions to construction in progress totaled \$38.3 million. For more information on the district's capital assets, refer to Note 5 Capital Assets in the Notes to the Financial Statements.

Long-Term Debt

Long-term debt principal, accreted interest and premiums on general obligation debt totaled \$475 million in general obligations bonds, with \$29.8 million due in one year. For more information on the district's long-term debt, refer to Note 6 Noncurrent Liabilities in the Notes to the Financial Statements.

Outstanding Debt as of June 30, 2019

Primary Government				
Governmental Activities				
	June 30, 2019	June 30, 2018	Increase (Decrease)	% Change from prior year
General obligation bonds	\$ 432,411,027	\$ 461,733,482	\$ (29,322,455)	-6.4%
Capital lease	4,707,369	5,271,895	(564,526)	-10.7%
Premiums/(discounts)	42,543,627	49,878,212	(7,334,585)	-14.7%
Total	<u>\$ 479,662,023</u>	<u>\$ 516,883,589</u>	<u>\$ (37,221,566)</u>	-7.2%

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

Joint School District No. 28-J
Counties of Adams and Arapahoe, Colorado
Aurora Public Schools
Management's Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2019

Economic Factors and Fiscal Year 2019-20 Budget

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

The district follows a multi-step budget development process that involves receiving input on values and priorities from staff, parents and community members. District leadership prepares a budget plan that balances priorities of the community with federal, state and local regulations, desired academic outcomes, student safety and fiscal responsibility. The budget plan for 2019-20 supports the educational commitments of student learning, professional practice and collective responsibility.

Due to the economic downturn and the state of Colorado's associated budget crisis, the Colorado General Assembly implemented a budget stabilization factor for total per-pupil program funding in fiscal year 2010-11. For 2019-20, the budget stabilization factor is estimated to reduce funding available to public education by \$572.4 million statewide. In 2019-20, the district's total program funding will be reduced by 7.0 percent, or \$27.0 million. The budget stabilization factor continues to have an adverse impact on the district's budget; state funding has not been restored to the level that would have occurred if the state could fully fund the school finance formula. If sufficient revenue were available in Colorado's General Fund, the district would receive \$9,501 per pupil, compared to the projected amount of \$8,842.45.

As with any plan, the 2019-20 budget is based upon key assumptions. These range from changes in enrollment and per pupil revenue amounts to assessed valuations and staffing ratios. Assumptions upon which the 2019-20 budget are based include:

- State per-pupil revenue: \$8,842.45
- Total mill levy override revenues: \$93.03 million
- Decrease in enrollment, including charter schools: 796 students, a decrease of 1.98 percent
- Assessed value of property within APS boundaries: \$2.8 billion
- General Fund revenue collection rate: 99.5 percent
- School staffing funding allocation ratios: No change from 2018-19, 25.200 for elementary schools, 20.650 for middle schools and 21.600 for high schools

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Net Position
June 30, 2019**

	<u>Primary Government</u> <u>Governmental Activities</u>	<u>Component Units</u> <u>Charter Schools</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 144,548,274	\$ 11,054,992
Due from other governments	-	482,037
Receivables (net of allowance for uncollectibles)	15,779,465	1,383,224
Inventories	938,831	-
Prepaid and deposit items	5,574,971	383,810
Total current assets	<u>166,841,541</u>	<u>13,304,063</u>
Noncurrent assets:		
Restricted: cash, cash equivalents and investments	178,110,459	5,728,984
Nondepreciable capital assets	130,852,964	2,002,609
Depreciable capital assets	308,364,205	42,568,624
Total noncurrent assets	<u>617,327,628</u>	<u>50,300,217</u>
Total assets	<u>784,169,169</u>	<u>63,604,280</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	12,923,192	-
Items related to pension plan	190,280,496	33,473,024
Items related to OPEB	1,894,447	667,851
Total deferred outflows of resources	<u>205,098,135</u>	<u>34,140,875</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	21,007,836	1,407,243
Accrued salaries and benefits	21,124,165	2,501,532
Liability claims and premiums	1,337,200	-
Intergovernmental payable	954,689	-
Unearned revenue	869,766	19,885
Accrued interest payable	1,822,783	201,108
Noncurrent liabilities, due within one year:		
General obligation bonds	29,790,000	-
Compensated absences	1,425,410	-
Notes, leases and mortgages payable	571,984	1,659,055
Total current liabilities	<u>78,903,833</u>	<u>5,788,823</u>
Noncurrent liabilities, due beyond one year:		
Notes, leases and mortgages payable	4,135,385	42,445,326
General obligation bonds	445,164,654	-
Net pension liability	754,076,588	73,211,250
Net OPEB liability	37,661,634	3,434,530
Compensated absences	9,890,613	-
Total noncurrent liabilities	<u>1,250,928,874</u>	<u>119,091,106</u>
Total liabilities	<u>1,329,832,707</u>	<u>124,879,929</u>
DEFERRED INFLOWS OF RESOURCES		
Items related to pension plan	597,279,493	51,382,297
Items related to OPEB	2,839,997	36,342
Total deferred inflows of resources	<u>600,119,490</u>	<u>51,418,639</u>
NET POSITION		
Net investment in capital assets	74,657,134	5,656,195
Restricted for:		
Colorado Preschool Program	1,426,349	-
TABOR emergency reserve	11,015,570	1,845,314
Legal contingency	-	50,000
Medicaid	9,172,562	-
Student fees	7,998,675	-
Charter school agreements	800,000	-
Debt service	60,364,179	-
Nutrition services	6,477,941	-
Unrestricted (deficit)	<u>(1,112,597,303)</u>	<u>(86,104,922)</u>
Total net position (deficit)	<u>\$ (940,684,893)</u>	<u>\$ (78,553,413)</u>

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Financial Position
Aurora Public Schools Foundation
June 30, 2019**

ASSETS

Cash and cash equivalents	\$ 1,019,805
Investments	191,209
Other receivables	87,300
Prepaid expenses	<u>6,000</u>
Total current assets	<u>\$ 1,304,314</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 31,970
Deferred revenue	<u>18,021</u>
Total liabilities	<u>49,991</u>

Net Assets:

Without donor restrictions	232,863
With donor restrictions	
Perpetual in nature	100,000
Purpose restricted	<u>921,460</u>
Total net assets	<u>1,254,323</u>
Total liabilities and net assets	<u>\$ 1,304,314</u>

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Activities
For the Year Ended June 30, 2019**

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
					Governmental Activities	Charter Schools
Functions/Programs						
Primary government:						
Governmental activities:						
Instruction	\$ 170,369,692	8,173,184	\$ 40,934,162	\$ -	\$ (121,262,346)	\$ -
Pupil support	31,930,044	-	7,342,388	-	(24,587,656)	-
Instructional staff support	20,283,178	-	1,218,674	-	(19,064,504)	-
General administration	7,607,758	-	91,594	-	(7,516,164)	-
School administration	23,596,381	-	634,502	-	(22,961,879)	-
Business administration	3,542,180	-	83,959	-	(3,458,221)	-
Operations and maintenance	31,303,925	1,187,138	406,965	-	(29,709,822)	-
Transportation	9,114,960	-	185,916	-	(8,929,044)	-
Personnel/data services/risk management	15,412,202	-	234,762	-	(15,177,440)	-
Other support services	27,543,436	6,091,322	32,569	4,213,538	(17,206,007)	-
Food service operations	13,534,678	1,337,434	14,604,686	-	2,407,442	-
Interest on long-term debt	19,877,104	-	-	-	(19,877,104)	-
Total governmental activities	<u>374,115,538</u>	<u>16,789,078</u>	<u>65,770,177</u>	<u>4,213,538</u>	<u>(287,342,745)</u>	<u>-</u>
Component units:						
Charter schools	<u>\$ 61,176,045</u>	<u>\$ 937,806</u>	<u>\$ 5,293,243</u>	<u>\$ 3,996,885</u>	<u>-</u>	<u>(50,948,111)</u>
General revenues:						
Property taxes, levied for general use					166,429,329	-
Property taxes, levied for debt service					60,355,675	-
School Finance Act, unrestricted					233,366,711	41,537,871
Net earnings on investments					6,853,627	361,354
Grants and contributions not restricted to programs					-	345,152
Other - component units					-	10,846,108
Total general revenues					<u>467,005,342</u>	<u>53,090,485</u>
Change in net position					179,662,597	2,142,374
Net position (deficit) - July 1, 2018					<u>(1,120,347,490)</u>	<u>(80,695,787)</u>
Net position (deficit) - June 30, 2019					<u>\$ (940,684,893)</u>	<u>\$ (78,553,413)</u>

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Activities
Aurora Public Schools Foundation
For the Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions – general	\$ 72,644	\$ 793,181	\$ 865,825
Special events revenue	131,666	96,800	228,466
Less special events direct expenses	(69,295)	-	(69,295)
Investment income, net	2,684	16,823	19,507
Net assets released from restrictions	859,718	(859,718)	-
	<u>997,417</u>	<u>47,086</u>	<u>1,044,503</u>
Total revenues, gains and other support			
	<u>997,417</u>	<u>47,086</u>	<u>1,044,503</u>
Expenses:			
Program services:			
College and career centers	282,142	-	282,142
Scholarships	48,401	-	48,401
Special projects	516,147	-	516,147
	<u>846,690</u>	<u>-</u>	<u>846,690</u>
Total program services			
	<u>846,690</u>	<u>-</u>	<u>846,690</u>
Support services:			
General and administrative	109,467	-	109,467
Fundraising	35,262	-	35,262
	<u>144,729</u>	<u>-</u>	<u>144,729</u>
Total expenses			
	<u>991,419</u>	<u>-</u>	<u>991,419</u>
Change in net assets			
	5,998	47,086	53,084
Net assets, beginning of the year			
	<u>226,865</u>	<u>974,374</u>	<u>1,201,239</u>
Net assets, end of the year			
	<u>\$ 232,863</u>	<u>\$1,021,460</u>	<u>\$ 1,254,323</u>

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

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

**Balance Sheet
Governmental Funds
June 30, 2019**

	General	Debt Service	Special Revenue	
		Bond Redemption	Grants	Nutrition Services
ASSETS				
Assets:				
Cash and cash equivalents	\$ 120,645,367	\$ -	\$ -	\$ 6,051,015
Deposits	12,558	-	-	-
Receivables (net of allowance for uncollectibles):				
Property taxes	5,264,002	1,007,756	-	-
Grants	-	-	7,175,642	127,084
Interfund receivable	4,386,781	-	-	-
Other	1,681,413	-	-	39,954
Prepaid items	2,806,380	-	-	5,626
Inventories	-	-	-	938,831
Restricted: Cash, cash equivalents and investments	1,079,980	59,446,550	-	-
Total assets	<u>\$ 135,876,481</u>	<u>\$ 60,454,306</u>	<u>\$ 7,175,642</u>	<u>\$ 7,162,510</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,249,672	\$ 3,250	\$ 935,090	\$ 58,732
Intergovernmental payable	954,689	-	-	-
Retainages payable	1,419	-	-	-
Interfund payable	-	-	4,386,781	-
Accrued compensation	18,952,498	-	1,135,042	483,237
Unearned revenue - grants	-	-	718,729	-
Unearned revenue - other	6,370	-	-	136,974
Future claims liability	1,337,200	-	-	-
Compensated absences	619,636	-	-	-
Total liabilities	<u>26,121,484</u>	<u>3,250</u>	<u>7,175,642</u>	<u>678,943</u>
Deferred inflows of resources:				
Unavailable fund resources	<u>1,091,118</u>	<u>86,877</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable - Prepaid items	2,806,380	-	-	5,626
Restricted for:				
Colorado Preschool Program	1,426,349	-	-	-
TABOR emergency reserve	11,015,570	-	-	-
Medicaid	-	-	-	-
Student fees	-	-	-	-
Charter school agreements	800,000	-	-	-
Debt service	-	60,364,179	-	-
Capital projects	-	-	-	-
Nutrition services	-	-	-	6,477,941
Committed for - Contractual agreement	100,000	-	-	-
Assigned to:				
APS blueprint/mill levy	28,000,000	-	-	-
Athletic activity	-	-	-	-
Exceptional student services	1,500,000	-	-	-
Future land purchases	2,500,000	-	-	-
Instructional - carryover	3,678,781	-	-	-
Instructional textbook adoption	5,941,426	-	-	-
New school curriculum and supplies	1,200,000	-	-	-
Risk related activity	4,083,677	-	-	-
Fiscal management	7,283,123	-	-	-
School finance act averaging reserve	9,000,000	-	-	-
Unassigned	29,328,573	-	-	-
Total fund balances	<u>108,663,879</u>	<u>60,364,179</u>	<u>-</u>	<u>6,483,567</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 135,876,481</u>	<u>\$ 60,454,306</u>	<u>\$ 7,175,642</u>	<u>\$ 7,162,510</u>

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

Capital Projects			
Building	Capital Reserve	Other Governmental	Total Governmental
\$ -	\$ -	\$ 17,851,892	\$ 144,548,274
2,700,000	-	-	2,712,558
-	-	-	6,271,758
-	-	-	7,302,726
-	-	-	4,386,781
66,034	113,867	303,713	2,204,981
6,067	1,336	43,004	2,862,413
-	-	-	938,831
109,269,570	8,314,359	-	178,110,459
<u>\$ 112,041,671</u>	<u>\$ 8,429,562</u>	<u>\$ 18,198,609</u>	<u>\$ 349,338,781</u>
\$ 12,899,786	\$ 602,137	\$ 354,537	\$ 19,103,204
-	-	-	954,689
1,781,664	121,547	-	1,904,630
-	-	-	4,386,781
4,143	-	549,233	21,124,153
-	-	-	718,729
-	-	7,693	151,037
-	-	-	1,337,200
-	-	-	619,636
<u>14,685,593</u>	<u>723,684</u>	<u>911,463</u>	<u>50,300,059</u>
-	-	-	1,177,995
6,067	1,336	43,004	2,862,413
-	-	-	1,426,349
-	-	-	11,015,570
-	-	9,172,562	9,172,562
-	-	7,998,675	7,998,675
-	-	-	800,000
-	-	-	60,364,179
97,350,011	7,704,542	-	105,054,553
-	-	-	6,477,941
-	-	-	100,000
-	-	-	28,000,000
-	-	72,905	72,905
-	-	-	1,500,000
-	-	-	2,500,000
-	-	-	3,678,781
-	-	-	5,941,426
-	-	-	1,200,000
-	-	-	4,083,677
-	-	-	7,283,123
-	-	-	9,000,000
-	-	-	29,328,573
<u>97,356,078</u>	<u>7,705,878</u>	<u>17,287,146</u>	<u>297,860,727</u>
<u>\$ 112,041,671</u>	<u>\$ 8,429,562</u>	<u>\$ 18,198,609</u>	<u>\$ 349,338,781</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019**

Total fund balances for governmental funds		\$ 297,860,727
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		439,217,169
Deferred losses on debt refundings are not recognized in the fund statements but are deferred outflows of resources in the government-wide financial statements.		12,923,192
Noncurrent liabilities related to debt applicable to the district's governmental activities are not reported in the fund statements. However, these items are reported in the statement of net position.		(479,662,023)
Certain deferred inflows related to unavailable fund resources do not provide current financial resources and the revenues are not recognized on the fund financial statements but are recognized on the government-wide financial statements.		1,177,995
Certain long-term activities related to the district's pension plan are not reported in the governmental funds as they are not available in the current period, do not provide financial resources to the district, or are not due and payable in the current period. Those long-term activities include:		
Deferred outflows of resources	\$ 190,280,496	
Deferred inflows of resources	(597,279,493)	
Net pension liability	(754,076,588)	
Total pension effects		(1,161,075,585)
Certain long-term activities related to the district's OPEB plan are not reported in the governmental funds as they are not available in the current period, do not provide financial resources to the district, or are not due and payable in the current period. Those long-term activities include:		
Deferred outflows of resources	1,894,447	
Deferred inflows of resources	(2,839,997)	
Net OPEB liability	(37,661,634)	
Total OPEB effects		(38,607,184)
The current operating resources measurement focus in the governmental fund statements does not require the recognition of accrued interest payable for long-term debt. This amount represents the amount of interest payable accrued in the government-wide financial statements for long-term debt for general obligation debt.		(1,822,783)
Compensated absences are included in the fund statements to the extent they are due and payable and the remainder are only included in the government-wide statement of net position.		(10,696,401)
Total net position (deficit) of governmental activities		<u>\$ (940,684,893)</u>

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



**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019**

	General	Debt Service		Special Revenue	
			Bond Redemption	Grants	Nutrition Services
REVENUES					
Local:					
Property taxes	\$ 153,850,829	\$ 60,355,675	\$ -	\$ -	-
Specific ownership	15,082,796	-	-	-	-
Pupil activities	-	-	-	-	-
Tuition	1,028,169	-	394	-	-
Gifts and grants	51,116	-	1,101,342	-	-
Charges for services	5,191,724	-	-	-	1,337,434
Other	5,535,238	303,918	-	-	115,751
Cash in lieu of land dedication	-	-	-	-	-
Rental of buildings	1,167,419	-	-	-	-
Net earnings on investments	2,328,560	894,673	-	-	57,776
State:					
State equalization	211,476,666	-	-	-	-
Vocational education	1,206,662	-	-	-	-
Special education	8,462,930	-	-	-	-
Grants	-	-	8,308,522	-	279,158
Transportation	1,919,532	-	-	-	-
English Language Proficiency Act	6,030,578	-	-	-	-
READ Act	3,886,073	-	-	-	-
Gifted and talented	384,270	-	-	-	-
Federal grants	111,751	-	29,802,394	-	14,166,401
Medicaid reimbursements	-	-	-	-	-
Total revenues	<u>417,714,313</u>	<u>61,554,266</u>	<u>39,212,652</u>	<u>-</u>	<u>15,956,520</u>
EXPENDITURES					
Current:					
Instruction	193,776,497	-	19,451,769	-	-
Pupil support	32,633,910	-	6,935,056	-	-
Instructional staff support	20,499,772	-	6,715,202	-	-
General administration	6,461,773	10,750	2,497,055	-	-
School administration	32,048,934	-	942,716	-	-
Business administration	4,623,092	-	89,215	-	-
Operations and maintenance	33,398,155	-	378,125	-	-
Transportation services	9,971,232	-	180,010	-	-
Personnel/data/risk management	17,767,779	-	629,705	-	-
Other support services	15,059,609	-	967,068	-	-
Food service operations	-	-	161,640	-	16,050,528
Payment to bond escrow agent	-	-	-	-	-
Facilities acquisition and improvements	474,131	-	265,091	-	-
Debt service:					
Principal	-	30,850,000	-	-	-
Interest	-	21,852,582	-	-	-
Total expenditures	<u>366,714,884</u>	<u>52,713,332</u>	<u>39,212,652</u>	<u>-</u>	<u>16,050,528</u>
Excess (deficiency) of revenues over (under) expenditures	50,999,429	8,840,934	-	-	(94,008)
OTHER FINANCING SOURCES (USES)					
Transfers in:					
General fund	-	-	-	-	1,486,873
Transfers out:					
Nutrition Services Fund	(1,486,873)	-	-	-	-
Capital Reserve Fund	(6,495,130)	-	-	-	-
Nonmajor governmental funds	(631,247)	-	-	-	-
Total other financing sources (uses)	<u>(8,613,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,486,873</u>
Net change in fund balances	42,386,179	8,840,934	-	-	1,392,865
Fund balances - July 1, 2018	66,277,700	51,523,245	-	-	5,090,702
Fund balances - June 30, 2019	<u>\$ 108,663,879</u>	<u>\$ 60,364,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,483,567</u>

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

Capital Projects			
Building	Capital Reserve	Other Governmental	Total Governmental
\$ -	\$ -	\$ -	\$ 214,206,504
-	-	-	15,082,796
-	-	908,762	908,762
-	-	5,216,217	6,244,780
299,000	-	266	1,451,724
-	-	15,246	6,544,404
-	118,101	1,520	6,074,528
-	1,151,926	-	1,151,926
-	-	-	1,167,419
3,466,789	105,829	-	6,853,627
-	-	-	211,476,666
-	-	-	1,206,662
-	-	-	8,462,930
4,213,537	-	-	12,801,217
-	-	-	1,919,532
-	-	-	6,030,578
-	-	-	3,886,073
-	-	-	384,270
-	-	-	44,080,546
-	-	5,317,574	5,317,574
<u>7,979,326</u>	<u>1,375,856</u>	<u>11,459,585</u>	<u>555,252,518</u>
-	-	3,232,581	216,460,847
-	-	4,208,534	43,777,500
-	-	306,504	27,521,478
11,629	81,646	1,218	9,064,071
-	-	222,180	33,213,830
67,674	-	256,521	5,036,502
-	759,639	-	34,535,919
-	1,928,749	712,561	12,792,552
39,878	-	55	18,437,417
-	-	6,505	16,033,182
-	-	-	16,212,168
5,406	-	-	5,406
57,310,324	3,695,546	110,607	61,855,699
-	564,526	-	31,414,526
-	119,208	-	21,971,790
<u>57,434,911</u>	<u>7,149,314</u>	<u>9,057,266</u>	<u>548,332,887</u>
(49,455,585)	(5,773,458)	2,402,319	6,919,631
-	6,495,130	631,247	8,613,250
-	-	-	(1,486,873)
-	-	-	(6,495,130)
-	-	-	(631,247)
-	<u>6,495,130</u>	<u>631,247</u>	<u>-</u>
(49,455,585)	721,672	3,033,566	6,919,631
<u>146,811,663</u>	<u>6,984,206</u>	<u>14,253,580</u>	<u>290,941,096</u>
<u>\$ 97,356,078</u>	<u>\$ 7,705,878</u>	<u>\$ 17,287,146</u>	<u>\$ 297,860,727</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019**

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

Net changes in fund balances - total governmental funds:	\$	6,919,631
Repayment of long-term debt is an expenditure in the governmental funds but reduces the liability in the statement of net position.		31,414,526
<p>Governmental funds report the effect of bond issuances, premiums, discounts, and deferred gain (loss) on refunding issued as an other financing source (use). However, in the statement of activities, the funds associated with the issuances are recorded as long-term liabilities and amounts associated with premiums, discounts, and deferred gain (loss) on refunding are allocated over the life of the debt and netted with interest expense. Also, in the statement of activities interest is accreted on the capital appreciation bonds, but is not reported in the governmental funds.</p>		
Accreted interest on capital appreciation bonds	\$	(1,527,545)
Amortization of bond discount/premium and deferred loss on refunding		<u>3,500,327</u>
		1,972,782
Unavailable revenue does not provide current financial resources on the governmental fund financial statements, but this change in unavailable revenue from year to year is recognized on the government-wide financial statements.		(2,004,098)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period and also includes asset retirement activity and non-cash capital contributions, which is reported differently between the fund and government-wide financial statements.</p>		
Capital outlays	\$	53,622,260
Depreciation expense		(24,005,760)
Asset retirement activity		<u>(40,846)</u>
Total capital outlay reported as expenditures		29,575,654
A portion of the expense or expense offset related to pension (pension expense offset of \$112,657,678) and OPEB (OPEB expense offset of \$20,244) recorded in the statement of activities does not require use of current financial resources and therefore is not reported as an expenditure in the governmental funds.		112,677,922
The current operating resources measurement focus in the governmental fund statements does not require the recognition of accrued interest payable for long-term debt. This amount represents the change in amount of interest payable accrued in the government-wide statements for long-term debt for general obligation debt (\$1,822,783) from the previous year's balance (\$1,944,687).		121,904
The change in compensated absences is not recognized as an expenditure in the fund financial statements but is recognized in the statement of activities.		(888,224)
The amortization of prepaid expense items that are not recognized on the governmental fund statements but are recognized on the government-wide financial statements.		<u>(127,500)</u>
Change in net position of governmental activities.	<u>\$</u>	<u>179,662,597</u>

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Fiduciary Net Position
Fiduciary Funds - Trust and Agency Funds
June 30, 2019**

	<u>Trust</u>	<u>Agency</u>
	<u>Health Trust</u>	<u>Pupil Activity</u>
ASSETS		
Cash and investments	\$ 1,330,944	\$ 2,033,932
Accounts receivable	3,478	12,590
Total assets	<u>\$ 1,334,422</u>	<u>\$ 2,046,522</u>
LIABILITIES		
Accounts payable	\$ 77,750	\$ 25,538
Due to student groups	-	2,020,984
Total liabilities	<u>77,750</u>	<u>\$ 2,046,522</u>
NET POSITION		
Held in trust for employee benefits	<u>1,256,672</u>	
Total net position and liabilities	<u>\$ 1,334,422</u>	

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Trust Fund
For the Year Ended June 30, 2019**

	<u>Trust</u>
	<u>Health Trust</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 981,267
Employee contributions	<u>1,303,353</u>
Total contributions	2,284,620
Investment activity:	
Investment earnings	523
Investment expense	<u>(1,396)</u>
Net investment loss	<u>(873)</u>
Total additions, net	<u>2,283,747</u>
DEDUCTIONS	
Benefits	1,996,742
Administrative expense	<u>219,163</u>
Total deductions	<u>2,215,905</u>
Change in net position	67,842
Total net position, July 1, 2018	<u>1,188,830</u>
Total net position, June 30, 2019	<u><u>\$ 1,256,672</u></u>

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

**NOTES TO BASIC
FINANCIAL STATEMENTS**

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Notes to Basic Financial Statements
June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Discretely Presented Component Units – Charter Schools

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

Denver School of Science and Technology, Inc. (DSST) – Aurora Science and Tech was in their start-up year of operations for fiscal year ended June 30, 2019. During this period, the school’s primary objective was to secure the facility, which was primarily funded by grant revenue. The school did not serve any students during the year and will open for operations in the 2019–20 school year.

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

<u>School Name</u>	<u>Address</u>	
Academy of Advanced Learning	441 Sable Boulevard	Aurora, CO 80011
Aurora Academy	10251 E. First Avenue	Aurora, CO 80010
AXL Charter School	14100 E. Jewell Avenue	Aurora, CO 80012
Global Village Academy	16401E Alameda Place	Aurora, CO 80017
Lotus School for Excellence	11001 E. Alameda Avenue	Aurora, CO 80012
Rocky Mountain Preparatory School at Fletcher	10455 E. 25 th Avenue	Aurora, CO 80010
Vanguard Classical Schools	801 Yosemite Street	Aurora, CO 80230
Vega Collegiate Academy	1345 Macon Street	Aurora, CO 80010
Denver School of Science and Technology, Inc. – Aurora Science and Tech	3401 Quebec Street, Suite 2000	Denver, CO 80207

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2019

Discretely Presented Component Unit – Aurora Public Schools Foundation

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

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined, while available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual include property taxes and payments from the state for equalization funding, special education and vocational education reimbursements. Other revenues susceptible to accrual include tuition payments received from other school districts and rental receipts for building

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2019

usage that occurred in the fiscal year but were paid after year-end. The district considers these other revenues available if they are collected within 60 days after year-end. Grant revenues are recognized if they are collected within a one year period after the expenditures occur. Other local receipts are not susceptible to accrual since they are generally not measurable until received. The district considers all property tax revenues available if they are collected within 60 days after year-end. In addition, under the modified accrual basis of accounting, expenditures are recorded when the liability is incurred with two exceptions. These exceptions include (1) interest on general long-term obligations which is recognized when due, and (2) compensated absences such as accrued unused vacation pay and paid leave which are recognized when the obligations are expected to be liquidated when matured.

Governmental Funds

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

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

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

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

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

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

Fiduciary Funds

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Notes to Basic Financial Statements
June 30, 2019**

Major and Nonmajor Funds

The district reports the following major funds.

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

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

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

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

Cash and Investments

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

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

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

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2019

Interfund Transactions

Transactions between funds that are representative of lending or borrowing arrangements result in interfund balances. Balances representing the current portion of interfund loans are reported as due to/from other funds, while advances to/from other funds represent the noncurrent portion of interfund loans. Another type of interfund transaction is a transfer, which occurs when resources of one fund are transferred to another fund. For the fiscal year ended June 30, 2019, the district reported both interfund transfers and current interfund loans.

Receivables and Payables

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

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

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

Inventories

Inventories consist of expendable supplies held for consumption. Expenditures for supplies are recorded upon the release of these items to various schools and departments. Inventories for governmental activities are stated at cost as determined by the weighted average cost method. Expenses for food items are recorded when used. Inventories for food items are stated at cost as determined by the first-in, first-out method. Inventory balance at year end relates to Nutrition Services with the amount included with Nutrition Services' restricted fund balance as it is restricted for that fund's use only.

Prepayments and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The district records prepaid items using the consumption method. Fund equity is classified as nonspendable for the prepayments and deposits.

Capital Assets

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Notes to Basic Financial Statements
June 30, 2019**

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

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

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

Deferred Outflows/Inflows of Resources

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

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

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

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

Accrued Compensation

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

Compensated Absences – Accumulated Unused Paid Leave and Vacation Pay

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

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

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

Noncurrent Liabilities

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to Basic Financial Statements
June 30, 2019

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

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

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

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

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

Fund Balances and Net Position

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

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

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

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On-Behalf Payments

U.S. GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the State of Colorado is required to make a payment to PERA each year equal to \$225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. The amount of on-behalf payments made for the district by the State of Colorado has been recorded as expense and revenue of \$6.124 million in the fund financial statements.

Estimates

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Encumbrances

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

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

To comply with the TABOR amendment, the district has budgeted and continues to report an emergency reserve. Recognition of this year's reserve of \$11,015,570 is shown as restricted fund balance in the General Fund. The emergency reserve cannot be used for adverse economic conditions, revenue shortfalls, or district salary or fringe benefit increases. If at any time the board of education expends any money from the district emergency reserve, the board is required to restore the reserve to 3.0 percent of the amount budgeted to the General Fund as follows:

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

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TABOR Fund Balance Reserve for Emergencies		
Qualifying revenues, all district funds		\$ 555,252,518
Less excludable amounts:		
Federal Sources	\$ 44,080,546	
Override Funding	84,573,733	
Gifts	286,469	
Property Sales	601,351	
Bond Redemption	<u>61,554,266</u>	
Total excludable amounts		<u>191,096,365</u>
Revenues subject to TABOR		364,156,153
TABOR reserve percentage		3%
Amount reserved for emergencies - district		10,924,684.59
Amount reserved for emergencies - charter schools		<u>90,885</u>
Total amount reserved for emergencies		<u>\$ 11,015,570</u>

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

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

Minimum Fund Balance/Cash Fund Emergency Policy

As designated in district policy, DA-Fiscal Management Goals/Priority Objectives, the superintendent is required to maintain a minimum General Fund or cash fund emergency reserve of 5.0 percent of current year General Fund revenues less the 3.0 percent restricted amount required by the Taxpayer Bill of Rights (TABOR). The policy does not specify the circumstances under which these funds can be used or the method of repayment, if the funds are used. For the current fiscal year, the 5.0 percent reserve total for the district is \$18,207,808 less the district's emergency reserve of \$10,924,685 or \$7,283,123. The fiscal management amount of \$7,283,123 is shown as an assigned fund balance on the Balance Sheet for Governmental Funds.

Subsequent Year Expenditures

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

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NOTE 3: DEPOSITS AND INVESTMENTS

Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments as of June 30, 2019, are classified in the financial statements as follows.

	Primary Government	Fiduciary Funds	Total
Cash and cash equivalents	\$ 144,548,274	\$ -	\$ 144,548,274
Restricted: Cash, cash equivalents and investments	178,110,459	-	178,110,459
Fiduciary funds	-	3,364,876	3,364,876
 Total	 <u>\$ 322,658,733</u>	 <u>\$ 3,364,876</u>	 <u>\$ 326,023,609</u>

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

Deposits

The Colorado General Assembly passed the Public Deposit Protection Act (the PDPA) in 1975. The purpose of the PDPA is to protect all public funds held on deposit in financial institutions. In the event eligible banks or savings and loan institutions default, statutes provide for the expedited repayment of public deposits not covered by the Federal Deposit Insurance Corporation. The district has no custodial credit risk because all deposits are insured by the Federal Deposit Insurance Corporation or are held in PDPA-eligible institutions. The district's cash deposits had a carrying amount of \$14,679,957 and a corresponding bank balance of \$18,064,654. Of the bank balance, \$17,814,654 was uninsured but collateralized in accordance with provisions of the PDPA.

Reconciliation of Deposits to Cash, Cash Equivalents and Investments

Primary Government and Fiduciary Funds

<u>Description</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking, money market and trust accounts	\$ 14,679,957	\$ 18,064,654
Cash with fiscal agent	2,393,290	-
Cash on hand	16,055	-
Total	<u>\$ 17,089,302</u>	<u>\$ 18,064,654</u>

Investments

The district has investments the amount of \$308,934,307 which are invested in fixed income accounts and COLOTRUST and are rated at least AA+ by Standard & Poor's. The district's investment policy requires all investments to comply with federal, state and local statutes governing the investment of public funds.

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

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

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At June 30, 2019, the District's investment balances and maturities, in years for those investments subject to interest rate risk were as follows:

<u>Asset</u>	<u>Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less Than 1</u>	<u>1 - 5</u>
U.S. Treasuries	\$ 48,841,320	\$ 48,841,320	\$ -
U.S. Agencies			
FFCB	9,994,400	9,994,400	-
FHLM	8,990,370	8,990,370	-
FNMA	8,990,730	8,990,730	-
Subtotal for U.S. Agencies	27,975,500	27,975,500	-
Corporate bonds	8,982,720	8,982,720	-
ColoTrust Plus+ (external investment pool)	223,134,767	223,134,767	-
Total	<u>\$ 308,934,307</u>	<u>\$ 308,934,307</u>	<u>\$ -</u>

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

<u>Asset</u>	<u>Value</u>	<u>Standard & Poor's Rating</u>			
		<u>AA+</u>	<u>AAA</u>	<u>AAAm</u>	<u>Not Rated</u>
U.S. Treasuries	\$ 48,841,320	\$ 48,841,320	\$ -	\$ -	\$ -
U.S. Agencies					
FFCB	9,994,400	9,994,400	-	-	-
FHLM	8,990,370	-	8,990,370	-	-
FNMA	8,990,730	8,990,730	-	-	-
Subtotal for U.S. Agencies	27,975,500	18,985,130	8,990,370	-	-
Corporate bonds	8,982,720	5,988,600	2,994,120	-	-
ColoTrust Plus+ (external investment pool)	223,134,767	-	-	223,134,767	-
Total investments	<u>\$308,934,307</u>	<u>\$ 73,815,050</u>	<u>\$ 11,984,490</u>	<u>\$223,134,767</u>	<u>\$ -</u>

Investment in Local Government Investment Pool

At June 30, 2019, the district holds investments at COLOTRUST in the amount of \$223,134,767 which are measured at net asset value. The district utilizes one local government investment pool when a high degree of liquidity is prudent. COLOTRUST is a local government investment pool with a stable net asset value (NAV) and its NAV is measured at fair value per share. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. COLOTRUST may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of the U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as a custodian for COLOTRUST's portfolio pursuant to a custodian agreement. The custodian acts as a safekeeping agent for COLOTRUST's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. COLOTRUST does not have any limitations or restrictions on participant withdrawals.

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Fair Value Measurements

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

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

At June 30, 2019, the district has the following recurring fair value measurements:

<u>Asset</u>	<u>Fair Value Measurements</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasuries	\$ 48,841,320	\$ 48,841,320	\$ -	\$ -
U.S. Agencies	27,975,500	-	27,975,500	-
Corporate bonds	8,982,720	-	8,982,720	-
Total investments by fair value level	<u>\$ 85,799,540</u>	<u>\$ 48,841,320</u>	<u>\$ 36,958,220</u>	<u>\$ -</u>
ColoTrust (external investment pool)	223,134,767			
Total investments	<u>\$ 308,934,307</u>			

NOTE 4: RECEIVABLES, PAYABLES AND INTERFUND TRANSACTIONS

Receivables

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

	<u>Governmental Funds</u>							<u>Total Governmental Funds</u>
	<u>General</u>	<u>Bond Redemption</u>	<u>Grants</u>	<u>Nutrition Services</u>	<u>Building</u>	<u>Capital Reserve</u>	<u>Nonmajor Governmental</u>	
Receivables:								
Property taxes, paid within 60 days of year-end	\$ 4,673,083	\$ 920,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,593,962
Reimbursements for federal and state grants	-	-	7,175,642	127,084	-	-	-	7,302,726
Property taxes, due within one year	2,437,797	806,675	-	-	-	-	-	3,244,472
Interfund	4,386,781	-	-	-	-	-	-	4,386,781
Accounts	1,681,413	-	-	39,954	66,034	113,867	303,713	2,204,981
Gross receivables	13,179,074	1,727,554	7,175,642	167,038	66,034	113,867	303,713	22,732,922
Less allowance for uncollectibles	(1,846,878)	(719,798)	-	-	-	-	-	(2,566,676)
Net total receivables	<u>\$ 11,332,196</u>	<u>\$ 1,007,756</u>	<u>\$ 7,175,642</u>	<u>\$ 167,038</u>	<u>\$ 66,034</u>	<u>\$ 113,867</u>	<u>\$ 303,713</u>	<u>\$ 20,166,246</u>

Balances due to/from other funds are presented as interfund receivable and payable amounts on the balance sheet for governmental funds. Many federal and state grants operate on a reimbursement basis, causing the need for a short-term loan from the General Fund. Balance due to the General Fund from the Grants Fund at June 30, 2019 was \$4,386,781.

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Interfund Transactions

Transfers are used to move unrestricted revenues from the fund that collects them to specific programs accounted for in other funds in accordance with budget authorizations. The General Fund transferred money to the Nutrition Services Fund, Pickens Post Secondary Fund, and Athletic Fund to provide subsidies for operations and transfer revenues related to programs offered by those specific funds. The General Fund transferred money to the Capital Reserve Fund to meet current and future capital needs. Transfers processed during the fiscal year ended June 30, 2019, were as follows:

<u>Transfers out:</u>	<u>Transfers in:</u>				<u>Total</u>
	<u>Nutrition Services Fund</u>	<u>Pickens Post Secondary</u>	<u>Athletic Fund</u>	<u>Capital Reserve Fund</u>	
General Fund	\$ 1,486,873	\$ 271,097	\$ 360,150	\$ 6,495,130	\$ 8,613,250
Total	<u>\$ 1,486,873</u>	<u>\$ 271,097</u>	<u>\$ 360,150</u>	<u>\$ 6,495,130</u>	<u>\$ 8,613,250</u>

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the fiscal year ended June 30, 2019, follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2019</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 20,451,625	\$ 121,500	\$ (19,794)	\$ -	\$ 20,553,331
Construction in progress	71,545,809	50,070,437	-	(11,860,457)	109,755,789
Construction in progress - intangible assets	471,049	72,795	-	-	543,844
Total capital assets, not being depreciated	<u>92,468,483</u>	<u>50,264,732</u>	<u>(19,794)</u>	<u>(11,860,457)</u>	<u>130,852,964</u>
Capital assets, being depreciated:					
Buildings and site improvements	637,330,759	25,464	-	11,860,457	649,216,680
Machinery, equipment and vehicles	33,016,953	3,332,064	(1,842,503)	-	34,506,514
Intangible assets - software	6,757,129	-	-	-	6,757,129
Total capital assets, being depreciated	<u>677,104,841</u>	<u>3,357,528</u>	<u>(1,842,503)</u>	<u>11,860,457</u>	<u>690,480,323</u>
Less accumulated depreciation for:					
Building and site improvements	(332,610,687)	(20,504,936)	-	-	(353,115,623)
Machinery, equipment and vehicles	(23,635,942)	(2,545,288)	1,821,451	-	(24,359,779)
Intangible assets - software	(3,685,180)	(955,536)	-	-	(4,640,716)
Total accumulated depreciation	<u>(359,931,809)</u>	<u>(24,005,760)</u>	<u>1,821,451</u>	<u>-</u>	<u>(382,116,118)</u>
Total capital assets, being depreciated, net	<u>317,173,032</u>	<u>(20,648,232)</u>	<u>(21,052)</u>	<u>11,860,457</u>	<u>308,364,205</u>
Governmental activities capital assets, net	<u>\$ 409,641,515</u>	<u>\$ 29,616,500</u>	<u>\$ (40,846)</u>	<u>\$ -</u>	<u>\$ 439,217,169</u>

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

Governmental activities:	
Instruction	\$ 15,453,315
Instructional staff support	362,047
General administration	239,185
Business administration	282,171
Operations and maintenance	4,640,343
Transportation	1,698,747
Personnel/data services/risk management	1,119,810
Food service operations	210,142
Total depreciation expense - governmental activities	<u>\$ 24,005,760</u>

NOTE 6: NONCURRENT LIABILITIES

General Obligation Bonds

The district issues bonds to finance construction, renovation, and repair of schools and support site facilities. When market and interest rates are favorable, the district may refinance outstanding debt with new debt to reduce interest payments or restructure the debt service requirement of the Bond Redemption Fund. The bonds are serviced from property tax revenues. As of June 30, 2019, total general obligation bonds outstanding are \$427,665,000, total unamortized premium is \$42,543,627, total accreted interest is \$4,746,027.

Management of the district believes it has complied with all significant financial bond covenants regarding its original bond issues and refunding bond issues. In general, bond covenants for each of the following issues include:

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

General Obligation Bonds

A description of each issue follows.

- In November 2008, the voters approved a referendum authorizing a total debt amount of \$215,000,000. In December 2008, the *2008 Series General Obligation Bonds* were issued with a face value of \$132,685,000. Current outstanding principal balance is \$3,550,000. Maturity dates began December 1, 2009, and will continue through December 1, 2019. The interest rate is 5.25 percent. Remaining annual payments for principal and interest are \$3,742,750.
- In May 2010, the *2010 Series Refunding Bonds* were issued with a total face value of \$101,460,000. As of June 30, 2019, outstanding principal balance for the *2010 Series Refunding Bonds* was \$43,410,000. Maturity dates began December 1, 2010, and will continue through December 1, 2022. Interest rates range from 4.0 percent to 5.0 percent. Remaining annual payments for principal and interest range from \$707,200 to \$15,709,075.

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- On September 15, 2010, the district issued \$38,000,000 in the *2010B Series General Obligation Bonds – Direct Pay Build America Bonds*. Current outstanding balance is \$30,320,000. These bonds began maturing on December 1, 2012, with the final principal payment due on December 1, 2028. The interest rate ranges from 3.630 percent to 5.312 percent. Remaining annual payments for principal and interest range from \$2,411,363 to \$10,792,838.
- On December 22, 2010, the district issued \$37,315,000 in the *2010D Series General Obligation Bonds – Direct Pay Build America Bonds*. Current outstanding balance is \$27,930,000. These bonds began maturing on December 1, 2014, with the final principal payment due on December 1, 2028. The interest rate ranges from 4.236 percent to 6.045 percent. Remaining annual payments for principal and interest range from \$3,652,432 to \$3,997,897.
- In February 2012, the *2012 Series Refunding Bonds* were issued with a total face value of \$149,535,000. Concurrently, the district issued capital appreciation bonds with an original principal amount of \$385,000. The capital appreciation bonds will accrete interest over the term of 10 years to the maturity date of December 1, 2022, to the redeemable amount of \$17,250,000. Total current outstanding principal balance for both types of bonds is \$139,795,000. Maturity dates began December 1, 2012, and will continue through December 1, 2028. Interest rates range from 2.0 percent to 5.0 percent. Remaining annual payments for principal and interest range from \$7,930,350 to \$27,981,000. As of June 30, 2019, accreted interest for the capital appreciation bonds was \$4,746,027.
- In January 2017, the district issued \$200,000,000 in the *2017A General Obligation Bonds*. Current outstanding balance is \$178,995,000. These bonds begin maturing on December 1, 2017, with the final principal payment due on December 1, 2036. The interest rate is 5.0 percent. Remaining annual payments for principal and interest range from \$1,050,000 to \$41,347,250.
- In January 2017, the district issued \$3,665,000 in the *2017B General Obligation Refunding Bonds*. Current outstanding balance is \$3,665,000. These bonds begin maturing on June 1, 2017, with the final principal payment due on December 1, 2020. The interest rate is 5.0 percent. Remaining annual payments for principal and interest range from \$183,250 to \$3,848,250.

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

Capital Leases

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

On September 1, 2016, the district financed 14 buses and 36 support vehicles in the amount of \$2,411,380 with an interest rate of 1.726 percent per year to be repaid over the next 10 years. Assets in the amount of \$2,411,380 were capitalized in fiscal year 2017 into machinery and equipment and had related amortization of \$797,494 as of June 30, 2019.

On September 11, 2017, the district financed 16 buses and 7 support vehicles in the amount of \$1,931,000 with an interest rate of 2.098 percent per year to be repaid over the next 10 years. Assets in the amount of \$1,907,221 were capitalized into machinery and equipment and had related amortization of \$466,302 as of June 30, 2019.

On June 21, 2018, the district financed 18 buses and 3 support vehicles in the amount of \$1,837,761 with an interest rate of 3.414 percent per year to be repaid over the next 10 years. Assets in the amount of \$1,612,410 were capitalized into machinery and equipment and have related amortization of \$160,442 as of June 30, 2019.

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Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2019, was as follows:

Issue	Balance			Balance June 30, 2019	Amount Due Within One Year
	July 1, 2018	Additions	Deletions		
2008 General obligation bonds	\$ 6,920,000	\$ -	\$ 3,370,000	\$ 3,550,000	\$ 3,550,000
2010 Series refunding bonds	56,365,000	-	12,955,000	43,410,000	13,565,000
2010B Build America Bonds	31,630,000	-	1,310,000	30,320,000	1,340,000
2010D Build America Bonds	29,955,000	-	2,025,000	27,930,000	2,125,000
2012 Refunding bonds	141,085,000	-	1,290,000	139,795,000	1,315,000
2017A General obligation bonds	188,895,000	-	9,900,000	178,995,000	7,895,000
2017B Series refunding bonds	3,665,000	-	-	3,665,000	-
2012 Refunding bonds accreted interest	3,218,482	1,527,545	-	4,746,027	-
Subtotal general obligation debt	461,733,482	1,527,545	30,850,000	432,411,027	29,790,000
Premiums/(discounts) on GO debt	49,878,212	-	7,334,585	42,543,627	-
Subtotal general obligation debt, net	511,611,694	1,527,545	38,184,585	474,954,654	29,790,000
Capital Leases	5,271,895	-	564,526	4,707,369	571,984
Subtotal capital lease	5,271,895	-	564,526	4,707,369	571,984
Total debt outstanding	516,883,589	1,527,545	38,749,111	479,662,023	30,361,984
Compensated absences:					
Unpaid vacation	4,350,383	1,208,319	755,609	4,803,093	758,427
Unpaid sick leave	6,103,496	1,265,605	856,171	6,512,930	666,983
Total compensated absences	10,453,879	2,473,924	1,611,780	11,316,023	1,425,410
Total changes in noncurrent liabilities	\$ 527,337,468	\$ 4,001,469	\$ 40,360,891	\$ 490,978,046	\$ 31,787,394

Compensated Absences

In accordance with GASB Statement No. 16, Accounting for Compensated Absences, the district has recorded the accrued liability for compensated absences in the accompanying basic financial statements. The previous table summarizes total liabilities and current year activity for compensated absences. Per GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, the amount of \$619,636 recorded in the General Fund in the governmental statements represents the mature portion of total compensated absences liabilities.

Computation of Legal Debt Margin

Pursuant to state law, a school district has a limit of bonded indebtedness of the greater of 20 percent of its valuation for taxable property as it exists on the December 10 prior to the date of issuance or 6.0 percent of its statutory actual valuation of the taxable property in the district as of the December 10 prior to the date of issuance. Additionally, the limit on bonded indebtedness is increased to 25 percent of its valuation for taxable property of the district if such district qualifies as a "high growth" district. In the November 2016 Election, voters approved the use of the higher 6.0 percent limit. The debt limit is only applicable at the time of issuance of bonds. Refunding bonds may be issued notwithstanding the debt limit because they are issued at a lower interest rate and would save the district money. The percentages and amounts used in the following calculation are based on the December 2018 actual valuation and the June 30, 2019 outstanding general obligation bonds payable.

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Debt Limit Factors	Actual Valuation	Percentage of Actual Valuation
Valuation - Adams County	\$ 5,160,669,920	
Valuation - Arapahoe County	16,523,830,803	
Total valuation	21,684,500,723	
Apply percentage	6.0%	
Legal debt limit	1,301,070,043	6.0%
Less general obligation bonds payable	432,411,027	2.0%
Debt margin	\$ 868,659,016	4.0%

Summary of Debt Service Requirements to Maturity

The following schedules reflects the debt service requirements of the district's long-term debt. The long-term debt is included in the governmental activities, as of June 30, 2019:

Date	General Obligation Debt	Total Interest	Total
2020	\$ 29,790,000	\$ 20,423,769	\$ 50,213,769
2021	34,210,000	18,898,639	53,108,639
2022	52,705,000	17,200,436	69,905,436
2023	19,070,000	15,856,404	34,926,404
2024	38,600,000	14,423,918	53,023,918
2025-2029	163,400,000	46,881,288	210,281,288
2030-2034	103,755,000	13,313,125	117,068,125
2035-2037	3,000,000	225,000	3,225,000
Total	444,530,000	\$ 147,222,579	\$ 591,752,579
Unaccrued interest on 2012 bonds	(12,118,973)		
Total outstanding principal	\$ 432,411,027		

Date	Capital Lease	Total Interest	Total
2020	\$ 571,984	\$ 111,750	\$ 683,734
2021	585,265	98,469	683,734
2022	598,885	84,849	683,734
2023	612,851	70,883	683,734
2024	627,174	56,560	683,734
2025-2027	1,711,210	80,043	1,791,253
Total	\$ 4,707,369	\$ 502,554	\$ 5,209,923

NOTE 7: SHORT-TERM DEBT

In order to meet short-term General Fund cash flow needs, the district participates in the state of Colorado Interest-Free Loan Program. There was no draw request during fiscal year 2019.

NOTE 8: RISK MANAGEMENT

The district is exposed to various risks of loss such as theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by a combination of risk retention programs, purchased insurance coverages from independent carriers, and by participating in two risk pools.

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Property and casualty losses, claims and purchased insurance protection are accounted for in the district's General Fund. Settled claims from these risks have not exceeded commercial coverage for each of the past three fiscal years, nor have there been any reductions in coverage.

The Colorado Governmental Immunity Act provides protection against several types of claims and establishes damage limits for claims for those that are not protected. These limits are \$387,000 per injury and \$1,093,000 per occurrence.

Self-insurance Programs and Purchased Insurance Coverages

The district self-insures the first \$25,000 of each property loss/claim and purchases insurance for any additional property loss/claim up to \$500,000,000. For any loss caused by wind or hail, the deductible is 2% of the value of property damaged. The district purchases other insurance policies for crime, cyber, fiduciary, foreign travel, pollution and student professional liability with varying deductibles and limits.

Workers' Compensation

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

Liability

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

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NOTE 9: COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2019, the district had various commitments for the acquisition and construction of capital projects. Resources in the Building and Capital Reserve Capital Projects Funds are restricted for construction commitments. The following table provides a detail of significant commitments:

<u>Project Description</u>	<u>Project to Date Expenditures</u>	<u>Commitments at June 30, 2019</u>
2017 Bond Program Administration	\$ 1,194,272	\$ 35,361
ACHS Mechanical Repairs, Addition & Renewal	6,202,292	1,053,549
Application Upgrades	121,357	15,530
Arkansas HVAC Repairs & Renewal	178,868	174,653
Artificial Turf Fields	263,762	1,245,909
Aurora Frontier K8 Addition & Renewal	2,225,908	1,539,939
Central HS Classroom Addn, Repairs, Renewal	4,627,651	262,452
Century Building Renewal	45,271	28,571
Clyde Miller P-8 Roof Repairs & Renewal	102,231	7,868
Columbia MS Building Renewal	2,002	81,953
Dalton Building Renewal	34,052	32,816
District Building Renewal Admin	278,973	34,205
Districtwide Improvements - Energy	1,008,051	368,810
Districtwide Improvements - Safety	2,220,571	809,533
East MS Whole Building Remodel	66,425	15,150
ESC 1 & 2 Roof Repairs & Renewal	107,052	303,448
ESC 1 Windows, ESC 1 & 2 Renewal	1,846,018	1,930,476
ESC 4 Roof Repairs & Renewal	25,000	492,220
Facilities Addition & Renewal	33,024	88,825
Fletcher Building Renewal	617	11,062
Fulton Building Renewal	46,276	3,185
Hinkley Addition, Remodel, Repairs & Renewal	5,708,541	3,268,580
IT Infrastructure Upgrades	2,119,183	314,600
IT Safety & Security	400,042	252,822
Jewell Building Renewal	114,845	24,004
Lansing Building Renewal	7,714	38,388
Laredo Roof Repairs & Renewal	171,222	83,465
Montview Building Remodel	6,467,740	3,473,873
Mrachek MS Replacement Project	32,523,368	709,419
Mrachek MS-Kitchen/Cafeteria Addn & Renewal	2,445,935	1,937
Murphy Creek K-8 Addition & Renewal	2,232,050	1,494,047
New P-8 School	8,786,875	25,684,136
New Post-Secondary Building	7,005,345	497,645
New Stapleton 6-12 School	2,601,157	21,650,926
Paris ECE Addition, Turf Field & Renewal	11,684	14,553
Park Lane Building Renewal	104,984	1,365
Pickens Repairs & Renewal	306,188	493,848
Playground Improvements at Elementary Schools	225,754	188,906
Rangeview Addition & Renewal	3,780,906	203,632
Sable Roof Repairs & Renewal	62,901	54,669
Security Vestibules - 2016 Bond	3,241,978	1,232,829
Side Creek Improvements & Renewal	2,098,256	16,000
Sixth & Harvest: P-12 Campus - Infrastructure-P8-HS	70,425,709	62,250
Sixth Ave Building Renewal	25,348	44,208
South MS Building Renewal	239,007	750
Technology Equipment Renewal	4,124,810	122,052
Vassar HVAC Repairs & Renewal	82,390	176,550
Vaughn Building Renewal	65,998	9,824
Virginia Court Whole Building Remodel	454,040	601,380
Vista Peak Prep Addition & Renewal	19,077,871	164,066
Wheeling Building Renewal	44,207	49,304
Window Repairs at Elementary Schools	616,830	580,879
Total	<u>\$ 196,202,548</u>	<u>\$ 70,046,421</u>

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Grants

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

Litigation

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

Insurance Claims

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Unpaid claims, beginning of the year	\$ 1,519,275	\$ 690,618
Incurred claims, including changes in IBNR	497,111	1,019,434
Claim payments	<u>(679,166)</u>	<u>(190,777)</u>
Unpaid claims, end of year	<u>\$ 1,337,220</u>	<u>\$ 1,519,275</u>

NOTE 10: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

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*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

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A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases 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.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the Denver Public Schools (DPS) benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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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 lifetime retirement benefit formula(s) 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 provisions as of June 30, 2019. Eligible employee, the district and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2018 to December 31, 2018	January 1, 2019 to June 30, 2019
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	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	5.50%	5.50%
Total Employer Contribution Rate to the SCHDTF ¹	<u>19.13%</u>	<u>19.13%</u>

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the district is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the district were \$46,667,818 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The district proportion of the net pension liability was based on the district contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the district reported a liability of \$754,076,588 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the district as its proportionate share of the net pension liability, the related support from the State

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as a nonemployer contributing entity, and the total portion of the net pension liability that was associated the district were as follows:

District's proportionate share of the net pension liability (assets)	\$ 754,076,588
State's proportionate share of the net pension liability (assets)	<u>103,109,501</u>
Total	<u>\$ 857,186,089</u>

At December 31, 2018, the districts proportion was 4.259 percent, which was a decrease of 0.811 percent from its proportionate share measured as of December 31, 2017.

For the year ended June 30, 2019, the district recognized pension expense of \$529,713 and revenue of \$529,713 for support from the State as a nonemployer contributing entity. In addition, the district's pension expense including employer contribution was a credit of \$66.0 million.

At June 30, 2019, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 25,579,118	\$ -
Changes of assumptions or other inputs	140,751,690	468,954,529
Net difference between projected and actual earnings on pension plan investments	-	(41,101,882)
Changes in proportional share	-	169,426,846
Contributions subsequent to the measurement date	<u>23,949,688</u>	<u>-</u>
Total	<u>\$ 190,280,496</u>	<u>\$ 597,279,493</u>

The \$23,949,688 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ (102,585,728)
2021	(214,378,015)
2022	(136,468,466)
2023	<u>22,483,524</u>
	<u>\$ (430,948,685)</u>

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Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost methods, 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
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Finance by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount Rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	0 percent through 2019 and 1.5 percent compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Finance by the Annual Increase Reserve

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.

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The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

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 percent.

Discount rate. The discount rate used to measure the total pension 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:

- 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 member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include the 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.

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- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. 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 middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 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 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

Sensitivity of the districts proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25 percent) or one-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 pension liability	\$ 958,679,381	\$ 754,076,588	\$ 582,380,341

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

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

Summary of Significant Accounting Policies

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

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General Information about the OPEB Plan

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

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

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

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

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

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

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

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Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the district is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the district were \$2,488,307 for the year ended June 30, 2019.

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

At June 30, 2019, the district reported a liability of \$37,661,634 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The district's proportion of the net OPEB liability was based on the district's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the district's proportion was 2.768 percent, which was a decrease of 0.113 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the district recognized OPEB expense of \$2,468,063. At June 30, 2019, the district reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 136,690	\$ 57,328
Changes of assumptions or other inputs	264,191	-
Net difference between projected and actual earnings on OPEB plan investments	216,580	-
Changes in proportional share	-	2,782,669
Contributions subsequent to the measurement date	1,276,986	-
Total	<u>\$ 1,894,447</u>	<u>\$ 2,839,997</u>

\$1,276,986 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ending June 30,	Amount
2019	\$ (532,097)
2020	(532,097)
2021	(532,041)
2022	(381,676)
2023	(236,373)
Thereafter	(8,252)
	<u>\$ (2,222,536)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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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	3.25 percent for 2018, gradually rising to 5.0 percent in 2025

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

The actuarial assumptions used in the December 31, 2017, 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 discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

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.

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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, 2017, 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
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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.
- 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.

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 plan year.
- 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 long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

Asset Class	Target Allocation	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 percent.

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Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage lower or one percentage 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	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	\$ 36,621,647	\$ 37,661,634	\$ 38,857,801

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, 2018, 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 middle of the year.

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.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 42,140,089	\$ 37,661,634	\$ 33,832,972

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.

NOTE 12: DEFINED CONTRIBUTION PLANS & DEFERRED COMPENSATION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The district does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2019, program members contributed \$1,696,564.

Deferred Compensation Plan

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

Funding Policy – The deferred compensation plan is funded by voluntary member contributions up to the maximum limit set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The district does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2019, program members contributed \$644,128.

403(b) Defined Contribution Plan

In addition, employees may contribute to a tax-sheltered annuity in accordance with district policies and regulations, an Internal Revenue Code 403(b) defined contribution plan, administered by the district. The 403(b) plan is funded by voluntary member contributions up to the maximum limit set by the Internal Revenue Service. The district does not match contributions made by participants of the plan. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2019, program members contributed \$1,835,492.

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June 30, 2019

NOTE 13: RELATED-PARTY TRANSACTIONS

The district provides administrative and other services to its nine charter schools, shown as discretely presented component units. The amount of charges for services, in accordance with governing state statutes, for the fiscal year ended June 30, 2019 was \$5,237,438, which have been recorded in the district's financial statements.

NOTE 14: NEW GASB PRONOUNCEMENTS FOR FUTURE IMPLEMENTATION

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017 will be effective for the district with its year ending June 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the district beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the district must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

Required Supplementary Information

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

Budgetary Comparisons

General Fund

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

Grants Fund

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

Nutrition Services Fund

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

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Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Local:				
Property taxes	\$ 118,120,267	\$ 153,919,513	\$ 153,850,829	\$ (68,684)
Specific ownership	10,611,885	12,734,262	15,082,796	2,348,534
Tuition	776,004	796,004	1,028,169	232,165
Net earnings on investments	1,200,000	1,760,000	2,328,560	568,560
Rental of buildings	1,070,500	1,070,500	1,167,419	96,919
Gifts and grants	-	29,690	51,116	21,426
Charges for services	4,767,834	4,767,834	5,191,724	423,890
Other	5,931,895	5,953,133	5,535,238	(417,895)
State sources:				
State equalization	208,263,709	199,107,739	211,476,666	12,368,927
Vocational education	1,250,000	1,250,000	1,206,662	(43,338)
Special education	8,264,420	8,279,214	8,462,930	183,716
English Language Proficiency Act	5,963,172	6,030,578	6,030,578	-
Transportation	1,575,000	1,860,163	1,919,532	59,369
READ Act	3,556,597	3,556,597	3,886,073	329,476
Gifted and talented	389,294	389,294	384,270	(5,024)
Federal	100,000	100,000	111,751	11,751
Total revenues	<u>371,840,577</u>	<u>401,604,521</u>	<u>417,714,313</u>	<u>16,109,792</u>
EXPENDITURES				
Current:				
Instruction	194,897,725	206,510,221	193,776,497	12,733,724
Pupil support	29,813,500	31,268,647	32,633,910	(1,365,263)
Instructional staff support	23,006,002	23,389,874	20,499,772	2,890,102
General administration	6,548,033	7,273,653	6,461,773	811,880
School administration	31,073,152	34,752,879	32,048,934	2,703,945
Business administration	5,774,841	6,082,956	4,623,092	1,459,864
Operations and maintenance	34,281,523	34,747,898	33,398,155	1,349,743
Transportation services	8,693,335	9,013,889	9,971,232	(957,343)
Personnel/data/risk management	18,341,365	19,276,488	17,767,779	1,508,709
Other support services	10,451,654	10,483,403	15,059,609	(4,576,206)
Facilities acquisition and improvements	597,964	597,326	474,131	123,195
Contingencies and appropriated reserves	47,517,903	79,504,706	-	79,504,706
Total expenditures	<u>410,996,997</u>	<u>462,901,940</u>	<u>366,714,884</u>	<u>96,187,056</u>
Excess (deficiency) of revenues over (under) expenditures	(39,156,420)	(61,297,419)	50,999,429	112,296,848
OTHER FINANCING SOURCES				
(USES)				
Transfers out	<u>(4,880,280)</u>	<u>(4,980,280)</u>	<u>(8,613,250)</u>	<u>(3,632,970)</u>
Total other financing sources (uses)	<u>(4,880,280)</u>	<u>(4,980,280)</u>	<u>(8,613,250)</u>	<u>(3,632,970)</u>
Net change in fund balance	<u>\$ (44,036,700)</u>	<u>\$ (66,277,699)</u>	<u>42,386,179</u>	<u>\$ 108,663,878</u>
Fund balance - July 1, 2018			66,277,700	
Fund balance - June 30, 2019			<u>\$ 108,663,879</u>	

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Grants Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Gifts and grants	\$ 1,945,500	\$ 4,444,372	\$ 1,101,736	\$ (3,342,636)
State:				
State grants	1,757,368	2,849,033	8,308,522	5,459,489
Federal grants	29,594,594	35,011,000	29,802,394	(5,208,606)
Total revenues	<u>33,297,462</u>	<u>42,304,405</u>	<u>39,212,652</u>	<u>(3,091,753)</u>
EXPENDITURES				
Current:				
Instruction	13,822,655	16,429,071	19,451,769	(3,022,698)
Pupil support	4,607,867	7,945,654	6,935,056	1,010,598
Instructional staff support	9,080,404	9,537,373	6,715,202	2,822,171
General administration	2,704,046	2,796,992	2,497,055	299,937
School administration	102,761	244,836	942,716	(697,880)
Business administration	-	13,000	89,215	(76,215)
Operations and maintenance	-	5,000	378,125	(373,125)
Transportation services	7,750	14,700	180,010	(165,310)
Personnel/data/risk management	556,586	571,772	629,705	(57,933)
Other support services	1,105,393	1,107,000	967,068	139,932
Food service operations	-	-	161,640	(161,640)
Facilities acquisition and improvements	310,000	850,007	265,091	584,916
Contingencies	1,000,000	2,789,000	-	2,789,000
Total expenditures	<u>33,297,462</u>	<u>42,304,405</u>	<u>39,212,652</u>	<u>3,091,753</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance - July 1, 2018			-	
Fund balance - June 30, 2019			<u>\$ -</u>	

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues and Expenses Compared to Budget
Budget and Actual
Special Revenue Fund - Nutrition Services Fund
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Charges for services	\$ 1,811,876	\$ 1,581,876	\$ 1,337,434	\$ (244,442)
Other	-	-	115,751	115,751
Earnings on investments	-	-	57,776	57,776
State:				
State grants	221,000	221,000	279,158	58,158
Federal grants	15,014,266	14,038,166	14,166,401	128,235
Total revenues	<u>17,047,142</u>	<u>15,841,042</u>	<u>15,956,520</u>	<u>115,478</u>
EXPENDITURES				
Current:				
Food service operations	<u>21,294,763</u>	<u>21,431,745</u>	<u>16,050,528</u>	<u>5,381,217</u>
Total expenditures	<u>21,294,763</u>	<u>21,431,745</u>	<u>16,050,528</u>	<u>5,381,217</u>
Excess (deficiency) of revenues over (under) expenditures	(4,247,621)	(5,590,703)	(94,008)	5,496,695
OTHER FINANCING SOURCES				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>1,486,873</u>	<u>986,873</u>
Total other financing sources	<u>500,000</u>	<u>500,000</u>	<u>1,486,873</u>	<u>986,873</u>
Net change in fund balance	<u>\$ (3,747,621)</u>	<u>\$ (5,090,703)</u>	<u>1,392,865</u>	<u>\$ 6,483,568</u>
Fund balance - July 1, 2018			<u>5,090,702</u>	
Fund balance - June 30, 2019			<u>\$ 6,483,567</u>	

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's Proportionate Share of the Net Pension Liability
PERA - School Division Trust Fund
For the Year Ended December 31, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	4.259%	5.070%	5.378%	5.383%	5.243%
District's proportionate share of the net pension liability	\$ 754,076,588	\$ 1,639,450,659	\$ 1,601,209,456	\$ 823,387,622	\$ 710,633,013
State's proportionate share of the net pension liability	<u>103,109,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 857,186,089	\$ 1,639,450,659	\$ 1,601,209,456	\$ 823,387,622	\$ 710,633,013
District's covered payroll	\$ 234,119,925	\$ 233,872,275	\$ 241,369,031	\$ 234,613,404	\$ 219,654,425
District's proportionate share of the net pension liability as a percentage of its covered payroll	322.00%	701.00%	663.39%	350.96%	323.52%
Plan fiduciary net position as a percentage of the total pension liability	57.01%	43.96%	43.13%	59.16%	62.84%

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

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's Pension Contributions
PERA - School Division Trust Fund
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 46,667,818	\$ 43,185,850	\$ 44,036,255	\$ 42,960,962	\$ 38,200,248
Contributions in relation to the contractually required contribution	<u>(46,667,818)</u>	<u>(43,185,850)</u>	<u>(44,036,255)</u>	<u>(42,960,962)</u>	<u>(38,200,248)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 243,951,629	\$ 228,710,727	\$ 239,566,489	\$ 242,250,288	\$ 226,217,490
Contributions as a percentage of covered payroll	19.13%	18.88%	18.38%	17.73%	16.89%

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

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's Proportionate Share of the Net OPEB Liability
Health Care Trust Fund
For the Year Ended December 31, 2018**

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	2.768%	2.881%
District's proportionate share of the net OPEB liability	\$ 37,661,634	\$ 37,438,154
District's covered payroll	\$ 234,119,925	\$ 233,872,275
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	17.03%	17.50%

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

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of District's OPEB Contributions
Health Care Trust Fund
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 2,488,307	\$ 2,332,850
Contributions in relation to the statutorily required contribution	<u>(2,488,307)</u>	<u>(2,332,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 243,951,629	\$ 228,710,727
Contributions as a percentage of covered payroll	1.02%	1.02%

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

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO**
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

NOTE 1: BUDGETARY INFORMATION

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

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

NOTE 2: SIGNIFICANT CHANGES AFFECTING TRENDS IN ACTUARIAL INFORMATION

Changes of assumptions or other inputs since the December 31, 2017 actuarial valuation are as follows:

Defined Benefit Pension plan:

- The single equivalent interest rate (SEIR) for the School Division was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.

Defined Benefit Other Post Employment Benefits (OPEB) Pension plan:

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

SUPPLEMENTARY INFORMATION

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

Major Governmental Funds

Bond Redemption Fund

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

Building Fund

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

Capital Reserve Fund

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

Nonmajor Governmental Funds

Athletic Fund

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

Medicaid Fund

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

Pickens Post-Secondary Fund

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund - Bond Redemption Fund
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Property taxes	\$ 58,541,241	\$ 59,983,221	\$ 60,355,675	\$ 372,454
Other	-	303,915	303,918	3
Earnings on investments	278,000	550,000	894,673	344,673
Total revenues	<u>58,819,241</u>	<u>60,837,136</u>	<u>61,554,266</u>	<u>717,130</u>
EXPENDITURES				
Current:				
General administration	10,000	10,000	10,750	(750)
Debt service:				
Principal	30,850,000	30,850,000	30,850,000	-
Interest	21,852,583	21,852,583	21,852,582	1
Contingency	58,152,649	59,647,798	-	59,647,798
Total expenditures	<u>110,865,232</u>	<u>112,360,381</u>	<u>52,713,332</u>	<u>59,647,049</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,045,991)</u>	<u>(51,523,245)</u>	<u>8,840,934</u>	<u>60,364,179</u>
Net change in fund balance	<u>\$ (52,045,991)</u>	<u>\$ (51,523,245)</u>	<u>8,840,934</u>	<u>\$ 60,364,179</u>
Fund balance - July 1, 2018			<u>51,523,245</u>	
Fund balance - June 30, 2019			<u>\$ 60,364,179</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund - Building Fund
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Gifts and grants	\$ -	\$ -	\$ 299,000	299,000
Earnings on investments	-	2,047,129	3,466,789	1,419,660
State:				
State Grants	-	2,952,357	4,213,537	1,261,180
Total revenues	-	4,999,486	7,979,326	2,979,840
EXPENDITURES				
Current:				
General administration	-	-	11,629	(11,629)
Business administration	77,241	77,241	67,674	9,567
Personnel/data/risk management	1,224,485	1,224,485	39,878	1,184,607
Other support services	139,050	139,050	-	139,050
Payment to bond escrow agent	-	-	5,406	(5,406)
Capital outlay:				
Facilities acquisition and improvements	147,278,410	150,370,373	57,310,324	93,060,049
Total expenditures	148,719,186	151,811,149	57,434,911	94,376,238
Excess (deficiency) of revenues over (under) expenditures	(148,719,186)	(146,811,663)	(49,455,585)	97,356,078
Net change in fund balance	\$ (148,719,186)	\$ (146,811,663)	(49,455,585)	\$ 97,356,078
Fund balance - July 1, 2018			146,811,663	
Fund balance - June 30, 2019			\$ 97,356,078	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund - Capital Reserve Fund
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Earnings on investments	\$ -	\$ 43,000	\$ 105,829	\$ 62,829
Other	-	150,000	118,101	(31,899)
Cash in lieu of land dedication	500,000	1,707,000	1,151,926	(555,074)
Total revenues	<u>500,000</u>	<u>1,900,000</u>	<u>1,375,856</u>	<u>(524,144)</u>
EXPENDITURES				
Current:				
General administration	-	-	81,646	(81,646)
Operations and maintenance	1,420,958	3,514,544	759,639	2,754,905
Transportation	1,823,213	1,823,213	1,928,749	(105,536)
Facilities acquisition and improvements	3,910,000	7,095,600	3,695,546	3,400,054
Debt:				
Principal	607,249	407,249	564,526	(157,277)
Interest	63,730	63,730	119,208	(55,478)
Total expenditures	<u>7,825,150</u>	<u>12,904,336</u>	<u>7,149,314</u>	<u>5,755,022</u>
Excess (deficiency) of revenues over (under) expenditures	(7,325,150)	(11,004,336)	(5,773,458)	5,230,878
OTHER FINANCING SOURCES				
Debt:				
Issuance of long-term debt	1,803,213	-	-	-
Transfers in	4,020,130	4,020,130	6,495,130	2,475,000
Total other financing sources	<u>5,823,343</u>	<u>4,020,130</u>	<u>6,495,130</u>	<u>2,475,000</u>
Net change in fund balance	<u>\$ (1,501,807)</u>	<u>\$ (6,984,206)</u>	<u>721,672</u>	<u>\$ 7,705,878</u>
Fund balance - July 1, 2018			6,984,206	
Fund balance - June 30, 2019			<u>\$ 7,705,878</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue			Total Nonmajor Governmental Funds
	Athletic	Medicaid	Pickens Post- Secondary	
ASSETS				
Cash and cash equivalents	\$ 94,813	\$ 9,782,794	7,974,285	\$ 17,851,892
Receivables - other	954	-	302,759	303,713
Prepaid items	4,238	372	38,394	43,004
Total assets	<u>\$ 100,005</u>	<u>\$ 9,783,166</u>	<u>\$ 8,315,438</u>	<u>\$ 18,198,609</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 22,862	\$ 239,758	\$ 91,917	\$ 354,537
Accrued compensation	-	370,474	178,759	549,233
Unearned revenue	-	-	7,693	7,693
Total liabilities	<u>22,862</u>	<u>610,232</u>	<u>278,369</u>	<u>911,463</u>
Fund balances:				
Nonspendable:				
Prepaid items	4,238	372	38,394	43,004
Restricted for:				
Medicaid	-	9,172,562	-	9,172,562
Student fees	-	-	7,998,675	7,998,675
Assigned to:				
Athletic activity	72,905	-	-	72,905
Total fund balances	<u>77,143</u>	<u>9,172,934</u>	<u>8,037,069</u>	<u>17,287,146</u>
Total liabilities and fund balances	<u>\$ 100,005</u>	<u>\$ 9,783,166</u>	<u>\$ 8,315,438</u>	<u>\$ 18,198,609</u>

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019**

	Special Revenue			Total Nonmajor Governmental Funds
	Athletic	Medicaid	Pickens Post- Secondary	
REVENUES				
Local:				
Pupil activities	\$ 404,988	\$ -	\$ 503,774	\$ 908,762
Tuition	-	-	5,216,217	5,216,217
Gifts and grants	-	-	266	266
Charges for services	-	15,246	-	15,246
Other	1,520	-	-	1,520
Medicaid reimbursements	-	5,317,574	-	5,317,574
Total revenues	406,508	5,332,820	5,720,257	11,459,585
EXPENDITURES - CURRENT				
Instruction	826,737	-	2,405,844	3,232,581
Pupil support	-	4,137,126	71,408	4,208,534
Instructional staff support	2,650	-	303,854	306,504
General administration	-	-	1,218	1,218
School administration	-	-	222,180	222,180
Business administration	3	-	256,518	256,521
Transportation services	-	712,561	-	712,561
Personnel/Data/Risk Management	-	55	-	55
Other support services	-	-	6,505	6,505
Facilities acquisition and improvements	-	110,607	-	110,607
Total expenditures	829,390	4,960,349	3,267,527	9,057,266
Excess (deficiency) of revenues over (under) expenditures	(422,882)	372,471	2,452,730	2,402,319
OTHER FINANCING SOURCES				
Transfers in:				
General fund	360,150	-	271,097	631,247
Total other financing sources	360,150	-	271,097	631,247
Net change in fund balances	(62,732)	372,471	2,723,827	3,033,566
Fund balances - July 1, 2018	139,875	8,800,463	5,313,242	14,253,580
Fund balances - June 30, 2019	\$ 77,143	\$ 9,172,934	\$ 8,037,069	\$ 17,287,146

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Athletic Fund
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Local:				
Pupil activities	\$ 364,950	\$ 364,950	\$ 404,988	\$ 40,038
Other	-	-	1,520	1,520
Total revenues	<u>364,950</u>	<u>364,950</u>	<u>406,508</u>	<u>41,558</u>
EXPENDITURES				
Current:				
Instruction	794,832	863,975	826,737	37,238
Instructional staff support	1,000	1,000	2,650	(1,650)
Business administration	-	-	3	(3)
Total expenditures	<u>795,832</u>	<u>864,975</u>	<u>829,390</u>	<u>35,585</u>
Excess (deficiency) of revenues over (under) expenditures	(430,882)	(500,025)	(422,882)	77,143
OTHER FINANCING SOURCES				
Transfers in:				
General fund	<u>360,150</u>	<u>360,150</u>	<u>360,150</u>	-
Total other financing sources	<u>360,150</u>	<u>360,150</u>	<u>360,150</u>	-
Net change in fund balance	<u>\$ (70,732)</u>	<u>\$ (139,875)</u>	(62,732)	<u>\$ 77,143</u>
Fund balance - July 1, 2018			<u>139,875</u>	
Fund balance - June 30, 2019			<u>\$ 77,143</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Medicaid Fund
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Charges for services	\$ -	\$ -	\$ 15,246	\$ 15,246
Medicaid reimbursements	2,816,000	5,632,000	5,317,574	(314,426)
Total revenues	<u>2,816,000</u>	<u>5,632,000</u>	<u>5,332,820</u>	<u>(299,180)</u>
EXPENDITURES				
Current:				
Pupil support	8,816,000	14,421,721	4,137,126	10,284,595
Transportation services	-	10,742	712,561	(701,819)
Personnel/Data/Risk Management	-	-	55	(55)
Facilities acquisition and improvements	-	-	110,607	(110,607)
Total expenditures	<u>8,816,000</u>	<u>14,432,463</u>	<u>4,960,349</u>	<u>9,472,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,000,000)</u>	<u>(8,800,463)</u>	<u>372,471</u>	<u>9,172,934</u>
Net change in fund balance	<u>\$ (6,000,000)</u>	<u>\$ (8,800,463)</u>	<u>372,471</u>	<u>\$ 9,172,934</u>
Fund balance - July 1, 2018			<u>8,800,463</u>	
Fund balance - June 30, 2019			<u>\$ 9,172,934</u>	

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - Pickens Post-Secondary Fund
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Pupil activities	\$ -	\$ 400,000	\$ 503,774	\$ 103,774
Tuition	4,265,282	4,265,282	5,216,217	950,935
Donations and grants	-	-	266	266
Total revenues	<u>4,265,282</u>	<u>4,665,282</u>	<u>5,720,257</u>	<u>1,054,975</u>
EXPENDITURES				
Current:				
Instruction	3,440,975	3,440,975	2,405,844	1,035,131
Pupil support	303,564	303,564	71,408	232,156
Instructional staff support	3,604,728	6,247,087	303,854	5,943,233
General administration	-	-	1,218	(1,218)
School administration	46,961	46,961	222,180	(175,219)
Business administration	39,937	39,937	256,518	(216,581)
Other support services	-	-	6,505	(6,505)
Total expenditures	<u>7,436,165</u>	<u>10,078,524</u>	<u>3,267,527</u>	<u>6,810,997</u>
Excess (deficiency) of revenues over (under) expenditures	(3,170,883)	(5,413,242)	2,452,730	7,865,972
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund	-	100,000	271,097	171,097
Total other financing sources (uses)	<u>-</u>	<u>100,000</u>	<u>271,097</u>	<u>171,097</u>
Net change in fund balance	<u>\$ (3,170,883)</u>	<u>\$ (5,313,242)</u>	2,723,827	<u>\$ 8,037,069</u>
Fund balance - July 1, 2018			<u>5,313,242</u>	
Fund balance - June 30, 2019			<u>\$ 8,037,069</u>	

Agency Fund

Pupil Activity Fund - Non-Subsidized Fund

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Statement of Changes in Assets and Liabilities
Fiduciary Fund - Agency Fund
For the Year Ended June 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Cash and cash equivalents	\$ 1,881,231	\$ 3,075,131	\$ 2,922,430	\$ 2,033,932
Accounts receivable	34,333	19,543	41,286	12,590
Other assets	5,719	-	5,719	-
Total	<u>\$ 1,921,283</u>	<u>\$ 3,094,674</u>	<u>\$ 2,969,435</u>	<u>\$ 2,046,522</u>
LIABILITIES				
Accounts payable	\$ 45,763	\$ 25,565	\$ 45,790	\$ 25,538
Due to student groups	1,875,520	2,713,749	2,568,285	2,020,984
Total	<u>\$ 1,921,283</u>	<u>\$ 2,739,314</u>	<u>\$ 2,614,075</u>	<u>\$ 2,046,522</u>

Supplementary Schedules – Nonmajor Component Units

Charter Schools

Aurora Academy

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

Lotus School for Excellence

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

Academy of Advanced Learning

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

AXL Charter School

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

Vanguard Classical School

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

Global Village Academy

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

Rocky Mountain Preparatory

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

Vega Collegiate Academy

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

Denver School of Science and Technology, Inc. – Aurora Science and Tech

Denver School of Science and Technology, Inc. (DSST) – Aurora Science and Tech was in their start-up year of operations for fiscal year ended June 30, 2019. During this period, the school's primary objective was to secure the facility, which was primarily funded by grant revenue. The school did not serve any students during the year and will open for operations in the 2019–20 school year.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Statement of Net Position
Component Units - Charter Schools
June 30, 2019**

	Aurora Academy	Lotus School for Excellence	Academy of Advanced Learning	AXL Charter School	Vanguard Classical School	Global Village Academy	Rocky Mountain Preparatory School at Fletcher	Vega Collegiate Academy	DSST - Aurora Science and Tech	Total
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 1,703,530	\$ 2,107,697	\$ 548,685	\$ 377,752	\$ 1,608,342	\$ 3,860,026	\$ 456,125	\$ 211,662	\$ 181,173	\$ 11,054,992
Receivables (net of allowance for uncollectibles)	14,938	109,841	46,437	38,188	172,712	18,102	513,128	233,594	236,284	1,383,224
Due from other governments	-	-	261,355	-	-	120,083	-	50,001	50,598	482,037
Prepaid items and other assets	1,175	22,280	69,101	22,524	201,186	24,121	23,037	19,074	1,312	383,810
Total current assets	1,719,643	2,239,818	925,578	438,464	1,982,240	4,022,332	992,290	514,331	469,367	13,304,063
Noncurrent assets:										
Restricted: Cash and cash equivalents	-	1,380,520	50,000	176,751	50,000	3,222,349	152,089	-	-	5,031,709
Restricted: Investments	697,275	-	-	-	-	-	-	-	-	697,275
Capital assets (net of accumulated depreciation):										
Land	310,000	590,820	-	-	-	1,101,789	-	-	-	2,002,609
Buildings and improvements	5,432,134	10,553,713	-	-	-	22,372,218	21,179	6,283	-	38,385,527
Equipment and vehicles	446,319	453,107	2,514,968	625,801	48,104	68,298	-	-	26,500	4,183,097
Total noncurrent assets	6,885,728	12,978,160	2,564,968	802,552	98,104	26,764,654	173,268	6,283	26,500	50,300,217
Total assets	8,605,371	15,217,978	3,490,546	1,241,016	2,080,344	30,786,986	1,165,558	520,614	495,867	63,604,280
DEFERRED OUTFLOWS OF RESOURCES										
Items related to pension plan	2,278,558	4,151,657	7,382,582	2,211,459	5,235,167	5,751,000	4,114,983	2,347,618	-	33,473,024
Items related to OPEB	32,107	70,956	313,996	26,987	110,480	73,106	-	40,219	-	667,851
Total deferred outflows of resources	2,310,665	4,222,613	7,696,578	2,238,446	5,345,647	5,824,106	4,114,983	2,387,837	-	34,140,875
LIABILITIES										
Current liabilities:										
Accounts payable and other current liabilities	99,871	530,455	93,863	92,760	151,215	82,954	135,118	124,464	96,543	1,407,243
Accrued salaries and benefits	254,245	384,902	688,499	183,571	565,771	403,670	-	14,016	6,858	2,501,532
Unearned revenue	-	8,125	-	-	-	11,760	-	-	-	19,885
Accrued interest payable	59,370	31,710	30,439	-	-	79,589	-	-	-	201,108
Noncurrent liabilities, due within one year										
Notes, leases and mortgages payable	259,212	239,582	362,417	347,844	-	450,000	-	-	-	1,659,055
Total current liabilities	672,698	1,194,774	1,175,218	624,175	716,986	1,027,973	135,118	138,480	103,401	5,788,823
Noncurrent liabilities, due beyond one year										
Net pension liability	7,400,305	13,475,677	8,804,440	6,847,166	16,388,074	13,178,829	4,443,584	2,673,175	-	73,211,250
Net OPEB liability	369,600	673,028	439,728	341,974	818,485	658,205	-	133,510	-	3,434,530
Notes, leases and mortgages payable	4,387,786	8,951,768	633,757	266,315	-	28,205,700	-	-	-	42,445,326
Total noncurrent liabilities	12,157,691	23,100,473	9,877,925	7,455,455	17,206,559	42,042,734	4,443,584	2,806,685	-	119,091,106
Total liabilities	12,830,389	24,295,247	11,053,143	8,079,630	17,923,545	43,070,707	4,578,702	2,945,165	103,401	124,879,929
DEFERRED INFLOWS OF RESOURCES										
Items related to pension plan	5,522,059	8,586,639	5,475,415	5,030,833	10,576,087	11,896,535	2,632,302	1,662,427	-	51,382,297
Items related to OPEB	563	1,024	669	521	1,246	32,116	-	203	-	36,342
Total deferred inflows of resources	5,522,622	8,587,663	5,476,084	5,031,354	10,577,333	11,928,651	2,632,302	1,662,630	-	51,418,639
NET POSITION										
Net investment in capital assets	2,238,730	3,786,810	1,538,355	(39,131)	48,104	(1,970,635)	21,179	6,283	26,500	5,656,195
Restricted for:										
TABOR emergency reserve	178,000	300,000	215,000	147,500	379,000	330,579	152,089	62,000	81,146	1,845,314
Restricted for legal contingency	-	-	-	-	50,000	-	-	-	-	50,000
Unrestricted (deficit)	(9,853,705)	(17,529,129)	(7,095,458)	(9,739,891)	(21,551,991)	(16,748,210)	(2,103,731)	(1,767,627)	284,820	(86,104,922)
Total net position (deficit)	\$ (7,436,975)	\$ (13,442,319)	\$ (5,342,103)	\$ (9,631,522)	\$ (21,074,887)	\$ (18,388,266)	\$ (1,930,463)	\$ (1,699,344)	\$ 392,466	\$ (78,553,413)

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Combining Statement of Activities
Component Units - Charter Schools
For the Year Ended June 30, 2019**

	Aurora Academy	Lotus School for Excellence	Academy of Advanced Learning	AXL Charter School	Vanguard Classical School	Global Village Academy	Rocky Mountain Preparatory School at Fletcher	Vega Collegiate	DSST - Aurora Science and Tech	Total
Expenses										
Governmental activities	\$ 5,345,116	\$ 10,192,110	\$ 8,896,131	\$ 4,035,983	\$ 12,168,391	\$ 10,892,409	\$ 6,209,735	\$ 3,396,529	\$ 39,641	\$ 61,176,045
Total expenses	5,345,116	10,192,110	8,896,131	4,035,983	12,168,391	10,892,409	6,209,735	3,396,529	39,641	61,176,045
Program revenues										
Charges for services	29,227	182,190	-	24,354	168,384	88,258	442,697	2,696	-	937,806
Operating grants and contributions	301,223	785,460	479,378	166,472	1,242,226	492,769	1,148,150	341,938	335,627	5,293,243
Capital grants and contributions	398,660	2,503,014	250,160	181,952	321,144	288,615	-	53,340	-	3,996,885
Total program revenues	729,110	3,470,664	729,538	372,778	1,731,754	869,642	1,590,847	397,974	335,627	10,227,934
Net expenses	(4,616,006)	(6,721,446)	(8,166,593)	(3,663,205)	(10,436,637)	(10,022,767)	(4,618,888)	(2,998,555)	295,986	(50,948,111)
General revenues:										
School finance act, unrestricted	4,302,563	7,151,459	5,556,385	3,718,261	8,877,874	7,921,872	2,502,416	1,507,041	-	41,537,871
Grants and contributions not restricted to programs	-	-	-	-	129,970	-	-	215,182	-	345,152
Earnings on investments	93,976	128,036	-	3,288	2,910	129,879	1,583	1,682	-	361,354
Other	1,201,042	72,286	1,461,303	980,832	2,313,576	2,903,459	1,372,416	444,714	96,480	10,846,108
Total general revenues	5,597,581	7,351,781	7,017,688	4,702,381	11,324,330	10,955,210	3,876,415	2,168,619	96,480	53,090,485
Change in net position	981,575	630,335	(1,148,905)	1,039,176	887,693	932,443	(742,473)	(829,936)	392,466	2,142,374
Net position (deficit) - July 1, 2018	(8,418,550)	(14,072,654)	(4,193,198)	(10,670,698)	(21,962,580)	(19,320,709)	(1,187,990)	(869,408)	-	(80,695,787)
Net position (deficit) - June 30, 2019	\$ (7,436,975)	\$ (13,442,319)	\$ (5,342,103)	\$ (9,631,522)	\$ (21,074,887)	\$ (18,388,266)	\$ (1,930,463)	\$ (1,699,344)	\$ 392,466	\$ (78,553,413)

Independent Auditor's Report on Supplementary Information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Auditors Integrity Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Auditors Integrity Report is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Auditors Integrity Report has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed described above, and the reports of other auditors, the Auditors Integrity Report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BKD, LLP

Denver, Colorado
November 8, 2019



Colorado Department of Education

Auditors Integrity Report

District: 0180 - Adams-Arapahoe 28J

Fiscal Year 2018-19

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	63,852,501	395,076,387	355,775,384	103,153,503
18 Risk Mgmt Sub-Fund of General Fund	2,102,118	5,810,474	3,828,565	4,084,027
19 Colorado Preschool Program Fund	323,081	8,214,201	7,110,933	1,426,349
Sub- Total	66,277,700	409,101,062	366,714,883	108,663,880
11 Charter School Fund	6,373,647	63,797,383	60,000,801	10,170,229
20,26-29 Special Revenue Fund	14,253,580	12,090,831	9,057,266	17,287,145
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	5,090,703	17,443,393	16,050,528	6,483,567
22 Govt Designated-Purpose Grants Fund	0	39,212,652	39,212,652	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	51,523,245	61,554,266	52,713,333	60,364,179
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	146,811,663	7,979,327	57,434,912	97,356,078
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	6,984,206	7,870,986	7,149,314	7,705,878
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	297,314,743	619,049,899	608,333,688	308,030,954
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	850,597	2,706,489	214,910	3,342,176
Totals	850,597	2,706,489	214,910	3,342,176
Fiduciary				
70 Other Trust and Agency Funds	1,188,830	1,303,876	1,236,034	1,256,672
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	1,875,520	2,713,749	2,568,285	2,020,984
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	1,201,239	1,044,503	991,419	1,254,323
Totals	4,265,589	5,062,128	4,795,738	4,531,979

FINAL

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

11/21/19

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STATISTICAL SECTION (UNAUDITED)

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

Contents	Page
Financial Trends	111
<i>These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.</i>	
Revenue Capacity	118
<i>These schedules contain information to help the reader assess one of the district's most significant local revenue sources, the property tax.</i>	
Debt Capacity	124
<i>These schedules present information to help the reader to assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	128
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</i>	
Operating Information	130
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to services the district provides and the activities it performs.</i>	

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

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

	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Governmental activities:										
Net investment in capital assets	\$ 33,429,885	\$ 33,167,595	\$ 42,927,651	\$ 42,911,327	\$ 37,449,664	\$ 18,748,887	\$ 24,061,345	\$ 33,582,219	\$ 64,577,395	\$ 74,657,134
Restricted	55,863,770	52,828,573	48,653,480	41,867,572	46,083,688	50,648,446	57,065,755	68,241,264	76,663,926	97,255,276
Unrestricted	15,211,548	13,020,245	6,764,197	17,179,763	22,608,607	(615,197,910)	(668,057,787)	(946,564,450)	(1,261,588,811)	(1,112,597,303)
Total governmental activities net position	104,505,203	99,016,413	98,345,328	101,958,662	106,141,959	(545,800,577)	(586,930,687)	(844,740,967)	(1,120,347,490)	(940,684,893)
Business-type activity										
Net investment in capital assets	3,482,060	3,020,069	3,076,190	2,850,056	2,587,332	-	-	-	-	-
Unrestricted	1,473,740	2,382,319	2,961,131	3,912,633	4,082,459	-	-	-	-	-
Total business-type activity net position	4,955,800	5,402,388	6,037,321	6,762,689	6,669,791	-	-	-	-	-
Primary government										
Net investment in capital assets	36,911,945	36,187,664	46,003,841	45,761,383	40,036,996	18,748,887	24,061,345	33,582,219	64,577,395	74,657,134
Restricted	55,863,770	52,828,573	48,653,480	41,867,572	46,083,688	50,648,446	57,065,755	68,241,264	76,663,926	97,255,276
Unrestricted	16,685,288	15,402,564	9,725,328	21,092,396	26,691,066	(615,197,910)	(668,057,787)	(946,564,450)	(1,261,588,811)	(1,112,597,303)
Total primary government net position	<u>\$ 109,461,003</u>	<u>\$ 104,418,801</u>	<u>\$ 104,382,649</u>	<u>\$ 108,721,351</u>	<u>\$ 112,811,750</u>	<u>\$ (545,800,577)</u>	<u>\$ (586,930,687)</u>	<u>\$ (844,740,967)</u>	<u>\$ (1,120,347,490)</u>	<u>\$ (940,684,893)</u>

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

Note 2: During 2013-14, the district adopted GASB 65 which resulted in a restatement for bond issue costs from prior accounting guidance. Prior year and earlier have not been restated for the adoption of GASB 65 because it is impractical to do so.

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

Note 4: During 2014-15, the district adopted GASB 68. Prior year and earlier have not been restated for the adoption of GASB 68 because it is impractical to do so.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)/REVENUE
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
EXPENSES										
Governmental activities:										
Instruction	\$ 193,911,779	\$ 202,199,950	\$ 192,168,046	\$ 200,510,721	\$ 214,719,376	\$ 244,552,029	\$ 267,967,412	\$ 387,982,826	\$ 380,254,999	\$ 170,369,692
Supporting services	123,362,890	126,335,810	124,507,646	130,921,536	142,859,860	183,829,425	210,162,350	318,968,190	329,952,503	183,868,742
Interest	16,443,696	18,230,747	18,109,635	15,802,312	15,983,970	15,552,211	14,960,302	17,363,928	20,695,296	19,877,104
Total governmental activities expense	<u>333,718,365</u>	<u>346,766,507</u>	<u>334,785,327</u>	<u>347,234,569</u>	<u>373,563,206</u>	<u>443,933,665</u>	<u>493,090,064</u>	<u>724,314,944</u>	<u>730,902,798</u>	<u>374,115,538</u>
Business-type activity:										
Nutrition services	11,950,678	12,786,627	13,853,942	14,263,076	15,662,854	-	-	-	-	-
Total primary government expenses	<u>\$ 345,669,043</u>	<u>\$ 359,553,134</u>	<u>\$ 348,639,269</u>	<u>\$ 361,497,645</u>	<u>\$ 389,226,060</u>	<u>\$ 443,933,665</u>	<u>\$ 493,090,064</u>	<u>\$ 724,314,944</u>	<u>\$ 730,902,798</u>	<u>\$ 374,115,538</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services--instruction programs	\$ 5,379,157	\$ 4,159,206	\$ 4,410,749	\$ 6,090,007	\$ 5,943,567	\$ 5,929,784	\$ 6,215,052	\$ 6,542,641	\$ 7,993,537	\$ 8,173,184
Charges for services--other programs	489,795	590,997	3,603,248	3,876,927	4,018,397	5,892,764	5,436,096	6,002,869	7,341,251	8,615,894
Operating grants and contributions	38,810,999	51,668,968	39,139,140	31,675,763	36,117,378	51,189,828	55,215,023	57,223,026	58,038,488	65,770,177
Capital grants and contributions	143,475	-	166,213	88,872	3,339,536	1,094,341	1,637,303	4,181,729	5,532,458	4,213,538
Total governmental activities	<u>44,823,426</u>	<u>56,419,171</u>	<u>47,319,350</u>	<u>41,731,569</u>	<u>49,418,878</u>	<u>64,106,717</u>	<u>68,503,474</u>	<u>73,950,265</u>	<u>78,905,734</u>	<u>86,772,793</u>
Business-type activity:										
Charges for services	2,414,144	2,072,301	1,818,918	1,667,562	1,762,922	-	-	-	-	-
Operating grants and contributions	9,782,484	10,927,351	12,080,741	12,871,935	13,446,481	-	-	-	-	-
Capital grants and contributions	-	-	365,883	226,322.00	126,065	-	-	-	-	-
Total business-type activities program revenues	<u>12,196,628</u>	<u>12,999,652</u>	<u>14,265,542</u>	<u>14,765,819</u>	<u>15,335,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 57,020,054</u>	<u>\$ 69,418,823</u>	<u>\$ 61,584,892</u>	<u>\$ 56,497,388</u>	<u>\$ 64,754,346</u>	<u>\$ 64,106,717</u>	<u>\$ 68,503,474</u>	<u>\$ 73,950,265</u>	<u>\$ 78,905,734</u>	<u>\$ 86,772,793</u>
Net (expense) / revenue										
Governmental activities	\$ (288,894,939)	\$ (290,347,336)	\$ (287,465,977)	\$ (305,503,000)	\$ (324,144,328)	\$ (379,826,948)	\$ (424,586,590)	\$ (650,364,679)	\$ (651,997,064)	\$ (287,342,745)
Business-type activity	245,950	213,025	411,600	502,743	(327,386)	-	-	-	-	-
Total primary government net expense	<u>\$ (288,648,989)</u>	<u>\$ (290,134,311)</u>	<u>\$ (287,054,377)</u>	<u>\$ (305,000,257)</u>	<u>\$ (324,471,714)</u>	<u>\$ (379,826,948)</u>	<u>\$ (424,586,590)</u>	<u>\$ (650,364,679)</u>	<u>\$ (651,997,064)</u>	<u>\$ (287,342,745)</u>

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Net (expense) / revenue										
Governmental activities	\$ (288,894,939)	\$ (290,347,336)	\$ (287,465,977)	\$ (305,503,000)	\$ (324,144,328)	\$ (379,826,948)	\$ (424,586,590)	\$ (650,364,679)	\$ (651,997,064)	\$ (287,342,745)
Business-type activity	245,950	213,025	411,600	502,743	(327,386)	-	-	-	-	-
Total primary government net expense	<u>\$ (288,648,989)</u>	<u>\$ (290,134,311)</u>	<u>\$ (287,054,377)</u>	<u>\$ (305,000,257)</u>	<u>\$ (324,471,714)</u>	<u>\$ (379,826,948)</u>	<u>\$ (424,586,590)</u>	<u>\$ (650,364,679)</u>	<u>\$ (651,997,064)</u>	<u>\$ (287,342,745)</u>
General revenue and other changes in net position										
Governmental activities:										
Property taxes, levied for debt service and general fund use	\$ 100,562,807	\$ 99,205,175	\$ 98,179,499	\$ 118,272,529	\$ 126,979,836	\$ 128,152,396	\$ 152,056,002	\$ 161,122,405	\$ 189,896,466	\$ 226,785,004
School finance act, unrestricted	196,305,280	184,315,463	186,512,042	189,279,789	202,302,003	226,238,914	230,042,314	228,988,569	221,921,447	233,366,711
Earnings on investments	542,743	1,337,908	2,103,351	1,564,016	1,382,892	1,317,941	1,358,164	2,443,425	2,975,954	6,853,627
Transfers-in (out)	(118,957)	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>297,291,873</u>	<u>284,858,546</u>	<u>286,794,892</u>	<u>309,116,334</u>	<u>330,664,731</u>	<u>355,709,251</u>	<u>383,456,480</u>	<u>392,554,399</u>	<u>414,793,867</u>	<u>467,005,342</u>
Business-type activity:										
School finance act, unrestricted	228,794	233,524	222,631	221,280	233,307	-	-	-	-	-
Earnings on investments	-	39	702	1,345	1,181	-	-	-	-	-
Transfers-in (out)	118,957	-	-	-	-	-	-	-	-	-
Total business-type activity	<u>347,751</u>	<u>233,563</u>	<u>223,333</u>	<u>222,625</u>	<u>234,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 297,639,624</u>	<u>\$ 285,092,109</u>	<u>\$ 287,018,225</u>	<u>\$ 309,338,959</u>	<u>\$ 330,899,219</u>	<u>\$ 355,709,251</u>	<u>\$ 383,456,480</u>	<u>\$ 392,554,399</u>	<u>\$ 414,793,867</u>	<u>\$ 467,005,342</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 8,396,934	\$ (5,488,790)	\$ (671,085)	\$ 3,613,334	\$ 6,520,403	\$ (24,117,697)	\$ (41,130,110)	\$ (257,810,280)	\$ (237,203,197)	\$ 179,662,597
Business-type activity	593,701	446,588	634,933	725,368	(92,898)	-	-	-	-	-
Total primary government	<u>\$ 8,990,635</u>	<u>\$ (5,042,202)</u>	<u>\$ (36,152)</u>	<u>\$ 4,338,702</u>	<u>\$ 6,427,505</u>	<u>\$ (24,117,697)</u>	<u>\$ (41,130,110)</u>	<u>\$ (257,810,280)</u>	<u>\$ (237,203,197)</u>	<u>\$ 179,662,597</u>

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

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

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

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

	Fiscal Year									
	2009-10	2010-11 (2)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
General Fund										
Reserved	\$ 9,225,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,464,116	-	-	-	-	-	-	-	-	-
Nonspendable	-	713,068	541,202	844,142	956,096	488,776	712,565	795,964	1,095,346	2,806,380
Restricted	-	8,485,563	8,906,833	9,410,824	10,633,656	13,195,211	11,875,233	10,363,161	11,062,921	13,241,919
Committed	-	-	-	-	200,000	150,000	150,000	100,000	150,000	100,000
Assigned	-	8,342,351	5,198,722	11,065,431	5,124,285	5,010,250	14,420,987	11,192,817	18,402,041	63,187,007
Unassigned	-	11,535,759	19,658,022	21,239,172	27,554,136	26,880,124	14,583,354	18,220,045	35,567,392	29,328,573
Total General Fund	\$ 24,689,614	\$ 29,076,741	\$ 34,304,779	\$ 42,559,569	\$ 44,468,173	\$ 45,724,361	\$ 41,742,139	\$ 40,671,987	\$ 66,277,700	\$ 108,663,879
All other governmental funds										
Reserved										
Debt service fund	\$ 45,117,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	1,327,818	-	-	-	-	-	-	-	-	-
Capital projects funds	67,499,474	-	-	-	-	-	-	-	-	-
Unreserved										
Special revenue funds	4,641,013	-	-	-	-	-	-	-	-	-
Nonspendable										
Capital projects funds	-	71,399	17,613	18,476	36,637	7,150	19,470	25,866	28,584	7,403
Special revenue funds	-	16,472	1,556	35,487	14,896	1,078,950	874,829	742,987	772,685	48,630
Restricted										
Debt service fund	-	38,787,680	32,915,324	25,580,904	27,026,348	28,456,159	37,115,173	47,512,633	51,523,245	60,364,179
Capital projects funds	-	98,539,530	64,930,491	41,348,894	54,730,547	26,636,634	15,065,187	196,871,552	153,767,285	105,054,553
Special revenue funds	-	3,657,249	5,369,605	6,844,276	8,423,522	8,946,826	8,075,349	10,365,470	14,077,760	23,649,178
Assigned										
Special revenue funds	-	221,094	209,553	215,106	183,226	2,678,371	2,599,744	3,114,034	4,493,837	72,905
Total all other governmental funds	\$ 118,585,312	\$ 141,293,424	\$ 103,444,142	\$ 74,043,143	\$ 90,415,176	\$ 67,804,090	\$ 63,749,752	\$ 258,632,542	\$ 224,663,396	\$ 189,196,848

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

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

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

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

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

	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
REVENUES										
Local:										
Property taxes	\$ 93,140,054	\$ 93,757,967	\$ 93,217,984	\$ 110,417,023	\$ 119,122,682	\$ 119,346,751	\$ 141,525,838	\$ 148,295,014	\$ 174,315,023	\$ 214,206,504
Specific ownership	6,439,029	5,964,705	6,064,227	7,226,264	8,602,454	9,573,329	10,611,885	12,318,599	14,446,509	15,082,796
Pupil activities	1,303,362	538,576	318,376	1,287,529	1,002,578	1,310,229	2,240,689	554,641	813,557	908,762
Tuition	3,990,124	3,496,730	4,010,256	3,331,886	3,669,401	3,526,516	2,844,866	4,973,150	6,085,701	6,244,780
Activity fees	85,671	123,900	82,117	69,566	81,428	94,408	85,047	-	-	-
Gifts and grants	1,095,446	879,222	1,110,662	920,043	2,724,845	888,309	1,100,481	1,482,892	1,158,764	1,451,724
Charges for services	-	-	-	-	-	4,539,735	4,357,224	4,750,397	5,409,139	6,544,404
Miscellaneous	5,726,665	7,167,889	10,437,100	8,945,422	7,985,265	4,354,389	4,364,590	6,028,312	7,714,606	6,074,528
Cash in lieu of land	-	69,043	-	-	-	-	1,990,884	67,306	1,490,347	1,151,926
Rental of buildings	489,795	590,997	631,362	664,567	749,426	890,042	958,461	1,161,395	1,202,016	1,167,419
Earnings on investments	542,743	1,337,908	2,103,351	1,564,016	1,382,892	1,317,941	1,358,164	2,443,425	2,975,954	6,853,627
State:										
State equalization	183,613,246	171,105,158	174,250,943	176,096,107	188,528,803	207,645,277	209,551,552	208,750,813	201,192,094	211,476,666
Vocational education	2,679,302	2,038,203	1,512,579	1,199,952	1,149,410	1,358,220	1,244,500	1,137,630	1,561,128	1,206,662
Special education	5,741,823	5,794,566	5,913,906	6,256,618	7,379,370	7,780,271	8,236,298	8,190,131	8,382,197	8,462,930
Grants	1,463,120	2,192,518	1,587,070	2,065,537	2,825,669	3,072,535	3,323,848	5,420,466	7,800,278	12,801,217
Transportation	1,444,152	1,543,329	1,535,221	1,584,602	1,378,735	1,574,762	1,607,630	1,519,782	1,580,675	1,919,532
Other	1,380,274	1,641,689	1,712,323	2,076,973	3,865,685	7,880,384	9,402,334	9,390,213	9,205,353	15,618,495
Federal grants	31,914,868	43,599,656	29,173,684	28,223,704	30,278,398	45,223,446	46,324,463	50,158,343	47,423,359	44,080,546
Total revenues	\$ 341,049,674	\$ 341,842,056	\$ 333,661,161	\$ 351,929,809	\$ 380,727,041	\$ 420,376,544	\$ 451,128,754	\$ 466,642,509	\$ 492,756,700	\$ 555,252,518

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
EXPENDITURES										
Current:										
Instruction	\$ 182,819,808	\$ 191,034,861	\$ 181,045,409	\$ 187,441,212	\$ 201,282,554	\$ 212,727,383	\$ 223,246,824	\$ 214,929,614	\$ 200,128,521	\$ 216,460,847
Pupil support	18,748,962	19,861,627	20,775,669	19,891,912	22,831,103	24,883,559	28,060,095	38,355,985	36,619,052	43,777,500
Instructional staff support	17,810,458	15,164,483	12,958,694	17,094,519	17,763,843	22,696,647	25,469,964	24,725,079	24,661,603	27,521,478
General administration	6,869,843	7,013,002	6,743,639	6,115,692	7,435,008	7,041,855	6,479,915	7,608,582	8,798,086	9,064,071
School administration	21,078,998	20,940,842	21,702,964	22,567,078	25,933,697	30,309,562	33,813,391	33,598,915	32,107,009	33,213,830
Business administration	3,341,494	3,755,036	3,439,245	3,728,727	3,920,191	4,724,303	5,014,697	3,903,091	4,495,054	5,036,502
Operations and maintenance	26,717,967	27,749,692	28,516,294	29,059,977	30,918,559	32,585,359	33,336,642	34,003,115	32,112,476	34,535,919
Transportation	6,563,155	6,482,994	6,976,633	6,798,149	8,462,985	7,963,135	11,529,861	11,842,509	11,661,225	12,792,552
Personnel/data services/risk management	12,875,007	13,254,387	12,018,288	14,014,045	13,518,540	14,849,390	16,939,560	19,374,198	17,720,182	18,437,417
Other support services	3,248,684	3,740,034	3,310,410	3,292,260	3,278,385	3,271,478	6,241,166	6,468,817	7,839,104	16,033,182
Food service operations	-	-	-	-	-	16,918,407	16,572,946	16,993,913	16,181,459	16,212,168
Facilities acquisition and improvements	60,972,241	55,027,820	36,919,306	27,571,549	23,323,361	33,178,873	17,593,415	24,542,014	57,472,970	61,855,699
Debt service:										
Principal	10,050,000	13,880,000	14,755,000	18,290,000	17,310,000	15,795,000	18,490,000	51,904,947	31,828,300	31,414,526
Interest	14,562,469	18,545,120	16,965,596	17,210,901	16,572,811	19,353,754	16,376,838	18,482,488	23,263,853	21,971,790
Other	665,025	661,814	1,103,342	-	-	-	-	1,287,557	-	5,406
Total expenditures	\$ 386,324,111	\$ 397,111,712	\$ 367,230,489	\$ 373,076,021	\$ 392,551,037	\$ 446,298,705	\$ 459,165,314	\$ 508,020,824	\$ 504,888,894	\$ 548,332,887
Excess (deficiency) of revenues over (under) expenditures	\$ (45,274,437)	\$ (55,269,656)	\$ (33,569,328)	\$ (21,146,212)	\$ (11,823,996)	\$ (25,922,161)	\$ (8,036,560)	\$ (41,378,315)	\$ (12,132,194)	\$ 6,919,631
Debt service as a percentage of noncapital expenditures (2)	7.4%	9.2%	9.9%	10.5%	9.1%	8.5%	7.9%	14.8%	12.2%	11.0%

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

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCES
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2009-10	2010-11 (2)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Excess (deficiency) of revenues over (under) expenditures	\$ (45,274,437)	\$ (55,269,656)	\$ (33,569,328)	\$ (21,146,212)	\$ (11,823,996)	\$ (25,922,161)	\$ (8,036,560)	\$ (41,378,315)	\$ (12,132,194)	\$ 6,919,631
OTHER FINANCING SOURCES (USES)										
Transfers in:										
General fund	6,790,688	3,913,525	307,750	321,895	302,750	316,750	436,748	1,235,471	6,870,789	8,613,250
Print Services fund	-	-	-	-	-	83,094	-	32,175,781	-	-
Grants fund	-	-	-	-	-	-	35,104	-	-	-
Nonmajor governmental funds	-	329,778	-	-	-	-	-	-	-	-
Transfers out:										
General fund	-	-	-	-	-	-	(35,104)	-	-	-
Capital Reserve fund	(5,648,842)	-	-	-	-	-	-	(29,614,933)	(5,835,958)	(6,495,130)
Print Services fund	(460,258)	(460,258)	(155,258)	-	-	-	-	-	-	-
Grants fund	(44,354)	(44,354)	(8,000)	(22,145)	(3,000)	(3,000)	-	-	-	-
Nutrition Services fund	-	-	-	-	-	-	(44,980)	(499,972)	(500,000)	(1,486,873)
Nonmajor governmental funds	(1,097,492)	(3,869,171)	(299,750)	-	(299,750)	(313,750)	(391,768)	(3,296,347)	(534,831)	(631,247)
Bond Redemption fund	-	-	-	-	-	-	-	-	-	-
Proceeds-sale of land and buildings	-	-	-	-	-	-	-	-	-	-
Flood related costs	-	-	-	-	(248,751)	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Certificates of participation	-	-	-	-	30,353,387	-	-	-	-	-
General obligation debt:										
Debt issued	104,105,000	82,315,000	149,920,000	-	-	-	-	206,076,380	3,768,761	-
Premium on debt issued	12,928,909	180,375	41,507,938	-	-	-	-	33,219,862	-	-
Payment to escrow agent	(116,369,384)	-	(190,324,596)	-	-	-	-	(4,105,289)	-	-
Total other financing sources (uses)	204,267	82,364,895	948,084	299,750	30,104,636	83,094	-	235,190,953	3,768,761	-
Net change in fund balances	(45,070,170)	27,095,239	(32,621,244)	(20,846,462)	18,280,640	(25,839,067)	(8,036,560)	193,812,638	(8,363,433)	6,919,631
Fund balance - beginning	188,345,096	143,274,926	170,370,165	137,748,921	116,602,709	134,883,349	113,528,451	105,491,891	299,304,529	290,941,096
Restatement for addition of blended component unit	-	-	-	-	-	-	-	-	-	-
Fund balance as restated	188,345,096	143,274,926	170,370,165	137,748,921	116,602,709	134,883,349	113,528,451	105,491,891	299,304,529	290,941,096
Fund balance - ending	<u>\$ 143,274,926</u>	<u>\$ 170,370,165</u>	<u>\$ 137,748,921</u>	<u>\$ 116,902,459</u>	<u>\$ 134,883,349</u>	<u>\$ 109,044,282</u>	<u>\$ 105,491,891</u>	<u>\$ 299,304,529</u>	<u>\$ 290,941,096</u>	<u>\$ 297,860,727</u>

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

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended	Calendar Year Property Assessed	Vacant	Residential	Commercial	Industrial	Agricultural	Natural Resources	Oil and Gas	State Assessed	Less: Tax Exempt Property	Preliminary Taxable Assessed Value (1)	Net Final Assessed Value (2)	Estimated Actual Value (3)	Total Direct Rate
2010	2009													
	Adams County	19,932,590	101,660,180	374,528,040	35,132,720	369,910	6,850	-	63,914,530	3,716,430	591,828,390	589,086,380	2,968,242,291	53.455
	Arapahoe County	45,899,370	602,845,380	457,629,710	988,020	1,535,160	98,820	-	78,952,390	-	1,187,948,850	1,188,567,000	9,592,517,416	53.455
2011	2010													
	Adams County	20,234,160	101,379,810	378,215,670	25,195,650	368,730	6,850	12,840	61,096,920	4,553,030	581,957,600	582,610,230	2,948,870,018	53.919
	Arapahoe County	42,956,840	604,788,620	451,913,640	923,030	1,534,580	84,070	-	80,892,200	2,326,032	1,180,766,948	1,181,663,978	9,594,600,201	53.919
2012	2011													
	Adams County	17,357,370	98,975,050	379,220,690	24,482,780	417,380	6,850	3,560	73,538,110	8,453,960	585,547,830	587,775,780	2,960,035,078	54.159
	Arapahoe County	44,222,920	605,869,840	421,734,590	784,590	1,618,260	74,520	-	91,347,100	7,468,023	1,158,183,797	1,156,966,417	9,536,099,225	54.159
2013	2012													
	Adams County	16,780,790	98,829,760	385,141,060	27,016,480	415,960	6,850	-	77,698,700	10,009,240	595,880,360	603,144,390	3,016,881,990	63.830
	Arapahoe County	39,032,100	607,176,850	422,819,600	818,030	1,202,240	66,450	-	95,014,040	12,469,796	1,153,659,514	1,154,302,984	9,557,043,406	63.830
2014	2013													
	Adams County	18,543,640	97,420,170	423,439,750	27,070,710	497,920	6,850	-	80,898,110	8,910,730	638,966,420	638,689,320	3,121,680,731	67.323
	Arapahoe County	38,627,120	580,864,860	424,799,960	781,480	1,344,680	64,760	-	103,174,120	8,994,205	1,140,662,775	1,140,272,345	9,256,172,425	67.323
2015	2014													
	Adams County	14,670,700	97,336,700	441,699,880	27,140,930	518,020	6,850	-	81,017,420	8,264,580	654,125,920	655,619,390	3,176,799,850	67.635
	Arapahoe County	34,841,823	585,996,161	417,510,623	722,902	1,469,695	29,898	7,075	104,619,348	9,438,637	1,135,758,888	1,133,168,613	9,280,422,797	67.635
2016	2015													
	Adams County	15,236,290	122,634,720	489,363,360	35,573,180	616,870	6,850	11,140	79,802,290	10,280,820	732,963,880	731,819,140	3,677,723,278	66.648
	Arapahoe County	37,228,951	828,838,969	460,286,489	646,496	1,716,538	29,898	7,806,696	93,866,710	-	1,430,420,747	1,426,071,395	12,448,836,334	66.648
2017	2016													
	Adams County	15,920,650	122,914,300	499,010,720	34,977,010	643,770	6,850	11,610	78,927,590	-	752,412,500	746,607,270	3,730,788,977	69.685
	Arapahoe County	37,364,276	827,310,495	459,950,829	752,889	1,731,064	29,898	25,718,186	95,557,720	-	1,448,415,357	1,681,105,428	12,471,753,351	69.685
2018	2017													
	Adams County	26,770,570	168,134,540	584,591,280	51,216,270	763,810	575,680	23,140	86,358,520	-	918,433,810	896,826,260	4,915,704,882	69.006
	Arapahoe County	40,798,169	1,008,589,256	521,976,299	862,361	1,782,425	29,754	11,526,484	95,540,680	-	1,681,105,428	1,698,211,965	16,321,567,491	69.006
2019	2018													
	Adams County	31,340,080	172,867,290	630,092,920	49,224,080	933,580	6,850	17,570	88,765,710	-	973,248,080	946,229,670	5,160,669,920	82.014
	Arapahoe County	40,909,924	1,025,238,492	515,736,302	847,003	1,716,228	29,907	14,914,279	98,819,830	-	1,698,211,965	1,694,515,149	16,523,830,803	82.014

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

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

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

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

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

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



**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Unaudited)**

	Year Taxes Are Payable (4)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Aurora Public Schools Rates (1)										
General fund	59.014	46.006	46.685	46.648	47.635	47.323	47.580	39.159	38.919	38.455
Debt service fund	23.000	23.000	23.000	20.000	20.000	20.000	16.250	15.000	15.000	15.000
Total (2)	82.014	69.006	69.685	66.648	67.635	67.323	63.830	54.159	53.919	53.455
Arapahoe County	14.301	13.817	15.090	14.856	16.950	17.130	17.150	17.316	15.949	15.672
Adams County	26.864	26.929	27.055	26.817	27.042	26.815	26.903	26.806	26.883	26.824
City of Aurora	8.605	8.605	8.605	8.569	8.886	10.290	10.290	10.653	10.595	10.494
Urban Drainage & Flood Control	0.726	0.500	0.559	0.553	0.632	0.608	0.599	0.566	0.523	0.508
Arapahoe County total	105.646	91.928	93.939	90.626	94.103	95.351	91.869	82.694	80.986	80.129
Adams County total	118.209	105.040	105.904	102.587	104.195	105.036	101.622	92.184	91.920	91.281
Overlapping tax entities (3)										
ACC Metropolitan District	37.000	37.000	37.000	37.000	37.000	37.000	37.000	35.000	35.000	31.000
Adonea Metro District No. 2	79.232	79.232	74.000	74.000	74.000	61.000	61.000	61.000	61.000	61.000
Airways Business Center	34.500	34.500	34.500	34.500	34.500	37.000	37.000	37.000	37.000	37.000
Arapahoe County Law Enforcement	4.982	4.982	4.982	4.982	4.982	4.982	4.982	4.982	4.982	4.982
Arapahoe Library District	5.845	5.853	5.926	5.916	4.794	4.861	4.903	4.981	4.869	4.783
Aurora CentreTech Metropolitan District	42.395	41.284	40.173	39.000	39.000	42.000	42.190	42.190	37.190	37.190
Bennett Fire Protection District	13.012	13.041	9.063	8.907	8.907	8.907	8.907	8.907	8.907	8.907
Cherry Hills City Metro District	61.910	59.460	56.000	56.000	56.000	56.000	56.000	56.000	56.000	56.000
Central Adams Water & Sanitation	-	90.000	90.000	90.000	-	90.000	90.000	90.000	60.000	60.000
Colorado Science Technology Park Metro District No.1	60.000	50.000	50.000	50.000	-	50.000	50.000	50.000	50.000	-
Colorado Science Technology Park Metro District No.2	60.000	60.000	60.000	60.000	-	60.000	60.000	60.000	60.000	60.000
Colorado Science Technology Park Metro District No.3	60.000	50.000	50.000	50.000	-	50.000	50.000	50.000	50.000	-
Conservatory Metro District	52.106	52.106	71.800	71.800	71.800	71.800	71.800	71.800	71.800	71.800
Cross Creek Metropolitan District No. 2	60.097	70.956	66.000	66.000	68.500	71.000	71.000	61.000	61.000	61.000
Cunningham Fire Protection District	14.600	14.603	14.598	14.676	14.623	14.714	14.772	14.765	14.620	14.636
Eastgate Commercial Metro District	-	-	-	-	35.000	35.000	35.000	35.000	35.000	35.000
Eastern Hills Metropolitan District No. 2	70.000	70.000	70.000	70.000	70.000	-	-	-	-	52.061
Eastern Hills Metropolitan District No. 3	-	-	-	-	-	-	-	-	-	52.061
Eastern Hills Metropolitan District No. 4	70.000	-	-	-	-	-	-	-	-	52.061
Eastern Hills Metropolitan District No. 5	-	-	-	-	-	-	-	-	-	52.061
Eastern Hills Metropolitan District No. 6	70.000	70.000	70.000	70.000	-	-	-	-	-	52.061
Eastern Hills Metropolitan District No. 7	-	-	-	-	-	-	-	-	-	52.061
Eastern Hills Metropolitan District No. 8	-	-	-	-	-	-	-	-	-	52.061
Eastern Hills Metropolitan District No. 9	-	-	-	70.000	70.000	70.000	70.000	-	-	-

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
DIRECT AND OVERLAPPING PROPERTY TAX RATES, CONTINUED
Last Ten Fiscal Years
(Unaudited)**

	Year Taxes Are Payable (4)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Overlapping tax entities (3)										
Eastpark 70 Metro District	33.000	33.000	31.000	31.000	31.000	31.000	31.000	31.000	31.000	31.000
First Creek Ranch Metropolitan District	75.277	90.000	90.000	90.000	90.000	90.000	90.000	90.000	60.000	60.000
Fitzsimons Village Metro District No. 1	51.000	51.000	41.000	51.000	-	-	-	-	-	-
Fitzsimons Village Metro District No. 2	41.000	41.000	41.000	41.000	41.000	41.000	41.000	41.000	41.000	40.000
Flat Rock Metropolitan District No. 4	57.556	57.556	52.061	52.061	-	-	-	-	-	-
Flat Rock Metropolitan District No. 8	-	-	-	-	52.061	52.061	52.061	52.061	52.061	52.061
Green Valley Ranch Metro District 1	-	-	60.000	60.000	60.000	-	60.000	-	-	60.000
Havana Business Improvement District	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500
Heather Gardens Metropolitan District	14.308	12.555	16.781	16.798	25.812	25.300	23.928	24.750	24.600	10.500
Himalaya Water & Sanitation	5.000	5.000	5.000	5.000	10.000	10.000	10.000	10.000	10.000	10.000
Horizon Metro District #2	65.277	65.277	-	-	-	-	-	-	-	16.000
Horizon Metro District #3	-	-	-	-	-	-	-	-	-	30.000
Iliff Commons Metro District #2	55.696	55.003	51.000	51.000	-	-	-	-	-	-
Iliff Commons Metro District #3	67.379	67.373	61.000	50.000	-	20.000	20.000	20.000	20.000	20.000
Murphy Creek Metro District No. 2	50.000	50.000	36.000	36.000	36.000	36.000	36.000	36.000	36.000	36.000
Murphy Creek Metro District No. 3	53.107	80.803	74.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944
Murphy Creek Metro District No. 4	55.277	55.277	48.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944
Park 70 Metropolitan District	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000
Rangeview Library District (5)	3.666	3.669	3.659	3.659	3.659	3.659	3.659	3.659	3.659	3.659
Sable-Altura Fire Protection District	17.000	17.000	17.000	17.000	21.000	21.000	21.000	21.000	21.000	21.000
Sand Creek Metropolitan District	27.500	27.500	32.000	33.500	55.500	35.500	34.250	32.750	30.000	27.000
Second Creek Ranch	-	90.000	90.000	90.000	90.000	90.000	90.000	90.000	60.000	60.000
Singletree Metro District (Aurora)	45.868	-	48.944	48.944	48.944	48.944	48.944	48.944	48.944	48.944
Sterling Hills Metropolitan District	16.000	16.000	19.000	19.000	23.000	-	23.000	23.000	23.000	23.000
Sterling Hills West Metropolitan District	50.000	50.000	62.465	62.465	65.965	-	65.965	65.965	65.965	65.965
Tower Metropolitan District	20.000	20.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Traditions Metro Dist. No. 2	40.725	44.738	52.060	52.060	52.060	52.060	52.060	52.060	52.060	52.060
Urban Drainage & Flood Control-Adams	0.726	0.500	0.559	0.553	0.632	0.608	0.599	0.566	0.523	0.508
Urban Drainage & Flood Control-South Platte	0.094	0.057	0.061	0.058	0.068	0.064	0.058	0.057	0.053	0.061
Velocity Metro District 1	35.000	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-
Velocity Metro District 2	37.000	29.000	44.784	9.000	5.000	5.000	5.000	5.000	-	-
Velocity Metro District 3	35.000	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-
Velocity Metro District 4	37.000	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-
Velocity Metro District 5	35.000	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-
Velocity Metro District 6	35.000	29.000	109.000	9.000	40.000	5.000	5.000	5.000	-	-
Velocity Metro District 7	35.000	29.000	109.000	9.000	5.000	5.000	5.000	5.000	-	-
Velocity Metro District 8	35.000	29.000	29.021	9.000	5.000	5.000	5.000	5.000	-	-
Velocity Metro District 9	37.000	29.000	29.058	9.000	5.000	5.000	5.000	5.000	-	-
Westerly Creek Metropolitan District	60.194	60.217	56.899	56.619	55.986	55.769	55.311	-	-	-
WH Metropolitan District No. 1	-	-	-	-	-	-	-	-	13.000	50.000

Note 2: APS Total Rate information updated as of June 30, 2019

Source: Aurora Public Schools Budget Office.

Note 3: Includes only those entities with overlapping rates in existence at December 31, 2018.

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

Contact Source: Adams County assessor's office

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

Note 5: Previously reported as Adams County Library.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
PRINCIPAL PROPERTY TAXPAYERS
Current and Nine Years Ago
(Unaudited)**

<u>Taxpayer</u>	<u>Fiscal Year 2018-19</u>			<u>Fiscal Year 2009-10</u>		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
Public Service of Colorado (1)	\$ 91,813,290	1	3.5%	\$ 37,529,290	1	2.1%
LIT Gateway Portfolio	39,708,680	2	1.5%	-	-	-
Cellco Partnership	17,534,190	3	0.7%	-	-	-
Park 70 Building Venture	16,423,140	4	0.6%	-	-	-
Majestic Commercenter	15,788,460	5	0.6%	-	-	-
WGR Asset Holding Co. LLC	14,958,190	6	0.6%	-	-	-
QWEST Corp (2)	13,753,500	7	0.5%	20,879,600	3	1.2%
Fountain Place Apartments	13,727,080	8	0.5%	-	-	-
Amazon.Com DEDC	13,709,730	9	0.5%	-	-	-
Colorado Interstate Gas Co	12,202,100	10	0.5%	15,221,100	5	0.9%
Blue Spruce Energy Center LLC	-	-	-	27,894,000	2	1.6%
Verizon FKA Airtouch Comm	-	-	-	17,483,730	4	1.0%
King Soopers INC #871	-	-	-	8,223,370	7	0.5%
MCI Telecommunications Corp.	-	-	-	7,451,110	8	0.4%
Optima Batteries INC	-	-	-	6,811,640	9	0.4%
Quarry Assets LLC	-	-	-	6,740,860	10	0.4%
	<u>\$ 249,618,360</u>		<u>9.5%</u>	<u>\$ 148,234,700</u>		<u>8.5%</u>

Source: Adams County and Arapahoe County assessors' offices.

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

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

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

Calendar Year	Taxes Levied for the Calendar Year	Tax Collections for Calendar Year Tax Levied (2)	Percentage of Original Levy	Collections in Subsequent Years (3)	Total Tax Collections (4)	Percent of Total Tax Collections to Levy	Outstanding Delinquent Taxes (5)	Outstanding Delinquent Taxes as a Percent of Current Levy
2010	95,024,461	93,818,365	98.7%	(393,652)	93,424,713	98.3%	1,206,096	1.3%
2011	95,127,681	94,074,556	98.9%	(890,452)	93,184,104	98.0%	1,053,125	1.1%
2012	94,493,845	93,146,223	98.6%	(359,842)	92,786,381	98.2%	1,347,622	1.4%
2013	112,177,682	110,388,173	98.4%	(397,437)	109,990,736	98.1%	1,789,509	1.6%
2014	119,765,878	117,656,320	98.2%	234,120	117,890,440	98.4%	2,109,558	1.8%
2015 (1)	120,984,677	119,906,691	99.1%	(115,953)	119,790,738	99.0%	1,077,985	0.9%
2016	143,048,512	140,436,339	98.2%	232,355	140,668,694	98.3%	2,612,173	1.8%
2017	151,536,231	150,507,168	99.3%	(679,080)	149,828,088	98.9%	1,029,063	0.7%
2018 (6)	176,521,603	175,210,679	99.3%	193,284	175,403,963	99.4%	1,310,924	0.7%
2019	216,578,046	210,645,263	97.3%	(70,578)	210,574,685	97.2%	5,932,783	2.7%

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

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

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

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

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

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

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

Fiscal Year (2)

	2009-10	2010-11	2011-12	2012-13 (3)	2013-14
General obligation bonds	\$ 326,959,982	\$ 407,638,786	\$ 396,319,623	\$ 411,408,484	\$ 389,226,526
Certificates of participation	-	-	-	-	30,353,387
Capital leases	229,891	156,447	79,862	-	-
Total debt outstanding	<u>\$ 327,189,873</u>	<u>\$ 407,795,233</u>	<u>\$ 396,399,485</u>	<u>\$ 411,408,484</u>	<u>\$ 419,579,913</u>

Total debt outstanding as a percentage of:

Personal income (1, 2, & 3):

Adams County	0.3%	0.1%	0.1%	0.4%	0.4%
Arapahoe County	1.9%	0.6%	0.6%	0.3%	0.3%

Per capita outstanding debt	\$ 1,552	\$ 1,975	\$ 1,843	\$ 1,897	\$ 1,908
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Fiscal Year (2)

	2014-15	2015-16	2016-17	2017-18	2018-19 (4)
General obligation bonds	\$ 366,417,566	\$ 342,814,596	\$ 549,053,401	\$ 511,611,694	\$ 474,954,654
Certificates of participation	30,378,172	30,397,796	-	-	-
Capital leases	-	-	2,154,433	5,721,895	4,707,369
Total debt outstanding	<u>\$ 396,795,738</u>	<u>\$ 373,212,392</u>	<u>\$ 551,207,834</u>	<u>\$ 517,333,589</u>	<u>\$ 479,662,023</u>

Total debt outstanding as a percentage of:

Personal income (1, 2, & 3):

Adams County	0.4%	0.5%	0.3%	0.4%	-
Arapahoe County	0.6%	0.7%	0.5%	0.5%	-

Per capita outstanding debt	\$ 1,799	\$ 1,623	\$ 2,411	\$ 2,232	\$ 2,069
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Note 1: Personal income for each county was based on population estimates provided by district planning office and personal income population data provided by the United States Census Bureau.

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

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

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

Note 4: Personal income data for 2018-19 was not available at time of printing.

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

Fiscal Year (1)

	2009-10	2010-11	2011-12	2012-13 (2)	2013-14
General obligation bonds	\$ 326,959,982	\$ 407,638,786	\$ 396,319,623	\$ 411,408,484	\$ 389,226,526
Net position restricted for debt service	(46,094,814)	(39,613,185)	(33,431,806)	(25,580,904)	(27,026,348)
Total net general bonded debt	<u>\$ 280,865,168</u>	<u>\$ 368,025,601</u>	<u>\$ 362,887,817</u>	<u>\$ 385,827,580</u>	<u>\$ 362,200,178</u>
Total net general bonded debt outstanding as a percentage of:					
Estimated actual property value	2.2%	2.9%	2.9%	3.1%	2.9%
Final assessed property value	15.8%	20.9%	20.8%	22.0%	20.4%
Per capita outstanding debt	\$ 1,332	\$ 1,783	\$ 1,687	\$ 1,779	

Fiscal Year (1)

	2014-15	2015-16	2016-17	2017-18	2018-19
General obligation bonds	\$ 366,417,566	\$ 342,814,596	\$ 549,053,401	\$ 511,611,694	\$ 474,954,654
Net position restricted for debt service	(28,456,159)	(37,115,173)	(47,512,633)	(51,523,245)	(60,364,179)
Total net general bonded debt	<u>\$ 337,961,407</u>	<u>\$ 305,699,423</u>	<u>\$ 501,540,768</u>	<u>\$ 460,088,449</u>	<u>\$ 414,590,475</u>
Total net general bonded debt outstanding as a percentage of:					
Estimated actual property value	2.7%	1.9%	3.1%	2.2%	1.9%
Final assessed property value	18.9%	14.2%	20.7%	17.7%	15.7%
Per capita outstanding debt	\$ 1,532	\$ 1,330	\$ 2,194	\$ 1,985	\$ 1,788

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

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2019
(Unaudited)**

Jurisdiction (1)	General Obligation Debt	Bonds	Notes Payable	Capital Leases	Certificates of Participation	Other	Gross Debt Outstanding	Percentage Applicable to Aurora Public Schools (2)	Amount Applicable to Aurora Public Schools
Direct:									
Aurora Public Schools	\$ 474,954,654	\$ -	\$ -	\$ 4,707,369	\$ -	\$ -	\$ 479,662,023	100.00%	\$ 479,662,023
Overlapping:									
Adams County	-	-	-	-	174,060,000	-	174,060,000	100.00%	174,060,000
Airways Business Center	620,000	-	-	-	-	-	620,000	100.00%	620,000
Arapahoe County	135,007,822	-	5,098,429	13,720,977	13,198,045	-	167,025,273	100.00%	167,025,273
Arapahoe Library District	-	-	-	935,120	5,850,000	-	6,785,120	0.66%	44,782
Aurora CentreTech Metropolitan District	11,425,000	-	-	-	-	-	11,425,000	100.00%	11,425,000
City of Aurora	3,390,000	-	30,115,000	42,685,380	164,875,000	-	241,065,380	100.00%	241,065,380
Conservatory Metro District	20,205,000	-	-	-	-	-	20,205,000	100.00%	20,205,000
Cross Creek Metropolitan District No.2	15,130,000	-	-	-	-	-	15,130,000	100.00%	15,130,000
Eastpark 70 Metropolitan District	8,380,000	-	-	-	-	-	8,380,000	100.00%	8,380,000
Fitzsimons Village Metropolitan District No.1	-	14,585,000	-	-	-	-	14,585,000	100.00%	14,585,000
Fitzsimons Village Metropolitan District No.3	-	5,055,000	-	-	-	-	5,055,000	100.00%	5,055,000
Heather Gardens Metropolitan District	-	9,199,295	-	-	-	-	9,199,295	59.12%	5,438,623
Iliff Commons Metro District No. 2	2,310,000	-	-	-	-	-	2,310,000	100.00%	2,310,000
Iliff Commons Metro District No. 3	1,860,000	-	-	-	-	-	1,860,000	100.00%	1,860,000
Park 70 Metropolitan District	17,700,595	-	-	-	-	-	17,700,595	100.00%	17,700,595
Rangeview Library District	-	-	-	-	36,170,956	-	36,170,956	100.00%	36,170,956
Regional Transportation District	-	2,072,489,000	-	215,692,512	922,240,000	-	3,210,421,512	14.58%	468,079,456
Sand Creek Metropolitan District	62,355,000	-	-	-	-	-	62,355,000	77.82%	48,524,661
Sterling Hills Metropolitan District	425,000	-	-	-	-	-	425,000	100.00%	425,000
Sterling Hills West Metropolitan District	11,090,000	-	-	-	-	-	11,090,000	100.00%	11,090,000
Total overlapping debt	<u>289,898,417</u>	<u>2,101,328,295</u>	<u>35,213,429</u>	<u>273,033,989</u>	<u>1,316,394,001</u>	<u>-</u>	<u>4,015,868,131</u>		<u>1,251,059,726</u>
Total direct and overlapping debt	<u>\$ 764,853,071</u>	<u>\$ 2,101,328,295</u>	<u>\$ 35,213,429</u>	<u>\$ 277,741,358</u>	<u>\$ 1,316,394,001</u>	<u>\$ -</u>	<u>\$ 4,495,530,154</u>		<u>\$ 1,730,721,749</u>

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

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

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

Fiscal Year Ended	Gross Certified Assessed Valuation (1)	Debt Limitation (20% of Assessed)	High Growth Debt Limitation (25% of Assessed Value)	Gross Bonded Debt Outstanding (2)	Percent of Legal Debt Incurred	Legal Debt Margin	Debt Service Funds Available (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2010	(4) 1,781,369,810	356,273,962	-	326,959,982	91.77%	29,313,980	45,117,007	281,842,975	15.82%	1,337
2011	(5) 1,771,153,270	-	442,788,318	395,593,545	89.34%	47,194,773	38,787,680	356,805,865	20.15%	1,728
2012	(5) 1,760,664,180	-	440,166,045	461,733,482	104.90%	(21,567,437)	32,915,324	428,818,158	24.36%	1,994
2013	(4) 1,779,926,410	355,985,282	-	363,588,793	102.14%	(7,603,511)	25,580,904	338,007,889	18.99%	1,559
2014	(4) 1,796,866,600	359,373,320	-	347,219,955	96.62%	12,153,365	27,026,348	320,193,607	17.82%	1,456
2015	(4) 1,806,491,220	361,298,244	-	330,053,066	91.35%	31,245,178	28,456,159	301,596,907	16.70%	1,367
2016	(4) 2,168,171,355	433,634,271	-	312,092,167	71.97%	121,542,104	37,115,173	274,976,994	12.68%	1,196
2017	(6) 16,202,542,328	972,152,540	-	491,840,604	50.59%	480,311,936	47,512,633	444,327,971	2.74%	1,944
2018	(6) 21,226,907,626	1,273,614,458	-	461,733,482	36.25%	811,880,976	51,523,245	410,210,237	1.93%	1,770
2019	(6) 21,684,500,723	1,301,070,043	-	432,411,027	33.24%	868,659,016	60,364,179	372,046,848	1.72%	1,605

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

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

Note 2: Represents general obligation bonds.

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

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

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

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

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

Fiscal Year	District Population Estimate (1)(6)	Per Capita Income		Personal Income		Unemployment Rate (3)	October Funded Pupil Count (4)	Charter School Funded Pupil Count (4)	High School Graduates (5)
		Adams County (2)	Arapahoe County (2)	Adams County (2)	Arapahoe County (2)				
2009-10	210,850	31,727	48,480	13,991,470	27,408,457	8.4%	31,698	2,517	1,175
2010-11	206,430	32,666	47,704	14,493,196	27,426,356	9.7%	32,661	2,905	1,371
2011-12	215,096	33,061	48,989	14,925,051	28,656,232	9.0%	33,190	3,362	1,573
2012-13	216,839	34,695	51,163	15,945,588	30,469,784	8.5%	33,518	3,581	1,691
2013-14	219,954	35,334	52,437	16,578,475	31,832,963	7.1%	35,022	3,155	1,489
2014-15	220,556	35,385	56,294	17,010,005	34,835,883	5.6%	35,277	3,715	1,457
2015-16	229,905	36,962	52,545	18,160,959	33,160,632	3.6%	35,318	4,076	1,671
2016-17	228,610	38,378	54,452	19,119,527	34,689,868	3.5%	34,935	4,224	1,729
2017-18	231,810	41,215	56,642	20,738,261	36,423,679	2.9%	34,077	4,797	2,020
2018-19	231,810	-	-	-	-	4.2%	33,626	4,959	-

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

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

Note 2: The data for Adams and Arapahoe counties obtained from the Bureau of Economic Analysis. Data for 2019 not available at the time of print.

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

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

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

Note 5: High school graduate counts obtained from Colorado Department of Education. Data for 2019 graduates not available at the time of print.

Note 6: District population estimate based on the most recent figures from the United States Census Bureau. Data for 2019 not available at the time of print.

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

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

<u>Employer</u>	<u>2018 (1)</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of workforce</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of workforce</u>
Buckley Air Force Base	12,000	1	6.21%	12,100	1	8.07%
University of Colorado - Medical Campus	8,850	2	4.58%	6,360	2	4.24%
University of Colorado - Hospital	7,110	3	3.68%	4,080	4	2.72%
Aurora Public Schools	6,300	4	3.26%	4,020	5	2.68%
Children's Hospital	5,670	5	2.93%	4,100	3	2.73%
Cherry Creek Schools	3,750	6	2.12%	3,820	6	2.55%
City of Aurora	3,500	7	1.94%	3,740	7	2.49%
Raytheon	2,430	8	1.26%	2,200	8	1.47%
Kaiser Permanente	1,940	9	1.00%	1,690	9	1.13%
HealthONE	1,710	10	0.88%	-	-	-
ADT Security Systems	-	-	-	1,600	10	1.07%
Total Employees	53,260		27.86%	43,710		29.15%

Note 1: Principal employers estimates based on the City of Aurora's most recent figures.
Data for 2019 not available at the time of print.

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

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	<u>2009-10 (1)</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Administrative										
Principals	47.00	47.00	48.00	48.00	47.00	49.00	50.00	50.00	50.00	50.00
Assistant principals	39.00	32.00	36.00	39.34	45.34	57.00	58.00	61.00	60.00	67.00
Other	35.00	36.00	31.25	32.25	33.25	39.00	44.00	46.00	55.00	40.00
Total administration	121.00	115.00	115.25	119.59	125.59	145.00	152.00	157.00	165.00	157.00
Instruction										
Elementary school teachers	674.50	766.77	746.91	738.64	781.75	799.98	837.69	846.57	738.57	721.88
K-8 Teachers	86.90	115.75	140.30	148.95	163.32	164.62	170.88	206.25	207.68	213.75
Middle school teachers	340.77	345.55	336.77	368.03	392.02	397.53	415.34	431.98	388.51	392.13
High school teachers	399.08	386.18	369.97	382.72	426.72	441.02	460.54	471.64	445.77	421.39
Other teachers	138.63	137.60	119.10	124.38	147.75	148.21	187.69	216.85	228.95	235.09
Educational assistants	434.42	411.48	403.67	396.94	420.64	446.62	497.31	578.20	543.54	555.95
Community liaison	3.00	21.38	22.31	23.13	24.81	31.00	28.31	42.13	36.75	42.06
Other	2.00	3.00	2.00	3.00	2.50	3.00	5.00	3.00	3.00	4.00
Total instruction	2,079.30	2,187.71	2,141.03	2,185.79	2,359.51	2,431.98	2,602.76	2,796.62	2,592.77	2,586.25
Pupil services										
Dean of students	27.50	25.50	30.00	29.80	35.80	37.80	42.00	38.00	22.00	26.50
Counselors	34.50	35.60	36.00	36.10	43.10	44.95	56.90	57.70	49.70	54.60
Health professionals	52.93	53.13	56.59	58.36	57.01	56.50	58.53	61.69	64.25	62.13
Media specialists	14.54	12.73	14.16	11.36	11.06	11.00	8.64	11.31	10.75	8.69
Social/psychology workers	41.20	43.80	43.60	48.30	53.20	59.60	65.80	68.90	65.97	63.27
Other	137.38	130.88	138.59	153.28	175.71	174.28	198.00	203.81	204.30	208.39
Total pupil services	308.05	301.64	318.94	337.20	375.88	384.13	429.87	441.41	416.97	423.58
Other support										
Clerical/secretarial	270.94	266.66	263.06	268.47	283.63	281.19	284.26	293.38	280.00	274.35
Custodial	181.63	176.75	177.38	173.50	164.25	163.13	170.38	171.88	194.63	196.25
Other	264.69	263.63	280.94	280.99	311.69	310.85	333.99	346.38	350.88	358.63
Total other support	717.26	707.04	721.38	722.96	759.57	755.17	788.63	811.64	825.51	829.23
Total	3,225.61	3,311.39	3,296.60	3,365.54	3,620.55	3,716.28	3,973.26	4,206.67	4,000.25	3,996.06

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

Note 1: Numbers revised based on updated data beginning 2009-10 and forward.

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

General Fund Expenses	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15 (5)	2015-16	2016-17	2017-18	2018-19
Instruction	\$ 158,925,409	\$ 166,416,407	\$ 368,846,950	\$ 169,613,315	\$ 182,903,162	\$ 194,331,144	\$ 204,436,613	\$ 195,371,903	\$ 183,563,711	\$ 193,776,497
Pupil services	15,408,721	15,566,161	-	14,359,872	16,196,570	17,075,917	19,605,908	28,210,627	27,288,441	32,633,910
Instructional services	12,034,331	10,018,711	-	11,172,413	11,996,057	15,628,538	17,785,523	17,676,391	17,722,877	20,499,772
General administration	4,241,098	5,628,662	-	4,954,686	5,237,806	5,652,784	4,728,324	5,710,424	5,933,877	6,461,773
School administration	20,817,836	20,700,354	183,563,711	22,044,077	25,635,355	29,932,093	33,539,515	33,355,525	31,940,343	32,048,934
Business administration	3,305,557	3,197,358	27,288,441	3,673,137	3,801,929	4,607,375	4,933,196	3,806,971	4,322,623	4,623,092
Operations and maintenance	26,306,026	27,749,692	17,722,877	29,044,242	30,918,559	32,529,804	33,283,315	33,066,841	31,401,259	33,398,155
Pupil transportation	6,562,780	6,482,994	5,933,877	6,789,957	8,459,834	7,962,099	11,526,689	10,324,559	9,685,256	9,971,232
Personnel data services	10,616,133	11,020,431	31,940,343	12,042,212	11,634,798	13,627,503	16,417,484	17,909,420	15,956,464	17,767,779
Other support services	856,800	2,322,955	4,322,623	2,449,196	2,377,324	2,269,592	5,448,368	5,575,263	7,061,048	15,059,609
Total operating expenses (1)	\$ 259,074,691	\$ 269,103,725	\$ 639,618,822	\$ 276,143,107	\$ 299,161,394	\$ 323,616,849	\$ 351,704,935	\$ 351,007,924	\$ 334,875,899	\$ 366,240,753
Funded pupil count (2)	31,698	32,661	33,190	33,518	35,022	35,277	35,318	34,935	34,077	33,626
Cost per pupil, per basis of accounting modified accrual basis	\$ 8,173	\$ 8,239	\$ 19,271	\$ 8,239	\$ 8,542	\$ 9,174	\$ 9,958	\$ 10,048	\$ 9,827	\$ 10,892
Percentage change	3.17%	0.81%	133.90%	-57.25%	3.68%	7.39%	8.55%	0.90%	-2.19%	10.83%
Total operating expenses per governmental statement of activities (3)	\$ 333,718,365	\$ 346,766,507	\$ 334,785,327	\$ 347,234,569	\$ 373,563,206	\$ 443,933,665	\$ 493,090,064	\$ 724,314,944	\$ 730,902,798	\$ 374,115,538
Full accrual basis	\$ 10,528	\$ 10,617	\$ 10,087	\$ 10,360	\$ 10,667	\$ 12,584	\$ 13,962	\$ 20,734	\$ 21,449	\$ 11,126
Percentage change	5.13%	0.85%	-4.99%	2.70%	2.96%	17.98%	10.95%	48.50%	3.45%	-48.13%
Percentage of students receiving free or reduced-price meals (4)	61.3%	65.2%	65.5%	60.3%	68.0%	69.4%	66.0%	66.5%	68.7%	66.0%

- Note 1: General Fund operating expenses exclude debt service & facilities acquisition and improvements program expenses.
 Note 2: Funded pupil count provided by Colorado Department of Education official October first enrollment data; excludes charter schools.
 Source: Colorado Department of Education Data Summary Report.
 Note 3: Source: CAFR Statement of Activities.
 Note 4: Percentage of current students receiving free or reduced-price meals data obtained from CDE website.
 Note 5: During 2014-15, the district adopted GASB 68. Prior year and earlier have not been restated for the adoption of GASB 68 because it is impractical to do so.

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

Average Teacher Salaries (1)	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Aurora Public Schools	\$ 53,807	\$ 52,009	\$ 51,479	\$ 51,479	\$ 52,928	\$ 48,704	\$ 54,230	\$ 54,406	\$ 54,742	\$ 56,405
State of Colorado	49,228	49,046	49,118	49,118	49,606	48,277	51,204	51,810	52,728	54,950
Teaching staff (2) (4) (5)	1,908	1,941	1,977	2,012	2,093	2,432	2,603	2,797	2,593	2,586
Pupil-teacher ratio (4)	19	20	20	20	19	19	19	18	19	18

Salary Grades

Educational Classification	Base Salary (3)						Average Salary in Each Range (3)					
	2014	2015	2016	2017	2018	2019	2014	2015	2016	2017	2018	2019
BA	\$ 38,422	\$ 39,286	\$ 39,286	\$ 39,757	\$ 39,757	\$ 42,598	\$ 45,921	\$ 47,084	\$ 46,104	\$ 46,330	\$ 47,831	\$ 48,151
BA + 15 hours	39,521	40,410	40,410	40,895	40,895	43,770	53,699	55,245	54,597	53,385	54,661	54,456
BA + 30 hours	40,607	41,521	41,521	42,019	42,019	44,928	54,352	55,645	56,409	57,851	60,410	61,556
BA + 45 hours	41,703	42,641	42,641	43,153	43,153	46,096	56,352	58,328	58,961	59,101	61,639	61,666
MA	42,812	43,775	43,775	44,300	44,300	47,277	56,560	58,295	57,209	56,779	58,118	58,056
MA + 15 hours	43,900	44,888	44,888	45,427	45,427	48,438	65,035	66,907	66,159	64,696	66,600	66,809
MA + 30 hours	44,989	46,001	46,001	46,553	46,553	49,598	68,259	69,868	67,748	67,317	67,624	67,446
MA + 45 hours	46,091	47,128	47,128	47,694	47,694	50,773	71,771	73,431	72,883	71,871	74,429	73,989
MA + 60 hours	47,183	48,245	48,245	48,824	48,824	51,937	75,166	72,473	71,727	70,289	72,701	72,925
MA + 75 hours	48,275	49,361	49,361	49,953	49,953	53,100	81,085	81,618	81,371	81,433	80,126	79,225
PhD	49,372	50,483	50,483	51,089	51,089	54,270	71,851	70,621	67,572	67,397	68,333	68,733

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

Source: <https://www.cde.state.co.us/cdereval/2018-19averagesalariesforteacherspdf>

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

Note 3: Data provided by district Human Resources Department.

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

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

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

	Fiscal Year (1)									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Elementary Schools (3)										
Number of sites	29	28	28	28	28	28	28	28	28	28
Square feet	1,452,607	1,455,915	1,506,085	1,522,641	1,529,800	1,532,729	1,534,745	1,543,246	1,541,806	1,541,806
Capacity	14,277	13,764	16,164	16,377	16,764	16,764	16,764	16,914	16,864	16,839
Enrollment	14,301	14,175	13,830	14,271	14,517	15,242	14,561	13,119	12,175	11,038
K-8 Schools (3) (4) (5)										
Number of sites	4	6	6	6	6	6	7	7	7	7
Square feet	278,244	430,541	431,981	444,077	451,853	451,853	557,925	550,823	550,823	558,599
Capacity	2,314	3,753	3,828	3,928	4,428	4,428	5,204	5,204	5,204	5,379
Enrollment	2,382	3,271	3,835	3,817	3,957	4,170	4,776	4,677	4,653	4,822
Middle Schools										
Number of sites	7	7	7	7	7	7	7	7	7	7
Square feet	844,997	842,117	846,898	848,338	854,068	854,098	855,538	868,862	870,302	853,808
Capacity	7,814	6,738	8,057	8,257	8,507	8,507	8,557	8,557	8,607	8,032
Enrollment	5,817	5,745	6,042	6,153	6,479	6,637	6,548	6,367	6,216	6,062
High Schools										
Number of sites	5	5	6	6	6	6	6	6	6	6
Square feet	1,083,679	1,083,679	1,300,011	1,300,011	1,300,011	1,300,011	1,302,891	1,315,561	1,315,561	1,351,267
Capacity	7,843	8,043	9768	9718	9,681	9,681	9,781	9,831	9,831	10,730
Enrollment	8,499	8,397	8444	8646	9,003	9,379	9,577	9,884	9,504	9,179
Technical Schools										
Number of sites	1	1	1	1	1	1	1	1	1	1
Square feet	172,486	172,486	172,486	172,486	172,486	172,486	172,486	174,502	174,502	182,278
Capacity (2)	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Enrollment	1,507	1,596	1,348	1,328	1,292	1,216	1,510	1,314	1,204	1,211
Total										
Number of sites	46	47	48	48	48	48	49	49	49	49
Square feet	3,832,013	3,984,738	4,257,461	4,287,553	4,308,218	4,311,177	4,423,585	4,452,994	4,452,994	4,487,758
Capacity	34,098	34,148	39,667	40,130	41,230	41,230	42,156	42,356	42,356	42,830
Enrollment	32,506	33,184	33,499	34,215	35,248	36,644	36,972	35,361	33,752	32,312

Note 1: Student count based on actual enrollment.

Source: Aurora Public Schools Division of Support Services Planning Department provided square footage amounts (includes mobile units).

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

Source: Pickens Technical College - student services.

Note 3: 2009-10 adjusted to actual.

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

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

**REPORTS REQUIRED BY
UNIFORM GUIDANCE**



**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Expenditures of Federal Awards
June 30, 2019**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	2018-2019 Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Colorado Department of Education:			
School Breakfast Program	10.553	4553	\$ 3,534,184
National School Lunch Program	10.555	4555	9,498,350
Special Milk Program for Children	10.556	4556	9,392
Summer Food Service Program for Children	10.559	4559	<u>118,463</u>
Passed through Colorado Department Human Services:			
Donated Commodities	10.555	4555	<u>1,199,138</u>
Child Nutrition Cluster Subtotal			14,359,527
Child and Adult Care Food Program	10.558	4558	167,129
National School Lunch Equipment Assistance	10.579	5579	<u>16,055</u>
U.S. Department of Agriculture Total			<u>14,542,711</u>
<u>U.S. Department of Education</u>			
Direct:			
Indian Education - Grants to Local Education Agencies	84.060	4060	<u>12,273</u>
Federal Supplementary Educational Opportunity Grants	84.007	5007	17,950
Federal Work-Study Program	84.033	5033	15,005
Federal Pell Grant Program	84.063	5063	<u>1,082,699</u>
Student Financial Assistance Cluster Subtotal			<u>1,115,654</u>
Passed through Colorado Department of Education:			
Special Education - Grants to States	84.027	4027	8,077,883
Special Education - Preschool Grants	84.173	4173	<u>232,024</u>
Special Education Cluster Subtotal			<u>8,309,907</u>

The accompanying notes are an integral part of this Schedule.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
Schedule of Expenditures of Federal Awards (continued)
June 30, 2019**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	2018-2019 Federal Expenditures
Passed through Colorado Department of Education (continued):			
		4010, 5010 &	
Title I Grants to Local Educational Agencies	84.010	7010	12,611,606
Title I Part C Education of Migrant Children	84.011	4011	1,248,983
Career and Technical Education - Basic Grants to States	84.048	5048 & 6048	662,289
Charter Schools	84.282	5282	707,319
Twenty-First Century Community Learning Centers	84.287	5287	679,455
Special Education - State Personnel Development	84.323	5323	20,093
		4365 & 5365 &	
English Language Acquisition Grants	84.365	6365 & 7365	994,540
Title II Part A Supporting Effective Instruction State Grants	84.367	4367	1,490,067
School Improvement Grants	84.377	7377	1,171,946
Student Support and Academic Enrichment Program	84.424	4424	292,886
U.S. Department of Education Total			29,317,018
<u>U.S. Department of Health and Human Services</u>			
Passed through Colorado Department of Education:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	7243	473,401
<u>Other Federal Assistance</u>			
Air Force Jr. ROTC	12.000	N/A	111,751
Total Expenditures of Federal Awards			\$ 44,444,881

The accompanying notes are an integral part of this Schedule.

**JOINT SCHOOL DISTRICT NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

Notes to Schedule of Expenditures of Federal Awards

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the district under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the district, it is not intended to and does not present the financial position, changes in net position or cash flows of the district.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The district has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The district provided no federal awards to subrecipients.
4. The district receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received and are recorded at fair value at the time of receipt. The commodities are recognized as expenditures when used by schools. The majority of the commodities are stored at the individual schools instead of a central warehouse. As such, the district has determined that the title to the commodities passes to the district upon receipt of the commodities. Since the district has received title to the commodities, the unused commodities are not reflected as unearned revenue. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The district recognized noncash awards of \$1,199,138 for the year ended June 30, 2019.

**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**

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019. Our report includes a reference to other auditors who audited the financial statements of Aurora Academy, Global Village Academy, Academy of Advanced Learning, Lotus School for Excellence, Vanguard Classical School, AXL Academy, Rocky Mountain Preparatory School, Vega Collegiate Academy, and Denver School of Science and Technology – Aurora Science and Tech, as described in our report on the District's financial statements. This report does not include the results of other auditor's testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of AXL Academy, Academy of Advanced Learning, Vanguard Classical School, Vega Collegiate Academy, and Denver School of Science and Technology – Aurora Science and Tech, component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Denver, Colorado
November 8, 2019

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

BKD, LLP

Denver, Colorado
November 8, 2019

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2019**

7. The District's major programs were:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

8. The threshold used to distinguish between Type A and Type B programs was \$1,333,346.

9. The district qualified as a low-risk auditee?

10. Yes 11. No

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2019**

Section II – Financial Statement Findings

**Reference
Number**

Finding

No matters are reportable.

**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2019**

Section III – Federal Award Findings and Questioned Costs

**Reference
Number**

Finding

No matters are reportable.



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**Joint School District No. 28-J of the
Counties of Adams and Arapahoe, Colorado
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019**

Reference Number	Finding	Status
2018-001	Response: The district has implemented procedures for appropriate funding allocation towards equitable services. The district has a title coordinator responsible for the budgeting and allocation of all Federal programs funding, including Title II Part A. This allows another level of review and approval for budgeting from the coordinator to the director. The district has applied the discrepancy of the FY 2017-18 allocations to the FY 2018-19 equitable services allocation.	Corrective action taken