

Comprehensive Annual Financial Report

*For the fiscal year ended
June 30, 2017
Jefferson County, Colorado*



Our Mission:
*To provide a quality education
that prepares all children
for a successful future.*

Jefferson County School District No. R-1
Jefferson County, Colorado



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Presented to the Board of Education

Board Members

Ron Mitchell, President

Ali Lasell, First Vice President

Susan Harmon, Second Vice President

Amanda Stevens, Secretary

Brad Rupert, Treasurer

Superintendent

Jason E. Glass

Prepared by the Financial Services Division
Kathleen Askelson, Chief Financial Officer
Stephanie Corbo, Director of Finance

Jefferson County School District, No. R-1
Comprehensive Annual Financial Report

June 30, 2017

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November 8, 2017

To the Board of Education and citizens of Jefferson County Public Schools:

The Comprehensive Annual Financial Report for the Jefferson County School District (the District) as of and for the fiscal year ended June 30, 2017, is submitted herewith. State law requires that all local governments publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the management of the District. This report was prepared by Financial Services, and to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operations of the various funds of the District. The District's comprehensive framework of internal controls provides assurance of the accuracy of the reports. District management is responsible for establishing and maintaining internal controls designed to ensure the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. As the cost of internal controls should not outweigh the benefits, the outcome is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Under provisions of Article 29-1-603, Colorado Revised Statutes, 1973, an independent public accounting firm must perform an annual audit of the District's accounts. CliftonLarsonAllen LLP, Certified Public Accountants, have issued unmodified ("clean") opinions on the District's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report. The independent audit of the District's financial statements also included the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the District's Single Audit for the fiscal year ended June 30, 2017, provided no instances of material weaknesses in internal controls or material violations of applicable laws, regulations, contracts and grants. These reports are located in the Single Audit section of this report.

Readers of this report are encouraged to consider the information presented here in conjunction with additional information presented in Management's Discussion and Analysis found on pages 17–29 of this report. All disclosures necessary to enable the reader to gain an understanding of the financial activities for the fiscal year ended June 30, 2017, have been included.

The District's Profile

Jefferson County School District, No. R-1 (Jeffco) is the second largest K-12 school district in the state of Colorado. The District was formed in 1950 when 39 independent districts were consolidated into a countywide District encompassing the 774 square miles of Jefferson County and five square miles of the City and County of Broomfield, Colorado. The District is a legally separate, primary government entity that operates under an elected five member Board of Education. The Board of Education is the policy-making body of the District. The Board is responsible for educational planning and evaluation, staffing and appraisal, school facilities, financial resources and communication. Board members are elected to alternating four-year terms with elections held every two years. Board members represent a specific area

of the county but are elected at large. The District provides a full range of educational programs and services authorized by Colorado state statute to over 85,000 enrolled students. District programs and services include basic K-12 education in elementary schools, middle schools, high schools, option schools, special education, vocational education, preschool and numerous other programs.

In 2017, the District increased to 17 operating charter schools that are legally separate entities with the opening of Doral Academy. The charter schools are funded based on the Colorado Department of Education stated per pupil revenue. This revenue is directly allocated to each charter school. The charter schools are disclosed as discretely presented component units of the District.

Colorado state statutes require that the District adopts the budget in June prior to the beginning of the subsequent fiscal year. Budget revisions may be adopted prior to January. The District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education. Activities of all funds are included in this report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end and are generally re-established in the following year as an obligation against that year's appropriated budget. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

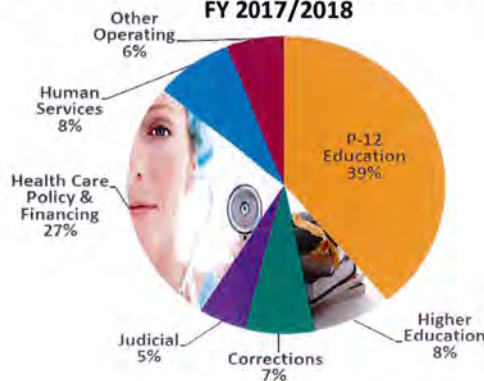
Assessment of the District’s Economic Condition

Growth in the national economy is expected in 2017. Growth in the oil and gas industry has begun to improve and strengthen with continued consumer spending. The national gross domestic product (GDP) grew 1.6 percent in 2016, trending at a slower pace than prior year. Growth was primarily due to consumer activity related to higher priced items that include cars, household appliances, and residential structures/remodeling. The slower rate of growth has contributed to the lower business investment and a strong U.S. dollar which constrained U.S. exports. Business investment and consumer activity is expected to drive growth, showing a GDP of 2.4 percent in 2017 and a forecast of 2.4 percent in 2018.

Although Colorado’s economy has been trending above the national average, it continues to grow at a slowed pace and is aligning closer to the national pace for the remainder of 2017. The recovery of the oil and gas industry has positively impacted the nation; while Colorado’s housing and labor markets continue to grow at a slowed pace. Despite the economic growth of the state slowing, signs are strong that Colorado’s economy will continue to expand in 2017 and going into 2018.

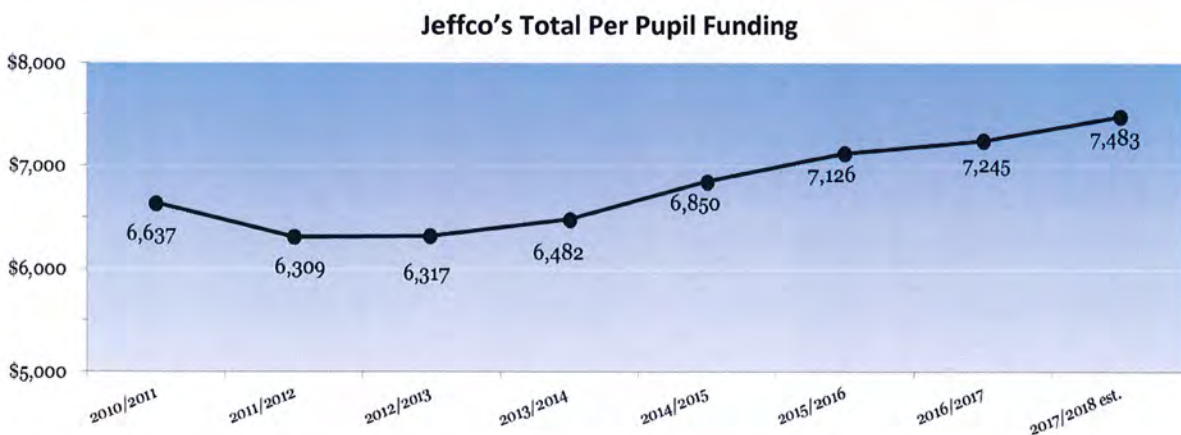
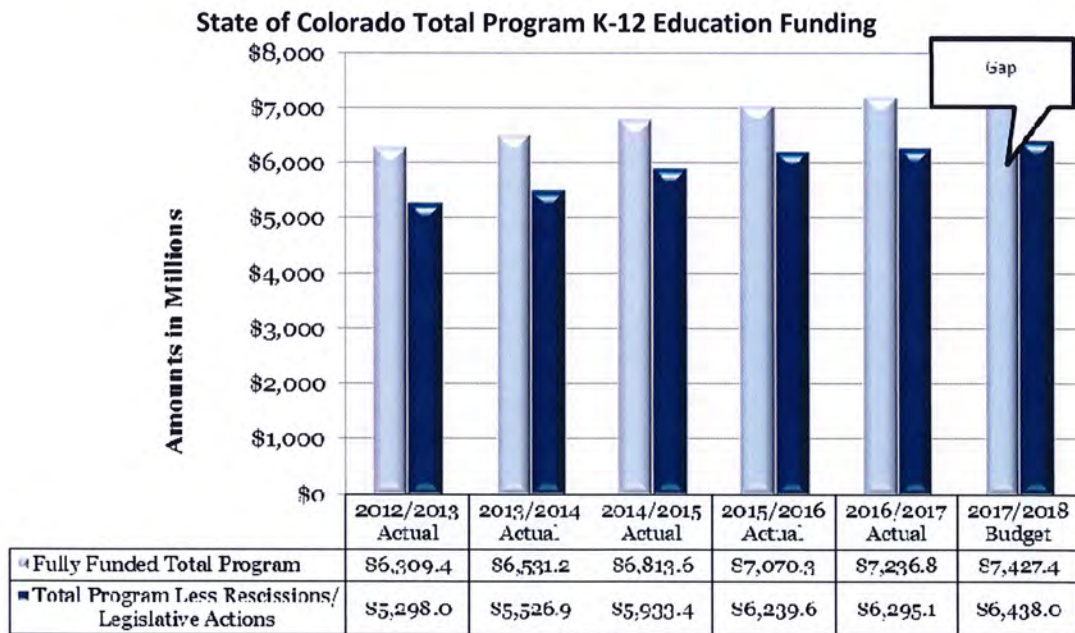
Colorado State revenue continues to grow at a moderate pace. During legislative session, the state addressed a few budgetary structural dilemmas; however ongoing issues continue to plague the state. The Residential Assessment Rate (RAR) is decreasing from 7.96 to 7.20 percent for the first time since 2003 due to the limitations of the Gallagher Amendment. While Colorado is in a healthy residential market, the assessed values will decrease, while nonresidential values increase, a net projected loss for the state. The restructure of the Hospital Provider Fee has provided some relief. The state was able to balance the 2017/2018 budget with no change to the budget stabilization (negative) factor, which currently reduces K-12 funding.

**State of Colorado – General Fund Operating Budget
FY 2017/2018**



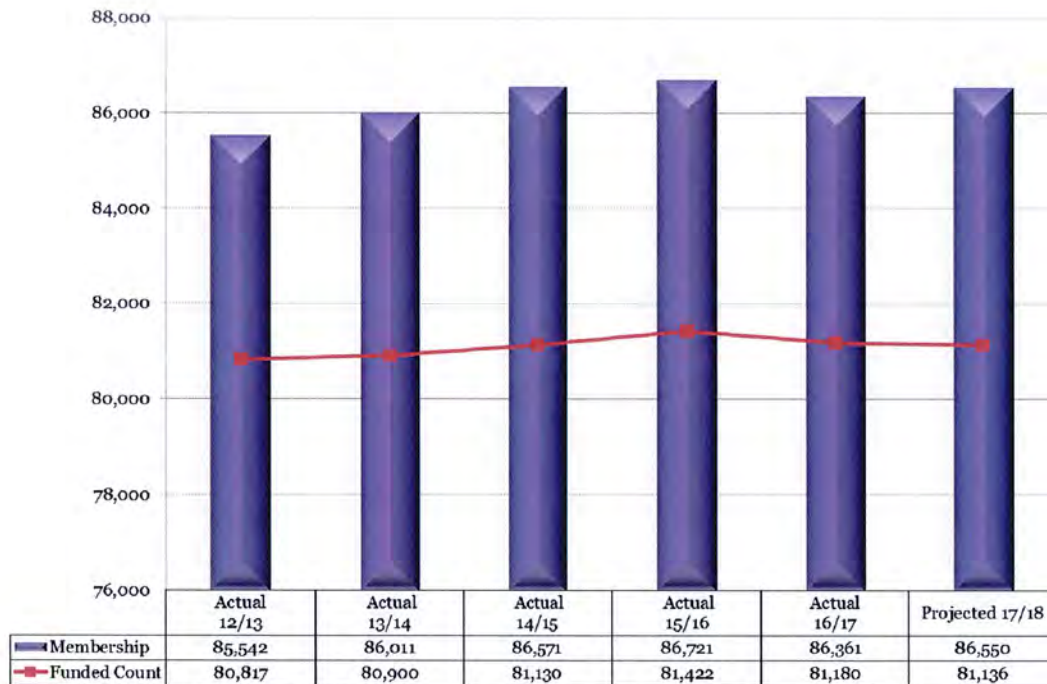
Totals may not sum due to rounding. Source: Joint Budget Committee

Colorado school districts are funded based on a formula that is comprised of revenues from local property taxes and state funding. This formula contains several factors that address different demographic needs of districts. To accommodate prior year state revenue challenges, a budget stabilization (negative) factor was incorporated into the State School Finance Act formula to proportionately reduce funding to school districts. This factor is the mechanism used by the state to balance the budget while remaining within the legal limits of the funding formula. The total budget stabilization (negative) for fiscal year 2016/2017 was \$828 million; the District share is \$76 million. For fiscal year 2017/2018, the School Finance Act funded 2.8 percent for inflation, increasing base per pupil funding, and anticipated student growth. There continues to be concern at the state level of the ability to sustain the funding in ongoing years with other budgetary required pressures and TABOR refunds from the state. The chart below illustrates the gap in funding created by the budget stabilization (negative).



**2016/2017 - CDE has based Total Program and Per Pupil funding numbers on projected enrollment and adoption of the School Finance Act.
 **2017/2018 assumes the budget stabilization (negative) factor decreases to \$828M, and enrollment decreases slightly from 2016/2017.

The shift in demographics of Jefferson County also contributes to the District's budget challenges. The population of the county is impacted by multiple factors. Economic influences, low birth rates, aging populations of neighborhoods, and affordable housing all effect the student growth in the District. As some areas of the District remain flat or have declining enrollment, other areas show significant growth. Significant shifts in enrollment can cause changes in facility needs and issues of building utilization.



Major Initiatives

Jeffco 2020

In 2015/2016, District leadership worked with students, staff and the community to build a new strategic plan. The Jeffco 2020 Vision Strategic Plan defines the characteristics of a successful graduate for 2020 and beyond:

In order for students to pursue their life goals by 2020 all Jeffco graduates will be able to successfully apply the following competencies: Content Mastery, Civic & Global Engagement, Communication, Critical Thinking & Creativity, Self-Direction & Personal Responsibility.



Three strategies make up the plan and include essential actions focused on specific Jeffco 2020 competencies; the 2015-2017 Strategic Plan for the Jeffco 2020 Vision is as follows:

Empower to Educate, Inspire to Learn – including:

Prioritize and develop resources for social, emotional, and physical wellness to promote the whole child development.

Establish feedback and mechanisms for families and other stakeholders for two-way communication about performance on student learning outcomes and whole child development.

Connect to College, Career and Life Aspirations – including:

Student Learning Expectations – prioritizing what students need to know and be able to do

High Quality Instruction – creating the conditions for engaged teaching, learning and ongoing progress

Balanced Assessment Practices – utilize assessment data, provide stakeholders with useful data and performance assessments and alternative measures to assess student learning

Multiple Pathways – ensuring access and opportunity for all Jeffco students

Leadership Development for all Stakeholders – including:

High Quality Professional Learning – professional growth and leadership development

Leadership Development and Collaboration – that supports educators, shared leadership, and school/District leadership.

Continuous Improvement – commitment to Jeffco 2020 competencies for all Jeffco students

Fiscal Management and Strategic Policies

The District has adopted a conservative approach for long-range planning to improve the financial condition of the District. The following are the key components of this plan:

- The budget cycle for each budget year will begin in the fall to ensure adequate time for input and any program adjustments due to projected revenue increases or decreases.
- The District's annual budget is projected for the next four years to enable long-range planning, identify and correct possible issues, and ensure fiscal responsibility.
- The District continues to support the internal audit department to provide site evaluations of accounting and internal control processes.
- An independent citizen Financial Oversight Committee meets to review District financial management practices, activities, make recommendations, and report to the Board of Education.
- The Audit Committee assists and supports the Board of Education with fulfilling its fiduciary responsibilities. The committee is comprised of members of the Board of Education and community.
- Quarterly financial reports are a Board of Education agenda item. The Board reviews the quarterly reports with the Financial Oversight Committee and the Audit Committee. The reports are designed to meet the Colorado Revised Statute 22-45-102 requirements.

Budget Development Process

The budget development process is a long-term initiative that aligns available resources to positively impact student achievement. The District's approach encourages communication and leverage between organizational units within the entire District and focuses attention on District goals. Staff and community input during the process is a key component of its success. The District is committed to the continued process of long range planning with the strategic plan as a benchmark for decisions. Please refer to the 2017/2018 Adopted Budget for details on the budgeting process.

Student Based Budgeting

Student based budgeting (SBB) continues to provide the opportunity for principals to make site-specific, student based decisions on the deployment of resources to obtain the greatest student achievement. It provides greater flexibility to support students' needs and goals, is a uniform and consistent funding model across all schools, and provides better transparency for school funding. District leadership continues to partner with principals, ensuring the SBB model continues to support such needs.

Budgeting For Outcomes

With the successful launch of Budgeting for Outcomes (BFO), the district has fully implemented BFO for the 2017/2018 fiscal year. BFO continues to use an explicit planning process to identify District-wide goals and aims to fund programs that will directly contribute to the success of those identified goals. Recognizing that Jeffco's community requires change from year to year, BFO allows for budgeting based on current goals for the upcoming budget year and consideration for other departments' future needs. Please refer to the 2017/2018 Adopted Budget for details on specific department BFO forms.

Student Achievement

The District's focus on student achievement includes meeting the goals defined by Jeffco's Board of Education, the Colorado Department of Education and the federal government as indicated below:

- 1) Jeffco's Board of Education has defined specific academic targets in the following Board Policy Ends:
 - Ends 1: Every school and the District will have an engaging climate and culture.
 - Ends 2: Every school and the District will ensure that every student has the opportunity to work towards being connected to career, college and/or life aspirations through systems and practices.
 - Ends 3: Every school and the District will have effective learning systems and shared leadership.
- 2) The Education Accountability Act of 2009 (SB 09-163) holds the state, districts, and individual public schools accountable for performance on the same set of indicators and related measures statewide.

The state accountability system is administered by the Colorado Department of Education (CDE). Colorado aims to prepare all students for postsecondary learning or to enter the workforce by the time they graduate from the K-12 system. CDE has defined three performance indicator areas key to achieving this outcome:

- Academic Achievement
- Academic Growth
- Postsecondary and Workforce Readiness (high school only)

CDE's District Performance Framework and School Performance Framework reports provide information about the levels of attainment in each of the four performance indicators. For districts, the overall evaluation leads to their accreditation. For schools, the overall evaluation leads to the type of plan schools will implement.

- 3) The Federal government passed the Every Student Succeeds Act (ESSA) in December 2015 with forthcoming regulations for educational accountability.

Licensed Employee Compensation Challenges

Having an effective teacher in every classroom remains at the center of the Human Resources work. Multiple factors contribute to this including a robust selection process; targeted, job-embedded professional development; performance management processes; and competitive pay and benefits. In the spring of 2017 the District negotiated compensation increases for effective educators that included experience steps, credit and degree advancement, and a 2 percent COLA. It is important to note that the district's ability to fund these compensation items was dependent on the reprioritization of other district work—the District self-funded these compensation increases through budget and staff reductions. Even so, the District continues to lag other metro districts in paying competitive wages. Many of those districts were able to provide a 2.8 percent COLA.

21st Century Learning Environments – Capital Improvements

The condition of the physical infrastructure is integral to the core mission of the District. The District transfers revenue to the capital reserve fund in order to expand, improve and maintain its existing property portfolio. This capital improvement process extends over multiple years to multiple decades and is measured in the context of long-term life-cycle management. Once constructed, a facility has a service life of at least 50 years.

The District's policy for capital improvement funding has been that all large scale capital improvement projects are financed through the use of general obligation bonds. Those projects include construction of new facilities and capital renewal including, but not limited to, additions to existing facilities, major renovations, replacement of roofing, envelope improvements (doors, windows), and building systems such as heating/ventilating, electrical and plumbing. When bond funding has not been available and there is a critical need for new buildings or additions, certificates of participation or reserves have been used as a funding vehicle.

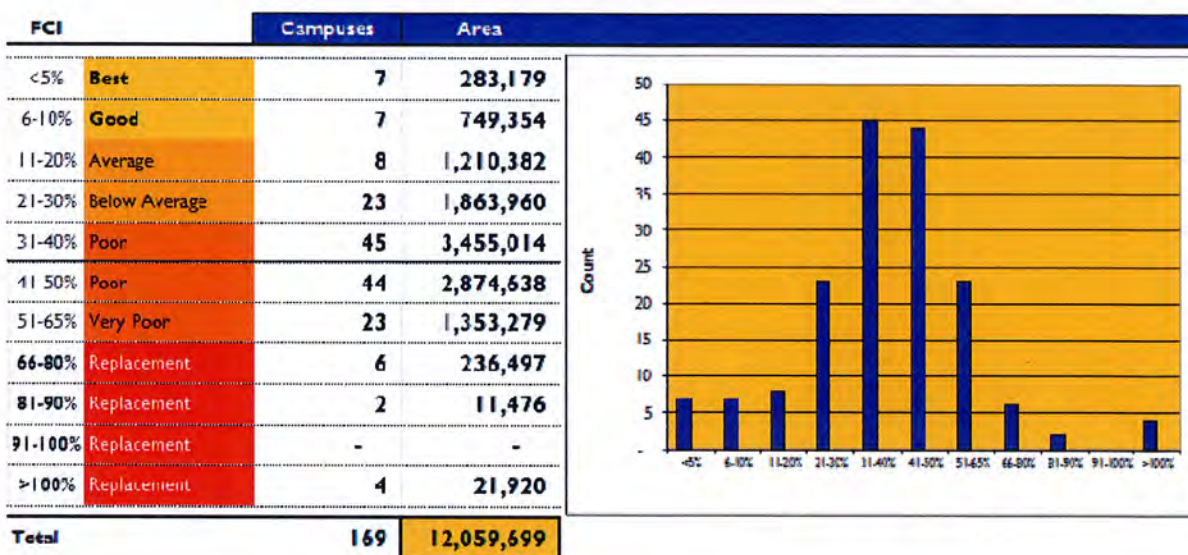
All smaller scale capital improvements are financed from the capital reserve fund. The capital reserve fund will spend between \$17 million and \$19 million each year for capital improvements to facilities. The amount, while seemingly large, becomes small when put in the perspective of supporting 89 elementary schools, five K-8 schools, five preschool centers, 17 middle schools, 15 high schools, two 7-12 schools, 17 districtwide/option schools, four stadiums, and numerous other programs and support facilities with an area of approximately 12 million square feet and replacement value of \$2.75 billion. The District's facility master planning process is critical in prioritizing the needs for schools. Projects in this category include improvement or replacement of finishes, fixtures and furnishings, security systems, fire alarm, parking lots, site work and minor remodeling.

The Capital Asset Advisory Committee was formed to monitor the planning of capital needs and the implementation of capital projects, which may include future bond programs. The Capital Asset Advisory Committee is made up of independent citizens with experience in the construction industry.

District Wide Facilities Master Plan

In compliance with District policies, long-term facilities planning and the development of a District-wide Facilities Master Plan (FMP) is continuing work, of which, current and accurate data is the foundation. In 2009, to ensure consistent and objective collection of data, the District authorized a comprehensive assessment of its facilities. The assessment consisted of a capacity analysis, an educational adequacy assessment, a building condition assessment and a review of all site and building systems with a life cycle renewal forecast. The first Facility Condition Assessment Summary of Findings was published in September 2010. Each year, staff completes the annual cycle of assessing one-third of the District's facilities, as well as updated cost estimates and life cycle forecasts. These up-to-date assessments are used for planning and prioritization of all capital spending. Part of the assessment process assigns a Facility Condition Index (FCI) to District facilities. The FCI provides a relative scale of the overall condition of the facility or group of facilities within a facility portfolio. The District will continue to be diligent in analysis, monitoring and management of facilities. The facilities master plan is considered as part of the overall financial plan. Below is a summary of FCI by Site Location from the 2016-2017 Summary of Findings.

Districtwide Facility Condition Index (FCI) w/Life Cycle by Site Location



Renewed Instructional and Business Technology Systems

The District Technology Plan guides the District's technology decisions, and because of the rapid changes in technology, the plan is updated every year. The plan objectives, expectations and measurements are reviewed and modified in order to accommodate technology changes and/or funding challenges. The FMP articulates a common District vision and identifies strategies for the use of technology in promoting guaranteed and viable curriculum standards and for developing critical thinking skills that are essential for academic and workplace success. During the spring of 2015/2016 school year, a Technology Convocation team consisting of principals, teachers, digital librarians and staff from the Educational Research and Design (ERD) and Information Technology (IT) departments met to revise the previous 2011-2015 technology plan and complete the 2017-2020 version published in early 2017.

This multi-year technology plan outlines the strategic goals of the District utilizing the Jeffco 2020 vision, Horizon's K12 2016 report, Obama's ConnectED, and the International Society for Technology in Education (ISTE). The Jeffco Schools Technology Plan is designed to meet three key objectives: 1) Security – to provide reliable systems and processes to adequately protect all potentially sensitive data while instilling digital citizenship; 2) Communication – to prioritize effective, thorough and timely communications to, from, and between students, teachers, school leaders, parents and District staff as it pertains to educational and information technology in the District; and 3) Equitably empower – to enable all Jeffco schools to realize their student achievement goals by empowering them with technological decision-making tools, infrastructure and support.

In addition, the Technology and Data Privacy Advisory Committee (TDPAC) advises the Board of Education on District technology strategies, systems and overall data governance. The committee reviews the District's technology plan considering alignment with instructional goals and opportunities for technology innovation as well as District privacy policies and practices. Data governance and the protection of student and staff information is also a critical focus at the District. Ensuring that data is protected with all technology processes is required to create a consistent and secure handling of the data across the District. Jeffco has maintained its status as a national K-12 technology leader with the collaboration of technology and instructional staff to develop and implement robust data systems. As the District thinks strategically about emerging instructional trends, ERD, with support from IT, is leading efforts to plan and implement the build-out of our IT infrastructure – a three phase approach was developed to address these critical infrastructure needs: Classroom Wireless Access, Internet Access, and Wide Area Network (WAN) which connects schools (buildings) to the District offices (Ed Center/Quail) our "School Links." The IT department has completed two of the three phases: 1) Funding was approved for the Mobile Device Readiness (MDR) program in 2010 and is ongoing to support a sustainable classroom learning environment; 2) Internet access was addressed in 2016 with the implementation of the Front Range GigaPop Fiber Ring allowing internet speeds capable of delivering the demand for our students and educators; and 3) Phase III involves our school links and re-architecting the network they use to connect to the internet. Currently phase III involves a proof of concept (POC) in the Northwest Arvada area where we have partnered with the City of Arvada to build the next generation network for six District sites. After reviewing the POC to determine feasibility of the entire project, a formal project will be initiated to further the work and involve other municipalities and their divisions such as (emergency services, libraries, etc.).

Awards and Acknowledgements

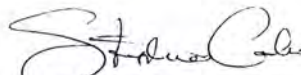
The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Jefferson County School District, No. R-1, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the thirty-fourth consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to thank our Superintendent Dr. Jason Glass and the Board of Education for their interest and support in planning and conducting the financial operations of the Jefferson County School District in a responsible and professional manner. We would also like to express our appreciation to the District's independent auditors, CliftonLarsonAllen LLP, for the expert manner in which they have accomplished the audit.

Respectfully submitted,



Kathleen Askelson
Chief Financial Officer



Stephanie Corbo
Director of Finance



Government Finance Officers Association

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

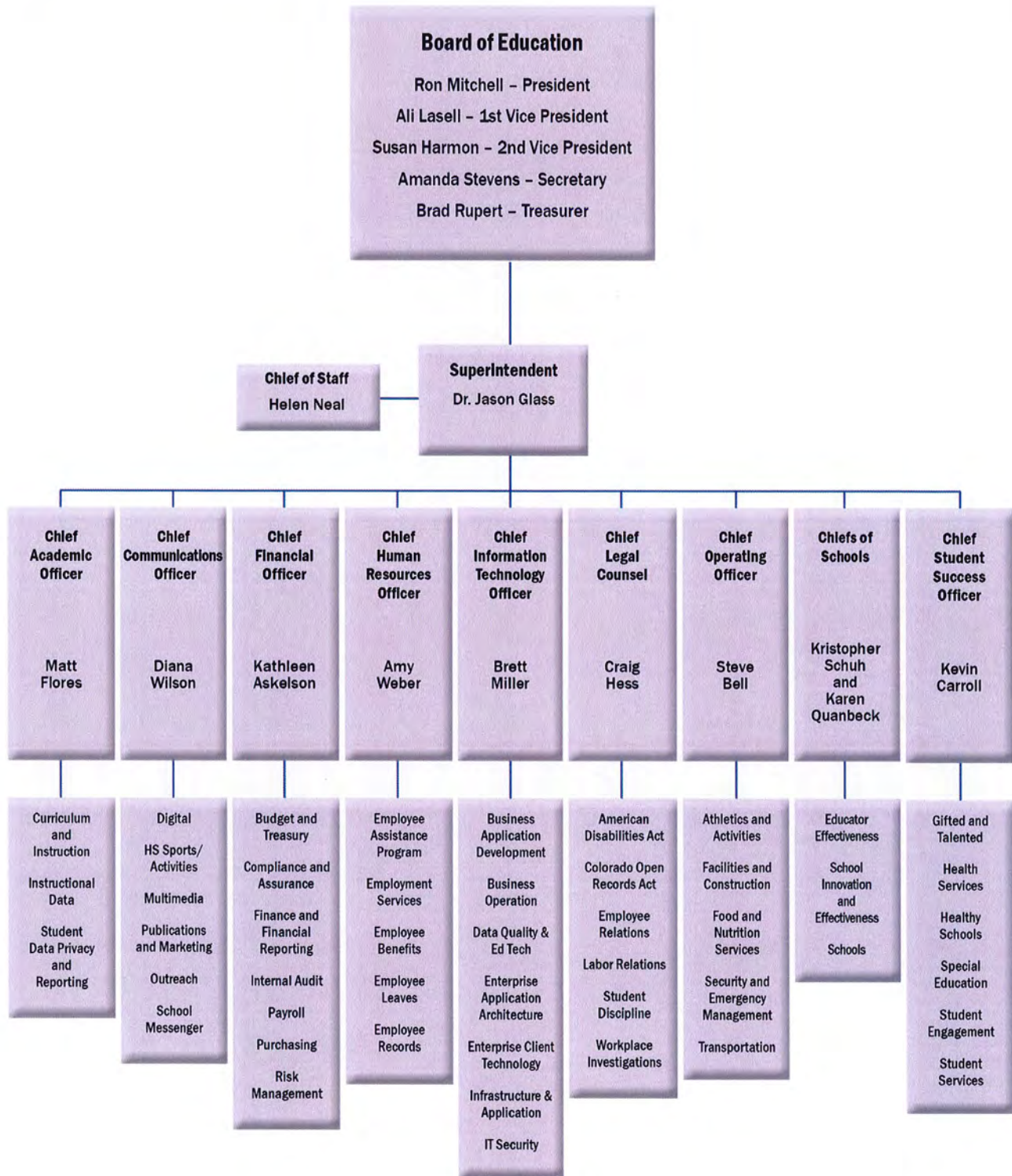
Presented to

**Jefferson County
School District No. R-1
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



Note: Detail is presented at the division and fund level. For department detail, see the Jeffco Public Schools website.

Superintendent's Cabinet

- Dr. Jason Glass Superintendent
- Helen Neal Chief of Staff for Superintendent and BOE
- Matt Flores.....Chief Academic Officer
- Diana Wilson Chief Communications Officer
- Kathleen Askelson..... Chief Financial Officer
- Amy Weber Chief Human Resources Officer
- Brett Miller..... Chief Information Technology Officer
- Craig Hess..... Chief Legal Counsel
- Steve Bell Chief Operating Officer
- Karen Quanbeck..... Interim Chief of Schools, Elementary
- Kristopher Schuh..... Interim Chief of Schools, Secondary
- Kevin Carroll..... Chief Student Success Officer





CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Education
Jeffco Public Schools
Jefferson County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County School District, No. R-1 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Golden View Classical Academy, a component unit of the District, which represents 4 percent and 8 percent, respectively, of the assets and deferred outflows of resources and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Golden View Classical Academy in the aggregate discretely presented component units, is based solely on the report 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 Golden View Classical Academy, a component unit of the District, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information the District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Grants Fund 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 on pages 17-29, the schedule of the District's proportionate share of the net pension liability on page 77, and the schedule of contributions and related ratios on page 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual nonmajor fund financial statements and schedules, the combining component unit financial statements and schedules, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

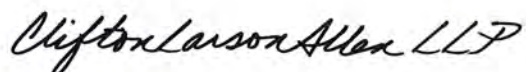
The combining and individual nonmajor fund financial statements and schedules, the combining component unit financial statements and schedules, and the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, by us and other auditors.

In our opinion, based on our audit, the procedures performed described above, and the report of other auditors, the combining and individual nonmajor fund financial statements and schedules, the combining component unit financial statements and schedules, and the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result 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.



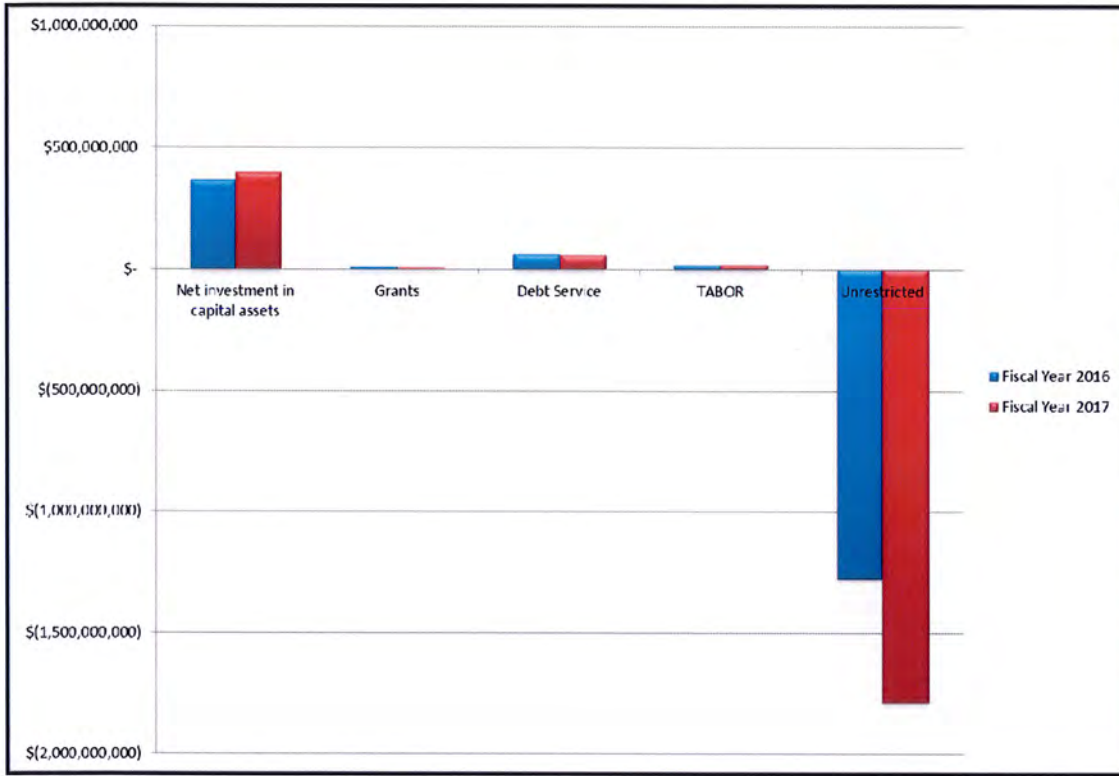
CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 8, 2017

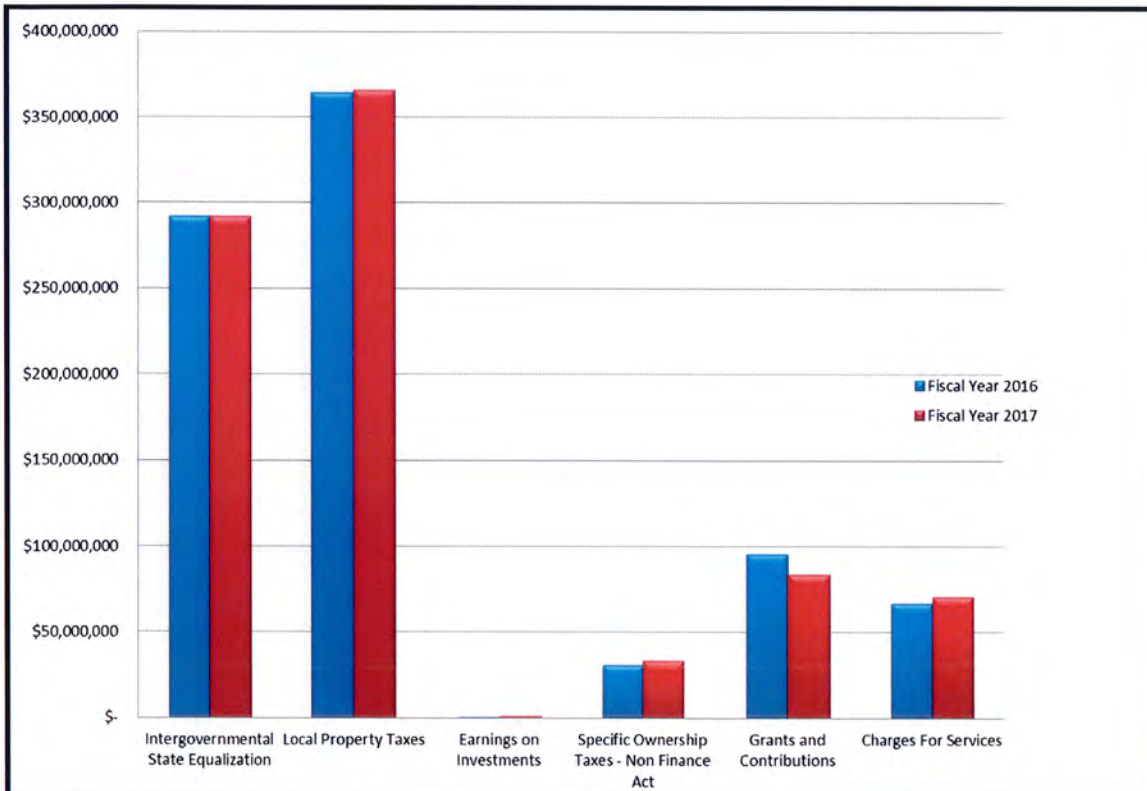


Management's Discussion and Analysis

Jefferson County School District, No. R-1
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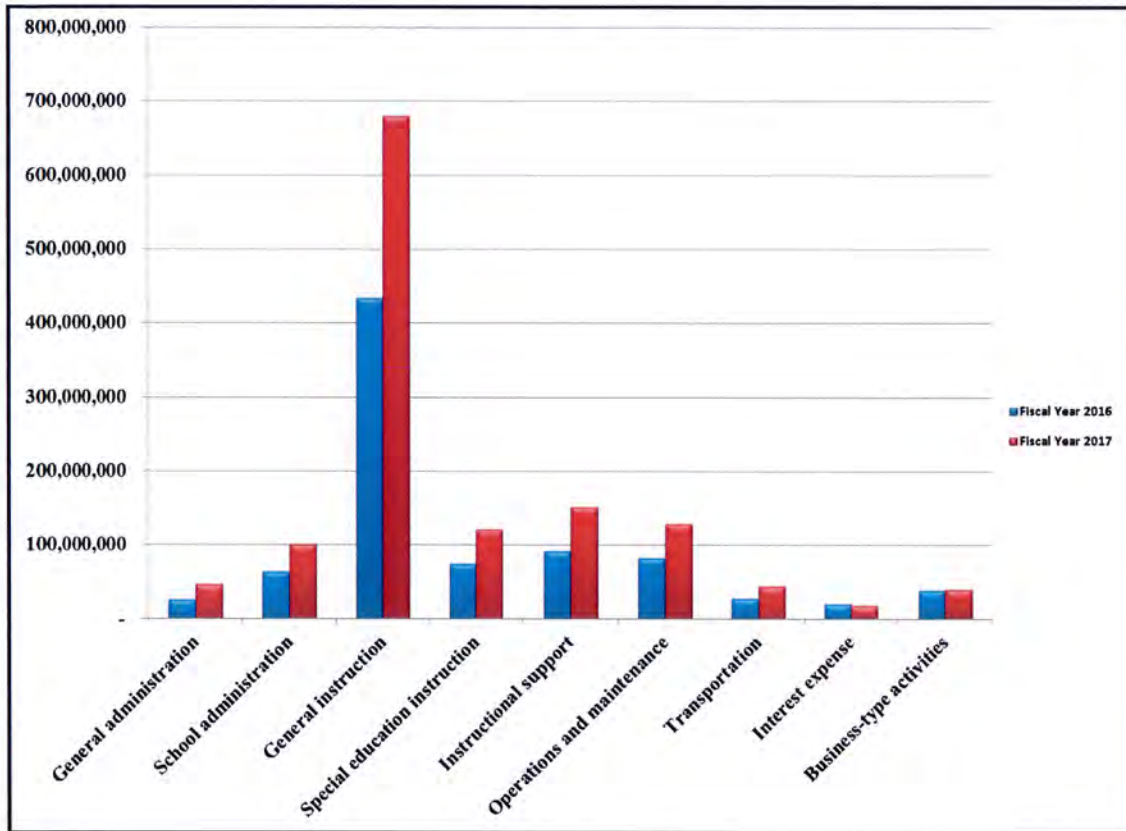


Primary Government Government-wide Net Position: Decreased \$485 million from prior year



Primary Government Government-wide Revenues: Decreased \$5 million from prior year.

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Primary Government Government-wide Expenses:
Increased \$474 million from the prior year

The management of the Jefferson County School District, No. R-1, Jefferson County, Colorado (the District) offers readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the primary government for the fiscal year ended June 30, 2017. The District encourages readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages 1-8.

FINANCIAL HIGHLIGHTS

- Total government-wide net position decreased \$485 million in fiscal year 2017. Net investment in capital assets increased \$28 million. This increase was offset by the change in pension expense from the District's share of the Public Employees' Retirement Association of Colorado (PERA) net pension liability for the year ended June 30, 2017, totaling \$3.1 billion. This change in the liability significantly impacted the unrestricted portion of net position.
- Government-wide total assets decreased \$35 million. The year over year decline in assets was mainly driven by spending of the bond and COP proceeds for construction last year.
- Deferred outflows of resources increased from the District's share of the PERA liability. The recognition of the difference between expected and actual experience, contributions after the plan measurement date, changes in assumptions, changes in proportionate share, and change in the investment earnings added \$1.2 billion.
- Government-wide total liabilities increased \$1.5 billion from the prior year due to the District's share of additional pension liability from participation in PERA.
- Deferred inflows of resources decreased from participation in PERA. The change in proportionate share of the District's liability, changes in assumptions, and in experience decreased \$29 million.
- The combined governmental fund balance for fiscal year 2017 is \$245 million, a decrease of \$40 million from the prior year. Of the fund balance, \$45 million is committed to construction projects. School carry forward balance of \$23 million is set aside. Of the general fund balance, \$77 million (12 percent of General Fund expenditures) is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 32-74

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are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplemental information in addition to the basic financial statements themselves on pages 77-113.

Government-wide financial statements

The government-wide financial statements are designed to provide the reader of the District's Comprehensive Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities. The statement of net position presents information about all of the District's assets, deferred outflows of resources, deferred inflows of resources and liabilities. The difference between assets plus deferred outflows of resources and deferred inflows of resources plus liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements consolidate governmental and internal service activities that are supported from taxes and intergovernmental revenues and business-type activities that are intended to recover all or most of their costs from user fees and charges. Governmental activities consolidate governmental funds including the general fund, debt service fund, capital reserve capital projects fund, building fund capital projects fund, grants fund and special revenue funds with internal services funds including the employee benefits fund, the central services fund, the insurance reserve fund and the technology fund. Business-type activities consolidate funds that include the food service fund, the child care fund and property management fund.

The government-wide financial statements also include information on component units that are legally separate from the District (known as the primary government). At the close of the current fiscal year, the District has included information for two component units, the Jefferson County School Finance Corporation and Charter Schools.

The only activity of the District's Finance Corporation is to act as a conduit for the transfer of funds relating to the issuance and refunding of COPs. The Corporation has no assets or liabilities at June 30, 2017; and, therefore, has no financial impact on the District. Financial information for Charter Schools is presented separately from the primary government because the Charter Schools are considered discrete component units of the District. The financial statements for the Charter School component units can be found on pages 102-109.

The government-wide financial statements can be found on pages 32-33.

Fund financial statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. Fund financial statements for the District include two of the three possible fund types. The fund types presented here are governmental funds and proprietary funds. The District currently does not use fiduciary fund types.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

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

The District maintains seven different governmental funds. The major funds are the general fund, the capital reserve capital projects fund, the building fund capital projects fund, the bond redemption debt service fund and grants fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated

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presentation labeled other governmental funds. Individual fund information for the non-major funds is presented as supplementary information in this document.

The District adopts an annual appropriated budget for each of the governmental funds. Budgetary comparison statements for the general fund and grants fund are included in the fund financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as supplementary information.

The basic governmental fund financial statements can be found on pages 34-43.

The District maintains proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The fund financial statements of the enterprise funds provide the same information as the government-wide financial statements only in more detail. Internal service funds are used to accumulate and allocate costs internally among the governmental functions.

The enterprise funds (food service fund, child care fund, and property management fund) are listed individually and are considered to be major funds. Individual internal service fund information is presented as other supplementary information in this document. The District's internal service funds are the central services fund, the employee benefits fund, the insurance reserve fund and the technology fund.

The basic proprietary fund financial statements are presented on pages 44-49.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 52-74 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also contains supplementary information concerning the District's governmental funds, internal service funds and component units. Combining and individual fund statements and schedules can be found on pages 84-99 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-wide net position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The District's net position decreased \$485 million from the prior year primarily due to the change in the net pension liability. Net investment in capital assets increased by \$28 million over prior year, this increase was primarily due to the remodel of an elementary school and the new addition of Three Creeks K-8 School in Arvada.

Cash and investments account for 31 percent of the total assets. These assets are available to provide resources for near-term operations of the District. Receivables are due in large part as a result of the property tax collection process and federal grants reimbursements. The District receives over 65 percent of the annual property tax assessment between March and June. Capital assets are used in the operations of the District. These assets are land, construction in progress, buildings, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, *Capital Assets and Debt Administration*, elsewhere in this analysis.

The deferred outflows, loss on refunding represent the difference between the reacquisition and the net carrying amount of current and advance debt refunding. The contributions after measurement date, change in investment earnings, and change in experience are deferrals from PERA pension liability calculations.

Total liabilities include \$3.1 billion in pension liability. This represents the District's share in the School Division of PERA. Long term liabilities are discussed in greater detail in the section titled, *Capital Assets and Debt Administration*, elsewhere in this analysis. The total assets and deferred outflows of resources of the primary government activities are exceeded by liabilities and deferred inflows of resources by \$1.3 billion with a negative unrestricted net position balance of \$1.8 billion.

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**Comparative Summary of Net Position
As of June 30**

	Fiscal Year 2016			Fiscal Year 2017		
	Governmental Activities	Business-type Activities	Government-Wide	Governmental Activities	Business-type Activities	Government- Wide
Assets:						
Current and other assets	\$ 439,611,746	\$ 19,083,684	\$ 458,695,430	\$402,651,137	\$18,931,009	\$421,582,146
Capital assets, net of depreciation	<u>848,214,637</u>	<u>3,422,469</u>	<u>851,637,106</u>	<u>850,305,352</u>	<u>3,230,241</u>	<u>853,535,593</u>
Total assets	<u>1,287,826,383</u>	<u>22,506,153</u>	<u>1,310,332,536</u>	<u>1,252,956,489</u>	<u>22,161,250</u>	<u>1,275,117,739</u>
Total deferred outflows of resources	<u>213,082,684</u>	<u>-</u>	<u>213,082,684</u>	<u>1,211,393,340</u>	<u>-</u>	<u>1,211,393,340</u>
Liabilities:						
Other liabilities	1,726,125,292	3,043,816	1,729,169,110	3,237,784,110	2,849,970	3,240,449,915
Long-term liabilities outstanding	<u>532,699,925</u>	<u>-</u>	<u>532,699,925</u>	<u>498,391,062</u>	<u>184,165</u>	<u>498,575,227</u>
Total liabilities	<u>2,258,825,217</u>	<u>3,043,818</u>	<u>2,261,869,035</u>	<u>3,736,175,172</u>	<u>2,849,970</u>	<u>3,739,025,142</u>
Total deferred inflows of resources	<u>77,982,232</u>	<u>-</u>	<u>77,982,232</u>	<u>49,261,482</u>	<u>-</u>	<u>49,261,482</u>
Net position:						
Net investment in capital assets	364,870,945	3,422,469	368,293,414	393,437,822	3,230,241	396,668,063
Restricted for:						
Grants	9,083,798	-	9,083,798	8,181,876	-	8,181,876
Debt service	63,415,396	-	63,415,396	61,217,378	-	61,217,378
Food service	-	5,911,761	5,911,761	-	6,090,378	6,090,378
TABOR	18,519,692	775,822	19,295,514	18,261,920	814,697	19,076,617
Unrestricted	<u>(1,291,788,213)</u>	<u>9,352,283</u>	<u>(1,282,435,930)</u>	<u>(1,802,185,821)</u>	<u>9,175,964</u>	<u>(1,793,009,857)</u>
Total net position	<u>\$ (835,898,382)</u>	<u>\$ 19,462,335</u>	<u>\$ (816,436,047)</u>	<u>\$ (1,321,086,825)</u>	<u>\$ 19,311,280</u>	<u>\$ 1,301,775,545)</u>

Net investments in capital assets for the District's governmental and business-type activities are computed as follows:

**Comparative Schedule of Net Investment in Capital Assets
As of June 30**

	Fiscal Year 2016		Fiscal Year 2017	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Capital assets, net of accumulated depreciation	\$ 848,214,637	\$ 3,422,469	\$ 850,305,352	\$ 3,230,241
Deferred outflows on refunding	14,708,674	-	12,437,010	-
Unspent proceeds from bond issuance	7,702,559	-	-	-
Less: General obligation bonds	457,333,066	-	421,157,155	-
Less: Certificate of participation and premium	<u>48,421,859</u>	<u>-</u>	<u>48,147,384</u>	<u>-</u>
Net investment in capital assets	<u>\$ 364,870,945</u>	<u>\$ 3,422,469</u>	<u>\$ 393,437,823</u>	<u>\$ 3,230,241</u>

Government-wide activities

Government-wide activities decreased the net position of the District by \$485 million during the year ended June 30, 2017. The following schedules, charts and analysis focus on this increase.

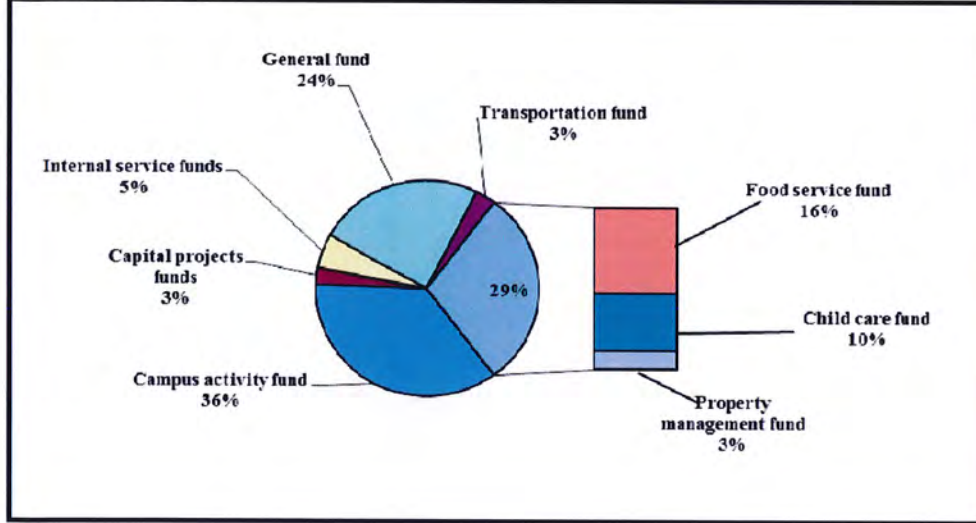
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**Comparative Schedule of Changes in Net Position
Fiscal Year Ended June 30**

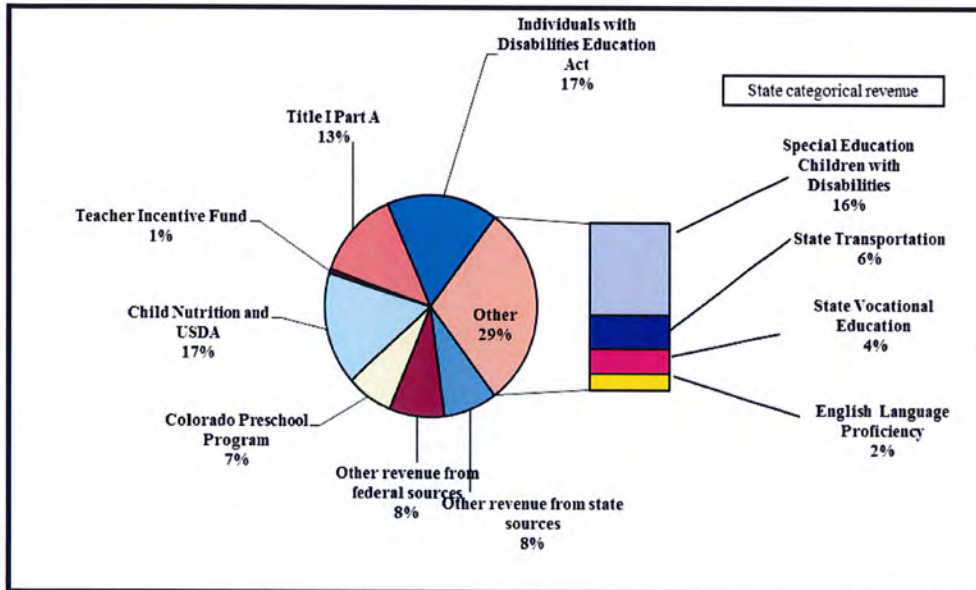
	Fiscal Year 2016			Fiscal Year 2017		
	Governmental Activities	Business-type Activities	Government Wide	Governmental Activities	Business-type Activities	Government Wide
Revenues						
Program revenues:						
Charges for services	\$ 47,386,112	\$ 19,702,495	\$ 67,088,607	\$49,756,709	20,777,790	\$70,534,499
Operating grants and contributions	70,557,543	19,773,757	90,331,300	64,014,034	19,830,432	83,844,466
Capital grants and contributions	5,500,000	-	5,500,000	-	-	-
General revenues:						
Taxes:						
Local property taxes	364,385,070	-	364,385,070	365,608,757	-	365,608,757
Automotive ownership taxes	30,799,478	-	30,799,478	33,300,878	-	33,300,878
Intergovernmental state equalization	292,098,015	-	292,098,015	291,894,387	-	291,894,387
Earnings on investments	809,442	40,367	849,809	1,180,785	66,655	1,247,440
Total revenues	<u>811,535,660</u>	<u>39,516,619</u>	<u>851,052,279</u>	<u>805,755,550</u>	<u>40,674,877</u>	<u>846,430,427</u>
Expenses						
Governmental activities:						
General administration	25,347,367	-	25,347,367	46,268,361	-	46,268,361
School administration	63,315,375	-	63,315,375	100,562,166	-	100,562,166
General instruction	433,932,814	-	433,932,814	679,657,697	-	679,657,697
Special education instruction	74,429,360	-	74,429,360	121,065,638	-	121,065,638
Instructional support	91,727,374	-	91,727,374	151,608,229	-	151,608,229
Operations and maintenance	82,019,992	-	82,019,992	129,182,158	-	129,182,158
Transportation	27,781,099	-	27,781,099	44,542,645	-	44,542,645
Interest expense, unallocated	19,888,625	-	19,888,625	18,707,099	-	18,707,099
Food services	-	23,708,332	23,708,332	-	24,943,806	24,943,806
Child care	-	13,553,606	13,553,606	-	13,509,401	13,509,401
Property management	-	1,643,904	1,643,904	-	1,722,727	1,722,727
Total expenses	<u>818,442,006</u>	<u>38,905,842</u>	<u>857,347,848</u>	<u>1,291,593,993</u>	<u>40,175,934</u>	<u>1,331,769,927</u>
Increase (decrease) in net position before transfers	<u>(6,906,346)</u>	<u>610,777</u>	<u>6,295,569</u>	<u>(485,838,443)</u>	<u>498,943</u>	<u>(485,339,500)</u>
Transfers	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>650,000</u>	<u>(650,000)</u>	<u>-</u>
Increase (decrease) in net position	(6,706,346)	410,777	(6,295,569)	(485,188,443)	(151,057)	(485,339,500)
Net position, July 1,	<u>(829,192,036)</u>	<u>19,051,560</u>	<u>(810,140,476)</u>	<u>(835,898,382)</u>	<u>19,462,337</u>	<u>(816,436,045)</u>
Net position, June 30	<u>\$(835,898,382)</u>	<u>\$ 19,462,337</u>	<u>\$(816,436,045)</u>	<u>\$(1,321,086,825)</u>	<u>\$19,311,280</u>	<u>\$(1,301,775,545)</u>

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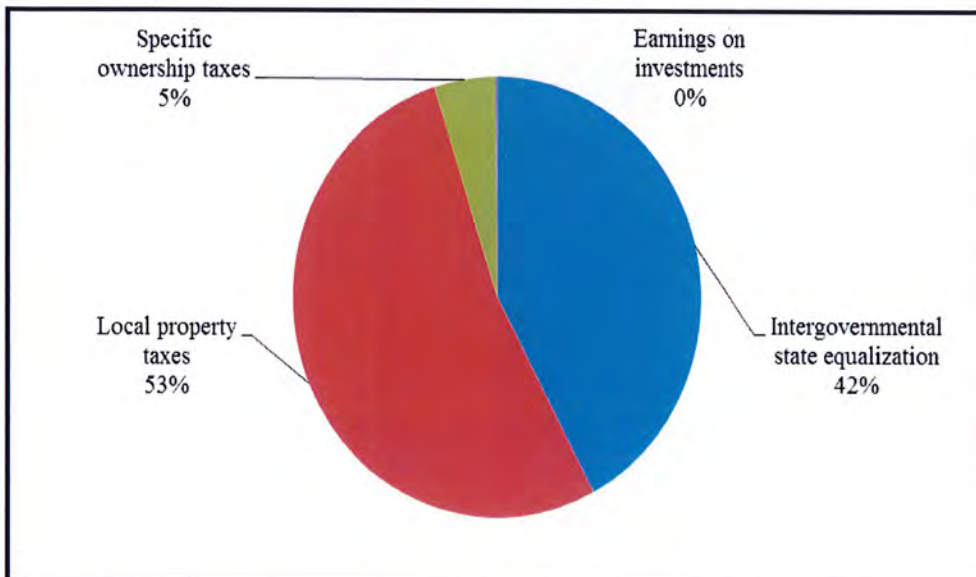
Analysis of Revenues



Government-wide Charges for Services totals \$71 million



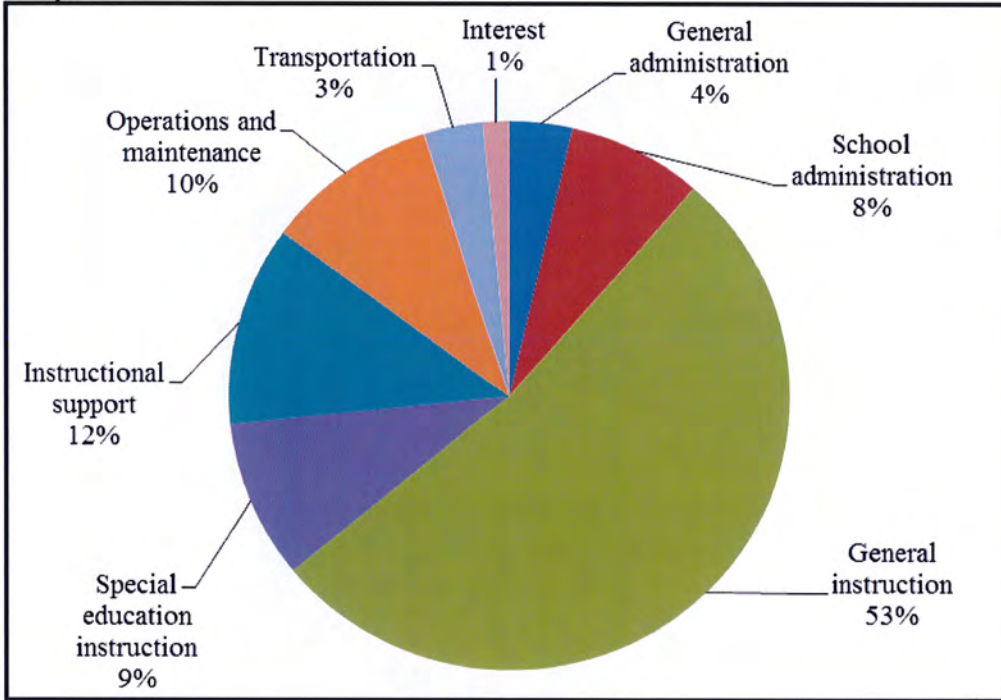
Government-wide Operating Grants and Contributions (includes Capital grants and contributions) totals \$84 million



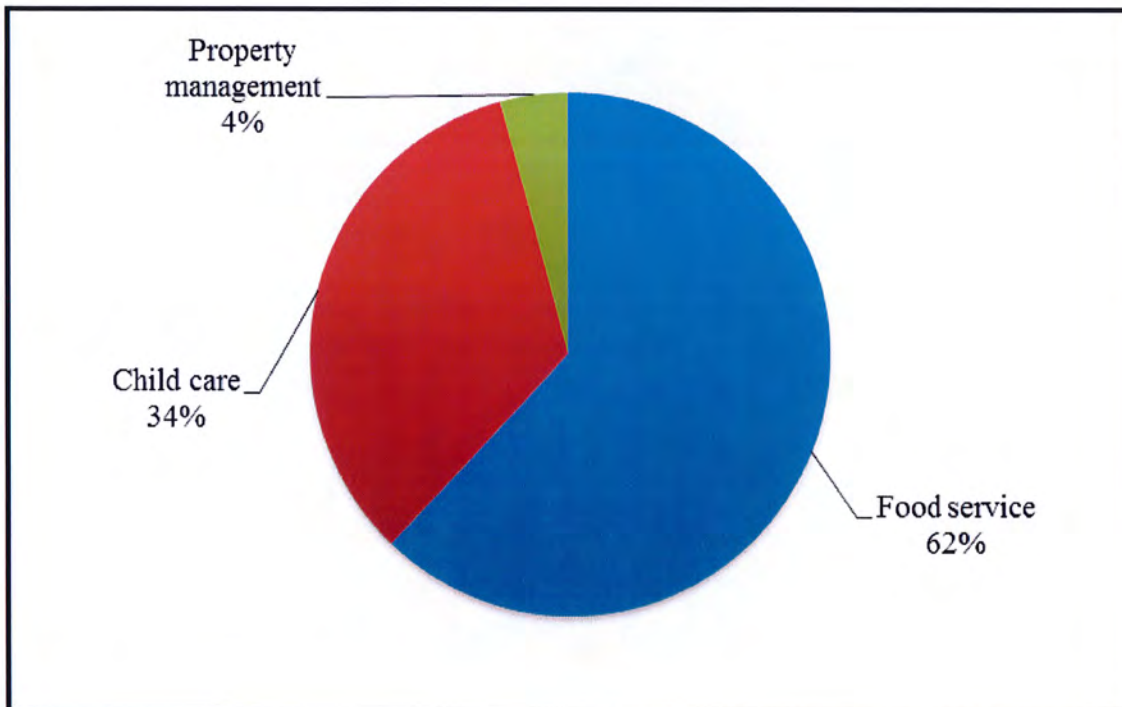
Total general revenues of \$693 million

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Analysis of Expenses



Governmental activities
Expenses total \$1.3 billion



Business-type activities
Expenses total \$40 million

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Government-wide revenues

Government-wide revenues decreased \$5 million from the prior year. Local property taxes increased \$1 million from increased assessed values and \$3 million for specific ownership tax (a vehicle use tax) from the prior year. State equalization funding (state share) decreased by \$1 million offsetting to higher local specific ownership tax revenue received. Additionally, Operating grants and contributions decreased \$11 million over the prior year due to a land addition last year for the new Three Creeks K8, along with the ending grants for wastewater, teacher incentive fund and others. Charges for services increased \$3 million over prior year.

Government-wide expenses

Government-wide expenses increased \$474 million from the prior year. Last year expenses included retirement and turnover and unfilled vacancy savings, lower expenditures than anticipated at schools and other one-time favorability in utility rates for natural gas and water and fuel prices. This year the District had pension expenses for \$488 million that was offset by underspend at the schools.

Proprietary funds

Governmental activities—internal service funds for the District provide greater detail of the same information presented in the government-wide financial statements. Combining fund financial statements of the internal service funds can be found on pages 94-99 of this report. Following are highlights of activity in the District's internal service funds for fiscal year 2017.

- Central services provide copier and printing services for the District. The fund had a slight decrease in revenue and increased expenses due to the cost that was charged for color copies, this was reduced in March 2017.
- The employee benefits fund accounts for dental and vision self-insurance for the District. Revenues are lower from the previous year due to a refund from a former provider. However, claim expenses were higher than the prior year due to an increase in paid life insurance claims for retirees; each with adequate reserves to cover this annual loss.
- The insurance reserve fund accounts for self-insured property, liability, worker's compensation and other insurance as needed for the District. Expenses were higher due to an increase in property claims and a higher estimate for incurred but not reported (IBNR), an actuarial estimate provided from outstanding claims based on actual trends in losses.
- The technology fund supports the District's technology initiatives and systems. Expenses were less than plan mostly due to staff vacancies and a delay in the fiber network build-out of in the North West Arvada area.

The District's business-type activities decreased net position by \$151 thousand. The basic proprietary fund financial statements are presented on pages 44-49. Key elements that highlight the activities in fiscal year 2017 are as follows:

- Revenues for food service are higher than prior year due to an increase in ala cart sales, however, there was a decline in Federal reimbursable meals. Both revenues and expenses fell short from plan leading to an unplanned spend down of reserves of \$67 thousand. Total expenses were higher than prior year due to salary costs, contracted services, and purchases of office equipment and computers at year end. The fund has adequate fund balance at \$8 million.
- The child care fund accounts for fees from preschool and before and after school care programs. Revenues increased over the prior year due to increases in tuition rates, an additional classroom, and an increase from the state for Colorado Preschool Program Funding. The fund overall was planned for a net loss and the ended the year better than expected.
- The property management fund accounts for revenues and expenses related to the public use of District property. Revenues and expenses are up over the prior year due to an increase in number of building rentals. The fund increased net position \$62 thousand.

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with generally accepted accounting principles (GAAP), the School Finance Act and other related legal requirements.

The governmental funds of the District provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balance, in particular, measures the District's net resources available for spending at the end of the fiscal year.

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Unassigned fund balance for the District at the end of the fiscal year is comprised of the general fund balance of \$76 million, which remained flat from the prior year.

The general fund is the primary operating fund of the District with the majority of funding based on School Finance Act per pupil revenue and property tax. For fiscal year 2016/2017, the School Finance Act funded 2.8 percent for inflation, increasing base per pupil funding, and anticipated student growth. The student funded enrollment for the whole District, including component unit charter schools, decreased by 242 students. The student increases were in the component unit charter schools, while the district management schools decline in enrollment.

Actual expenditures for the general fund were significantly lower than budgeted. The savings to plan was primarily a result of lower expenditures than anticipated by schools. The school carry forward amount increased by \$8 million while unassigned reserves remained flat at \$76 million.

The bond redemption debt service fund has a fund balance of \$62 million. This fund accounts for the voter-approved property taxes collected to repay general obligation debt. The current fund balance will be used to make the December 2017 principal and interest payments. The levy to accumulate resources for the June 2018 principal and interest payments will be certified in December 2017. In compliance with Senate Bill 237, the District has contracted with a third party custodian to administer bond principal and interest payments.

The capital reserve capital projects fund is funded with annual transfer funding from the general fund. The projects are focused on infrastructure with the greatest deficiencies from the facility assessment database. The building fund capital projects fund is established to account for the voter approved \$99 million of bond proceeds for capital purposes. The projects to be completed with these funds are also of the greatest deficiencies; projects dedicated to keep students warm, safe and dry, no additional square footage will be added. The capital reserve capital projects fund had an increase in the annual transfer of \$30 million from the general fund as noted above.

The grants fund revenues and expenditures were lower than the prior year with the ending of a few grants like Vocational Rehab SWAP, Teacher Incentive Fund, Race to the Top, wastewater and FEMA; as well as a decline in the allocation given on some of our larger grants such as Teacher Quality and IDEA grants.

Revenues and expenses for Campus Activities were both at 99 percent of budget and slightly above prior year. The timing of school trips and activities can cause variances for the fund from year to year. The net position increased by \$222 thousand and ended the year at \$11.7 million.

Per state statute, districts that charge a fee for transportation must account for those activities in a separate special revenue fund. The District is required to make a transfer from the general fund, if needed, to balance the fund. The District collected over \$3.7 million in fees to help offset the cost of transportation. The transfer from the general fund was \$18.1 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2016/2017 Adopted Budget incorporated the additional School Finance Act funding and other savings to increase compensation to employees and fund critical initiatives to invest in student achievement. Expenditures were increased for compensation, benefits, mental health support, District wide Unified Improvement Plan (DUIP), new curriculum, clinic aid hours, hard to staff schools, technology, athletics, and other various district initiatives. A supplemental appropriation adjusted the budget as follows:

- \$14.5 million increase transfer to the capital reserve capital projects fund for addition on Dunstan and Drake Middle Schools.

General fund expenditures were 97 percent of the final budget. Actual expenditures were lower than planned due to continued savings from salaries, retirements and position turnover, vacancies and conservative spending at the schools. The unassigned fund balance for the general fund at the end of the fiscal year is \$76 million, which remained flat from prior year.

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—transfers out, amounted to \$694 million. Unassigned fund balance represents 12 percent of expenditures while total fund balance represents 17 percent of expenditures. This is a 1 percent decrease for unassigned from the prior year and a decrease for total fund balance.

**Jefferson County School District, No. R-1
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2017, increased slightly to \$854 million (net of accumulated depreciation). The majority of the increase is from adding a new school and remodeling an elementary school. Capital assets include land, buildings, construction-in-progress, vehicles, and equipment.

Major capital events during the year include the following:

- Additions to construction in progress of \$62 million which include: District-wide exterior lighting replacement and interior finishes, Sierra elementary school phase 2 and the construction on the new school site in the Candelas neighborhood.
- Depreciation of \$68 million for governmental activities and \$463 thousand for business-type activities.

	<u>Fiscal Year 2016</u>		<u>Fiscal Year 2017</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Non-depreciable assets:				
Land	\$ 62,729,806	-	\$ 62,729,806	-
Construction in progress	<u>15,130,062</u>	-	<u>54,152,769</u>	-
Total non-depreciable assets	77,859,868	-	116,882,575	-
Depreciable assets (net of accumulated depreciation):				
Buildings and site improvements	735,796,325	-	701,052,011	-
Equipment and vehicles	<u>34,558,444</u>	<u>\$ 3,422,469</u>	<u>32,370,766</u>	<u>\$ 3,230,241</u>
Total depreciable assets	<u>770,354,769</u>	<u>3,422,469</u>	<u>733,422,777</u>	<u>3,230,241</u>
Total capital assets:	<u>\$ 848,214,637</u>	<u>\$ 3,422,469</u>	<u>\$ 850,305,352</u>	<u>\$ 3,230,241</u>

Additional information on the District's capital assets can be found in note 5 on pages 61-63 of this report.

At June 30, 2017, the District had total bonded debt outstanding of \$386 million backed by the full faith and credit of the District. Additionally, the District has long-term debt obligations certificates of participation in the amount of \$70 million for governmental activities still outstanding at the end of the current fiscal year.

General Obligation Bonds and Certificates of Participation

	<u>Fiscal Year 2016</u>			<u>Fiscal Year 2017</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
General obligation bonds	\$ 417,340,000	-	\$ 417,340,000	\$ 386,225,000	-	\$ 386,225,000
Certificates of participation	<u>72,395,000</u>	-	<u>72,395,000</u>	<u>70,085,000</u>	-	<u>70,085,000</u>
Total outstanding long-term debt	<u>\$ 489,735,000</u>	-	<u>\$ 489,735,000</u>	<u>\$ 456,310,000</u>	-	<u>\$ 456,310,000</u>

The District maintains an Aa2 credit rating from Moody's and an AA- from Standard & Poor's for general obligation debt. State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$1,641,653,338 and the legal debt margin was \$1,317,311,485.

Additional information on the District's long-term obligations can be found in notes 6 and 7 on pages 64-66.

Jefferson County School District, No. R-1
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2017

GENERAL BUDGETARY HIGHLIGHTS AND ECONOMIC FACTORS

For the 2017/2018 budget, the Board of Education established objectives to be met by the budget process. They determined that the budget would:

- Effectively allocate monetary resources to enhance student achievement.
- Clearly communicate the financial state of the District to the public.
- Comply with all state, federal, and local statutes and regulations as well as internal organizational controls.
- Identify all budgetary changes from year to year.
- Set appropriations to ensure positive reserve balances in all funds.

The budget process will continue to:

- Meet specified deadlines while producing a comprehensive and accurate budget.
- Provide opportunities for community and staff input.
- Identify budget assumptions used for the development process.
- Use forecasting to anticipate future needs and resources.
- Review all programs and department budgets.

The District's Adopted Budget takes into consideration a variety of factors when making budget assumptions: Colorado School Finance Act increases or decreases, changes in student funded counts, compensation increases, benefit cost increases, retirement savings and capital infrastructure needs. For the 2017/2018 Adopted Budget, the largest factor was increased compensation as well as an anticipated loss of enrollment of \$(4.4) million that was offset by \$16.5 million in additional state funding.

The budget cycle begins in July and ends in June with the Board adopting the budget. The cycle includes review of all program and department budgets to help establish the budget assumptions. Economic conditions are factored in with the demographic changes for the District. Community forums, surveys and public comment provide significant and valuable input to the process. The budget development process is detailed in the 2017/2018 Adopted Budget:

<http://www.jeffcopublicschools.org/finance/index.html>.

REQUESTS FOR INFORMATION

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

Stephanie Corbo, Director of Finance
Jefferson County School District, No. R-1
1829 Denver West Drive, Building 27
Golden, Colorado 80401



Basic Financial Statements

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Net Position
June 30, 2017

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Total	Charter Schools
Assets				
Cash	\$ 335,785	\$ 5,504	\$ 341,289	\$ 1,797,755
Restricted cash	37,000	-	37,000	15,216,838
Cash held by county treasurer	4,957,128	-	4,957,128	-
Equity in pooled cash and investments	299,319,886	15,767,490	315,087,376	24,288,785
Investments	73,271,623	-	73,271,623	-
Property taxes receivable	5,021,449	-	5,021,449	-
Accounts receivable	4,817,810	246,393	5,064,203	292,570
Intergovernmental receivable	8,310,364	1,170,906	9,481,270	-
Inventories	2,155,602	1,701,949	3,857,551	3,441
Prepaid expenses	4,424,490	38,767	4,463,257	2,751
Capital assets				
Land and construction in progress	116,882,575	-	116,882,575	21,785,320
Depreciable assets	1,753,102,817	8,446,670	1,761,549,487	99,701,877
Accumulated depreciation	(1,019,680,040)	(5,216,429)	(1,024,896,469)	(21,139,005)
Total capital assets	850,305,352	3,230,241	853,535,593	100,348,192
Total assets	1,252,956,489	22,161,250	1,275,117,739	141,950,332
Deferred outflows of resources				
Loss on refunding	\$ 12,437,010	\$ -	\$ 12,437,010	\$ 1,732,881
Contributions after measurement date	43,163,963	-	43,163,963	3,116,103
Changes in investment earnings	104,282,056	-	104,282,056	6,924,310
Changes in proportionate share	5,347,714	-	5,347,714	12,918,999
Changes in assumptions	1,007,305,442	-	1,007,305,442	72,989,368
Changes in experience	38,857,155	-	38,857,155	2,755,006
Total deferred outflows of resources	1,211,393,340	-	1,211,393,340	100,436,667
Liabilities				
Accounts payable	\$ 14,778,262	\$ 344,859	\$ 15,123,121	\$ 3,351,191
Accrued salaries and benefits	82,657,361	1,601,868	84,259,229	3,006,093
Payroll withholding	24,815,233	-	24,815,233	-
Unearned revenue	317,840	719,078	1,036,918	432,510
Liability claims/premiums	5,281,999	-	5,281,999	-
Interest payable	825,556	-	825,556	725,062
Early retirement	1,120,000	-	1,120,000	-
Long term liabilities				
Due within 1 year	28,435,000	-	28,435,000	2,208,360
Due in more than 1 year	465,504,540	-	465,504,540	93,800,462
Compensated absences (long-term)	4,451,522	184,165	4,635,687	-
Net pension liability	3,107,987,859	-	3,107,987,859	221,331,811
Total liabilities	3,736,175,172	2,849,970	3,739,025,142	324,855,489
Deferred inflows of resources				
Changes in proportionate share	\$ 35,183,359	\$ -	\$ 35,183,359	\$ 170,085
Changes in experience	27,930	-	27,930	1,268
Changes in assumptions	14,050,193	-	14,050,193	953,242
Total deferred inflows of resources	49,261,482	-	49,261,482	1,124,595
Net position				
Net investment in capital assets	393,437,822	3,230,241	396,668,063	15,955,527
Restricted for:				
Capital projects	-	-	-	3,511,073
Grants	8,181,876	-	8,181,876	-
Debt service	61,217,378	-	61,217,378	8,970,106
Food services	-	6,090,379	6,090,379	-
TABOR	18,261,920	814,697	19,076,617	2,175,775
Unrestricted	(1,802,185,821)	9,175,963	(1,793,009,858)	(114,205,566)
Total net position	\$ (1,321,086,825)	\$ 19,311,280	\$ (1,301,775,545)	\$ (83,593,085)

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Activities
Fiscal year ended June 30, 2017

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position							Component Units
	Program Revenues			Primary Government			Charter Schools	
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	TOTAL		
Expenses	\$ 46,268,361	\$ 977,969	\$ 2,609,255	\$ -	\$ (42,681,137)	\$ -	\$ (42,681,137)	\$ -
General administration	100,562,166	-	82,198	-	(100,479,968)	-	(100,479,968)	-
School administration	679,657,697	33,960,682	16,748,158	-	(628,948,857)	-	(628,948,857)	-
General instruction	121,065,638	6,393,941	26,427,242	-	(88,244,455)	-	(88,244,455)	-
Special education instruction	151,608,229	-	12,777,100	-	(138,831,129)	-	(138,831,129)	-
Instructional support	129,182,158	6,371,921	266,611	-	(122,543,626)	-	(122,543,626)	-
Operations and maintenance	44,542,645	2,052,196	5,103,470	-	(37,386,979)	-	(37,386,979)	-
Transportation	18,707,099	-	-	-	(18,707,099)	-	(18,707,099)	-
Interest expense, unallocated	1,291,593,993	49,756,709	64,014,034	-	(1,177,823,250)	-	(1,177,823,250)	-
Total governmental activities	\$ 24,953,806	\$ 10,978,683	\$ 13,877,640	\$ 10,000	\$ -	\$ (87,483)	\$ (87,483)	\$ -
Business-Type Activities:	13,509,401	7,383,970	5,952,792	-	-	(172,639)	(172,639)	-
Food services	1,722,727	2,415,137	-	-	-	692,410	692,410	-
Child care	40,185,934	20,777,790	19,830,432	10,000	-	432,288	432,288	-
Property management	\$ 1,331,779,927	\$ 70,534,499	\$ 83,844,466	\$ 10,000	\$ (1,177,823,250)	\$ 432,288	\$ (1,177,390,962)	\$ -
Total business-type activities	\$ 115,723,482	\$ 11,628,731	\$ -	\$ -	\$ -	\$ -	\$ (104,094,751)	\$ -
Total primary government	\$ 115,723,482	\$ 11,628,731	\$ -	\$ -	\$ -	\$ -	\$ (104,094,751)	\$ -
Component units-Charter schools								
General revenues								
Taxes:								
Local property taxes					365,608,757		365,608,757	
Automotive ownership taxes					33,300,878		33,300,878	
Unrestricted intergovernmental state equalization					291,894,387		291,894,387	72,311,887
Unrestricted investment income					1,180,785	66,655	1,247,440	-
Transfers					650,000	(650,000)	-	-
Total general revenues and transfers					692,634,807	(583,345)	692,051,462	72,311,887
Change in net position					(485,188,443)	(151,057)	(485,339,500)	(31,782,864)
Net position July 1, 2016, as restated					(835,898,382)	\$ 19,462,337	\$ (816,436,045)	\$ (51,810,221)
Net position June 30, 2017					\$ (1,321,086,825)	\$ 19,311,280	\$ (1,301,775,545)	\$ (83,593,085)

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Balance Sheet
Governmental Funds
June 30, 2017

	General	Bond Redemption Debt Service	Capital Reserve Capital Projects
Assets			
Cash	\$ 2,750	\$ -	\$ 227,448
Cash held by county treasurer	4,719,687	237,441	-
Equity in pooled cash and investments	182,534,883	-	41,456,109
Investments	-	61,170,909	12,100,714
Property taxes receivable, net of allowance for doubtful collections of \$1,930,033	4,386,865	634,584	-
Accounts, notes, contracts, and interest receivable	2,253,640	-	42,443
Intergovernmental receivables	-	-	-
Inventories	1,059,474	-	-
Prepaid items	-	-	-
Total assets	\$ 194,957,299	\$ 62,042,934	\$ 53,826,714
Liabilities			
Accounts and retainages payable	\$ 3,648,674	\$ -	\$ 8,738,154
Accrued salaries, benefits, and compensated absences	72,362,337	-	156,039
Other unearned revenues	31,754	-	-
Total liabilities	76,042,765	-	8,894,193
Deferred Inflows of Resources			
Unavailable property tax revenues	1,069,068	159,787	-
Fund balances:			
Nonspendable:			
Inventory	1,059,474	-	-
Prepaid items	-	-	-
Restricted for:			
TABOR	17,457,866	-	63,399
Grants	-	-	-
Debt service	-	61,883,147	-
Committed to:			
Construction	-	-	44,869,122
Multi-year contract	283,080	-	-
Assigned to:			
School carry forward	22,500,000	-	-
Special revenue funds - campus activity	-	-	-
Unassigned	76,545,046	-	-
Total fund balances	117,845,466	61,883,147	44,932,521
Total liabilities, deferred inflows of resources and fund balances	\$ 194,957,299	\$ 62,042,934	\$ 53,826,714

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

Building Fund Capital Projects	Grants Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 105,287	\$ 335,485
-	-	-	4,957,128
-	4,607,774	12,149,157	240,747,923
-	-	-	73,271,623
-	-	-	5,021,449
-	86,315	2,173,140	4,555,538
-	8,310,364	-	8,310,364
-	-	938,707	1,998,181
-	-	34,073	34,073
<u>\$ -</u>	<u>\$ 13,004,453</u>	<u>\$ 15,400,364</u>	<u>\$ 339,231,764</u>
\$ -	\$ 383,153	\$ 1,089,823	\$ 13,859,804
-	4,439,424	2,088,208	79,046,008
-	-	4,250	36,004
<u>-</u>	<u>4,822,577</u>	<u>3,182,281</u>	<u>92,941,816</u>
-	-	-	1,228,855
-	-	938,707	1,998,181
-	-	34,073	34,073
-	-	632,414	18,153,679
-	8,181,876	-	8,181,876
-	-	-	61,883,147
-	-	-	44,869,122
-	-	-	283,080
-	-	-	22,500,000
-	-	10,612,889	10,612,889
-	-	-	76,545,046
<u>-</u>	<u>8,181,876</u>	<u>12,218,083</u>	<u>245,061,093</u>
<u>\$ -</u>	<u>\$ 13,004,453</u>	<u>\$ 15,400,364</u>	<u>\$ 339,231,764</u>



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
 Reconciliation of governmental funds balance sheet to statement of net position
 June 30, 2017

Governmental funds total fund balances	\$	245,061,093
Add:		
Unearned property tax revenue: Revenues that do not provide current financial resources are unearned on the governmental fund financial statements but recognized on the government-wide financial statements.		1,228,855
Capital assets used in governmental funds are not considered current financial resources and therefore, not reported in the governmental funds.		1,834,119,014
Deferred outflows from refunding debt are not considered current financial resources and not reported in the governmental funds.		12,437,010
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Contributions subsequent to measurement date \$43,163,963, changes in proportion and differences between contributions recognized and proportionate share of contributions \$5,347,714, the difference between expected and actual investment earnings \$104,282,056, the difference in change of assumptions \$1,007,305,442, and the difference between expected and actual experience \$38,857,155.		1,198,956,330
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net position of the internal service funds are included in the governmental activities statement of net position.		37,248,732
Less:		
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition. Internal service funds include depreciation.		993,430,606
Long-term liabilities for general obligation debt, net of discounts and premiums (\$421,157,155), certificates of participation net of discounts and premiums (\$72,782,384), early retirement estimate (\$1,120,000), and compensated absences (\$3,572,817) are not due and payable in the current period and, therefore, not reported in the funds.		498,632,356
Interest payable on certificates of participation and general obligation debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.		825,556
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds: Difference between expected and actual experience \$27,930, change in proportionate share \$35,183,359, and change in assumptions \$14,050,193.		49,261,482
The long-term liability for pension is not due and payable in the current period and, therefore, not reported in the funds.		3,107,987,859
Governmental activities net position	<u>\$</u>	<u>(1,321,086,825)</u>

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
Fiscal year ended June 30, 2017

	General	Bond Redemption Debt Service
Revenues:		
Taxes	\$ 351,368,730	\$ 47,135,806
Intergovernmental	312,043,678	-
Investment income	505,382	75,075
Other	22,224,924	-
Total revenues	686,142,714	47,210,881
Expenditures:		
Current:		
General administration	25,940,532	-
School administration	53,442,262	-
General instruction	335,152,096	-
Special education instruction	58,360,693	-
Instructional support	76,192,320	-
Operations and maintenance	70,853,358	-
Transportation	-	-
Capital outlay	-	-
Debt service:		
Principal retirements	2,310,000	31,115,000
Interest and fiscal charges	695,550	18,067,410
Total expenditures	622,946,811	49,182,410
Excess (deficiency) of revenues over (under) expenditures	63,195,903	(1,971,529)
Other Financing Sources (Uses):		
Transfers out	(71,032,635)	-
Transfers in	-	-
Total other financing sources (uses)	(71,032,635)	-
Net change in fund balances	(7,836,732)	(1,971,529)
Fund balances - July 1, 2016	125,682,198	63,854,676
Fund balances - June 30, 2017	\$ 117,845,466	\$ 61,883,147

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

Capital Reserve Capital Projects	Building Fund Capital Projects	Grants Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 398,504,536
-	-	37,718,408	4,887,237	354,649,323
321,614	22,166	-	4,591	928,828
1,791,644	-	1,259,098	28,994,127	54,269,793
<u>2,113,258</u>	<u>22,166</u>	<u>38,977,506</u>	<u>33,885,955</u>	<u>808,352,480</u>
-	-	2,669,632	-	28,610,164
-	-	84,100	-	53,526,362
-	-	10,501,290	26,074,510	371,727,896
-	-	13,057,633	-	71,418,326
-	-	13,072,756	-	89,265,076
-	-	272,780	-	71,126,138
-	-	221,237	26,664,608	26,885,845
61,197,401	7,724,725	-	-	68,922,126
-	-	-	-	33,425,000
-	-	-	-	18,762,960
<u>61,197,401</u>	<u>7,724,725</u>	<u>39,879,428</u>	<u>52,739,118</u>	<u>833,669,893</u>
(59,084,143)	(7,702,559)	(901,922)	(18,853,163)	(25,317,413)
-	-	-	-	(71,032,635)
37,059,971	-	-	19,084,912	56,144,883
<u>37,059,971</u>	<u>-</u>	<u>-</u>	<u>19,084,912</u>	<u>(14,887,752)</u>
(22,024,172)	(7,702,559)	(901,922)	231,749	(40,205,165)
66,956,693	7,702,559	9,083,798	11,986,334	285,266,258
<u>\$ 44,932,521</u>	<u>\$ -</u>	<u>\$ 8,181,876</u>	<u>\$ 12,218,083</u>	<u>\$ 245,061,093</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
 Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the
 Statement of Activities
 Fiscal year ended June 30, 2017

Governmental funds changes in fund balances	\$	(40,205,165)
Add:		
Unavailable property tax revenue of the current year: Revenues that do not provide current financial resources are unavailable on the governmental fund financial statements but recognized on the government-wide financial statements.		1,228,855
Principal retirements (net of amortization of premiums and discounts): Retirements of principal outstanding on the District's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these reductions against the long-term liabilities.		38,760,385
Reverse the prior year interest payable accrued to offset current year expenditures.		881,417
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income of the internal service funds are included in the statement of activities.		(1,464,113)
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 outlay (governmental additions \$69,170,180) exceeded depreciation (disposal of capital assets \$62,293,209) in the current period.		6,876,971
Amount of early retirement accrued for the current year.		1,000,000
Less:		
Loss on disposals: The net effect of transactions involving these capital assets is to reduce net position.		241,625
Unavailable property taxes of the prior year: Property taxes unavailable in the prior year and received in the current year are recognized in the prior year net position on the statement of activities.		823,755
Interest payable on certificates of participation and general obligation debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.		825,556
Amortization of deferred outflows on refunding.		2,271,664
Amount of long term compensated absences accrued for the current year.		126,465
Net pension liability related items are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of: Pension expense \$487,977,728.		487,977,728
	<u>\$</u>	<u>(485,188,443)</u>

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
Fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 322,703,505	\$ 322,703,505	\$ 318,067,852	\$ (4,635,653)
Automotive ownership taxes	27,900,000	27,900,000	33,300,878	5,400,878
State of Colorado	311,283,784	311,283,784	312,043,678	759,894
Investment earnings	250,000	250,000	505,382	255,382
Other	20,700,000	20,700,000	22,224,924	1,524,924
Total revenues	<u>682,837,289</u>	<u>682,837,289</u>	<u>686,142,714</u>	<u>3,305,425</u>
Expenditures:				
Current:				
General administration	29,224,475	29,203,307	28,946,082	257,225
School administration	55,422,389	55,497,013	53,442,262	2,054,751
General instruction	349,038,912	350,313,231	335,152,096	15,161,135
Special education instruction	57,279,679	58,455,180	58,360,693	94,487
Instructional support	79,471,038	76,496,619	76,192,320	304,299
Operations and maintenance	71,357,849	71,828,992	70,853,358	975,634
Total expenditures	<u>641,794,342</u>	<u>641,794,342</u>	<u>622,946,811</u>	<u>18,847,531</u>
Excess of revenues over expenditures	41,042,947	41,042,947	63,195,903	22,152,956
Other financing sources (uses) -				
Transfers out	<u>(56,743,067)</u>	<u>(71,243,067)</u>	<u>(71,032,635)</u>	210,432
Total other financing uses	<u>(56,743,067)</u>	<u>(71,243,067)</u>	<u>(71,032,635)</u>	210,432
Excess of revenues over expenditures and other financing sources (uses)	<u>\$ (15,700,120)</u>	<u>\$ (30,200,120)</u>	(7,836,732)	<u>\$ 22,363,388</u>
Fund balance - July 1, 2016			125,682,198	
Fund balance - June 30, 2017			<u>\$ 117,845,466</u>	

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



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
Grants Special Revenue Fund
Fiscal year ended June 30, 2017

	Grants Fund		
	Original and Final Budget Amounts	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental:			
Federal government	\$ 40,039,017	\$ 32,452,347	\$ (7,586,670)
State of Colorado	3,639,790	5,266,061	1,626,271
Other:			
Gifts and grants	2,364,765	1,259,098	(1,105,667)
Total revenues	46,043,572	38,977,506	(7,066,066)
Expenditures:			
Current:			
General administration	5,530,635	2,669,632	2,861,003
School administration	174,655	84,100	90,555
General instruction	9,066,926	10,501,290	(1,434,364)
Special education instruction	15,593,668	13,057,633	2,536,035
Instructional support	15,487,764	13,072,756	2,415,008
Operations and maintenance	136,134	272,780	(136,646)
Transportation	53,790	221,237	(167,447)
Total expenditures	46,043,572	39,879,428	6,164,144
Excess of revenues over expenditures	\$ -	(901,922)	\$ (901,922)
Fund balance - July 1, 2016		9,083,798	
Fund balance - June 30, 2017		\$ 8,181,876	

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Net Position
Proprietary Funds
June 30, 2017

Assets	Business-Type Activities	
	Enterprise Funds	
	Food Services Fund	Child Care Fund
Current assets:		
Cash	\$ 1,625	\$ 879
Restricted cash	-	-
Equity in pooled cash and investments	5,388,830	5,811,726
Accounts and other receivable	20,290	8,481
Intergovernmental receivables	1,170,906	-
Inventories	1,701,949	-
Prepaid items	38,767	-
Total current assets	8,322,367	5,821,086
Noncurrent assets:		
Capital assets:		
Vehicles and equipment	5,719,574	456,315
Less accumulated depreciation	(3,930,076)	(257,749)
Total capital assets, net of accumulated depreciation	1,789,498	198,566
Total assets	\$ 10,111,865	\$ 6,019,652
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 257,983	\$ 63,148
Accrued salaries, benefits, and compensated absences	843,223	740,032
Payroll withholding	-	-
Other unearned revenues	683,486	35,592
Estimated liability for premiums and claims	-	-
Total current liabilities	1,784,692	838,772
Non-current liabilities:		
Compensated absences	105,681	59,623
Total noncurrent liabilities	105,681	59,623
Total liabilities	1,890,373	898,395
Net position:		
Investment in capital assets	1,789,498	198,566
Restricted for:		
TABOR	341,615	400,027
Food services	6,090,379	-
Unrestricted	-	4,522,664
Total net position	8,221,492	5,121,257
Total liabilities and net position	\$ 10,111,865	\$ 6,019,652

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

Business-Type Activities Enterprise Funds		Governmental Activities - Internal Service Funds
Property Management Fund	Totals	Funds
\$ 3,000	\$ 5,504	\$ 300
-	-	37,000
4,566,934	15,767,490	58,571,963
217,622	246,393	262,272
-	1,170,906	-
-	1,701,949	157,421
-	38,767	4,390,417
<u>4,787,556</u>	<u>18,931,009</u>	<u>63,419,373</u>
2,270,781	8,446,670	35,866,418
(1,028,604)	(5,216,429)	(26,249,473)
1,242,177	3,230,241	9,616,945
<u>\$ 6,029,733</u>	<u>\$ 22,161,250</u>	<u>\$ 73,036,318</u>

\$ 23,728	\$ 344,859	\$ 918,461
18,613	1,601,868	3,611,353
-	-	24,815,233
-	719,078	281,836
-	-	5,281,999
<u>42,341</u>	<u>2,665,805</u>	<u>34,908,882</u>

18,861	184,165	878,704
<u>18,861</u>	<u>184,165</u>	<u>878,704</u>
61,202	2,849,970	35,787,586

1,242,177	3,230,241	9,616,945
73,055	814,697	108,241
-	6,090,379	-
4,653,299	9,175,963	27,523,546
<u>5,968,531</u>	<u>19,311,280</u>	<u>37,248,732</u>
<u>\$ 6,029,733</u>	<u>\$ 22,161,250</u>	<u>\$ 73,036,318</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal year ended June 30, 2017

	Business-Type Activities	
	Enterprise Funds	
	Food Services Fund	Child Care Fund
Operating Revenues:		
Food sales	\$ 10,770,177	\$ -
Insurance premiums	-	-
Service contracts	208,505	1,096,351
Tuition	-	6,287,620
Total operating revenues	<u>10,978,682</u>	<u>7,383,971</u>
Operating Expenses:		
Purchased food	9,246,158	-
USDA commodities	1,840,358	-
Salaries and employee benefits	11,032,123	10,109,566
Administration services	1,125,046	2,028,532
Utilities	350,305	20,022
Supplies	1,003,888	536,001
Repairs and maintenance	24,701	4,717
Rent	-	760,545
Depreciation	324,286	20,247
Other	-	1,297
Claim losses	-	-
Premiums paid	-	-
Total operating expenses	<u>24,946,865</u>	<u>13,480,927</u>
Income (loss) from operations	<u>(13,968,183)</u>	<u>(6,096,956)</u>
Non-operating revenues (expenses):		
USDA commodities	1,797,499	-
Reimbursement from government sponsored programs	12,080,141	5,952,792
Investment income	20,673	25,939
Loss on sale of capital assets	(6,938)	(28,475)
Total non-operating revenues (expenses)	<u>13,891,375</u>	<u>5,950,256</u>
Income (loss) before transfers and capital contributions	(76,808)	(146,700)
Capital contributions	10,000	-
Transfers out to other funds	-	-
Transfers in from other funds	-	-
Change in net position	<u>(66,808)</u>	<u>(146,700)</u>
Total net position - July 1, 2016	8,288,300	5,267,957
Total net position - June 30, 2017	<u>\$ 8,221,492</u>	<u>\$ 5,121,257</u>

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

Business-Type Activities Enterprise Funds		Governmental Activities -
Property Management Fund	Totals	Internal Service Funds
\$ -	\$ 10,770,177	\$ -
-	-	7,219,467
2,415,137	3,719,993	21,093,189
-	6,287,620	-
<u>2,415,137</u>	<u>20,777,790</u>	<u>28,312,656</u>
-	9,246,158	-
-	1,840,358	-
1,077,332	22,219,021	14,978,264
112,670	3,266,248	4,140,018
192,325	562,652	56,275
203,500	1,743,389	2,981,920
-	29,418	5,359,053
-	760,545	-
118,966	463,499	5,908,401
17,934	19,231	8,288
-	-	10,186,218
-	-	1,914,339
<u>1,722,727</u>	<u>40,150,519</u>	<u>45,532,776</u>
<u>692,410</u>	<u>(19,372,729)</u>	<u>(17,220,120)</u>
-	1,797,499	-
-	18,032,933	-
20,043	66,655	251,958
-	(35,413)	(33,703)
<u>20,043</u>	<u>19,861,674</u>	<u>218,255</u>
712,453	488,945	(17,001,865)
-	10,000	-
(650,000)	(650,000)	-
-	-	15,537,752
<u>62,453</u>	<u>(151,055)</u>	<u>(1,464,113)</u>
5,906,078	19,462,335	38,712,845
<u>\$ 5,968,531</u>	<u>\$ 19,311,280</u>	<u>\$ 37,248,732</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Statement of Cash Flows
Proprietary Funds
Fiscal year ended June 30, 2017

	Business-Type Activities	
	Enterprise Funds	
	Food Services Fund	Child Care Fund
Cash flows from operating activities:		
Receipts from customers	\$ 10,865,753	\$ 7,393,261
Payments to employees	(11,028,463)	(10,017,721)
Payments to vendors	(13,274,827)	(3,341,256)
Net cash provided by (used for) operating activities	<u>(13,437,537)</u>	<u>(5,965,716)</u>
Cash flows from noncapital financing activities:		
Transfers received	-	-
Transfers out	-	-
Federal and state reimbursements	13,960,970	5,952,792
Net cash provided by noncapital financing activities	<u>13,960,970</u>	<u>5,952,792</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(64,995)	-
Proceeds on sale of capital assets	-	-
Net cash (used for) capital and related financing activities	<u>(64,995)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	20,673	25,939
Net cash provided by investing activities	<u>20,673</u>	<u>25,939</u>
Net increase (decrease) in cash and cash equivalents	479,111	13,015
Cash and cash equivalents - July 1, 2016	4,911,344	5,799,590
Cash and cash equivalents - June 30, 2017	<u>\$ 5,390,455</u>	<u>\$ 5,812,605</u>
Reconciliation of cash flows from operating activities:		
Operating Income (Loss)	\$ (13,968,183)	\$ (6,096,956)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	324,286	20,247
(Increase) decrease intergovernmental and other receivables	3,911	1,881
Increase in prepaid items	2,875	-
Decrease in inventories	42,860	-
Decrease in purchased food and supplies inventories	312,916	-
Increase (decrease) in accounts payable	(43,022)	9,858
Increase (decrease) in accrued salaries, benefits, and compensated absences	3,660	91,844
Increase in payroll withholding	-	-
Increase (decrease) in unearned revenues	(116,840)	7,410
Increase in estimated liability for premiums and claims	-	-
Net cash provided by (used for) operating activities	<u>\$ (13,437,537)</u>	<u>\$ (5,965,716)</u>
Noncash investing, capital, and financing activities:		
Donated commodities acquired and used from USDA	\$ 1,797,499	\$ -
Disposal and write off of capital assets	6,938	28,475
Capital contributions	10,000	-

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

Business-Type Activities Enterprise Funds		Governmental Activities - Internal Service Funds
Property Management Fund	Totals	Funds
\$ 2,383,825	\$ 20,642,839	\$ 28,206,228
(1,056,920)	(22,103,104)	(14,916,837)
(693,601)	(17,309,684)	(22,494,759)
<u>633,304</u>	<u>(18,769,949)</u>	<u>(9,205,368)</u>
-	-	15,537,752
(650,000)	(650,000)	-
-	19,913,762	-
<u>(650,000)</u>	<u>19,263,762</u>	<u>15,537,752</u>
(231,689)	(296,684)	(1,417,620)
-	-	20,146
<u>(231,689)</u>	<u>(296,684)</u>	<u>(1,397,474)</u>
20,044	66,656	251,958
<u>20,044</u>	<u>66,656</u>	<u>251,958</u>
(228,341)	263,785	5,186,868
4,798,275	15,509,209	53,422,395
<u>\$ 4,569,934</u>	<u>\$ 15,772,994</u>	<u>\$ 58,609,263</u>
\$ 692,410	\$ (19,372,729)	\$ (17,220,120)
118,966	463,499	5,908,401
(31,311)	(25,519)	(76,501)
-	2,875	990,021
-	42,860	3,640
-	312,916	-
(167,171)	(200,335)	48,314
20,411	115,915	61,143
-	-	360,719
-	(109,430)	(29,926)
-	-	748,941
<u>\$ 633,305</u>	<u>\$ (18,769,948)</u>	<u>\$ (9,205,368)</u>
\$ -	\$ 1,797,499	\$ -
-	35,413	33,703
-	10,000	-



Notes to Basic Financial Statements

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

June 30, 2017

1. Summary of significant accounting policies

Jefferson County School District, No. R-1 (the District), was formed in 1950 when 39 independent districts were consolidated into a countywide district encompassing the 779 square miles of Jefferson County, Colorado. The District operates under an elected Board of Education with five members and provides educational services to approximately 87,000 students.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Jefferson County, Colorado. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A) Reporting entity

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB No. 14), as amended by GASB Statements 39 and 61, describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

The District is not included in any other governmental reporting entity as defined in GASB No. 14 and amended by GASB No. 39 and 61. As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units. The component units discussed below are included in the District's reporting entity as required by the Colorado Department of Education. None of the component units are considered to be a major fund.

Discretely presented component units - charter schools

The State of Colorado Legislature in 1993 enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101." This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter schools are financed from state school finance act revenues, property taxes and from revenues generated by the charter school, within the limits established by the Charter School Act and per GASB statement No. 14, paragraph 21b. Charter Schools have separate governing boards; however, the Jefferson County School District's Board of Education must approve all Charter School applications and budgets. The Charter Schools are required to be presented as component units by the Colorado Department of Education. All charter schools are required to have individual independent audits.

Blended component unit - Jefferson County School District Finance Corporation

The purpose of the Jefferson County School Finance Corporation (the Corporation) is to provide a mechanism to issue certificates of participation. Because the Board of Directors is appointed by the Board of Education and must obtain the Board of Education's approval for renovation and expansion decisions, issuance of debt, disbursements of funds, and any amendments to the articles of incorporation, the Corporation is considered to be a part of the District.

B) 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 activities of the District and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units.

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General fund, Bond Redemption Debt Service fund, Capital Reserve Capital Projects funds, Building fund – Capital Projects and Grants fund) and individual enterprise funds (Food Services fund, Child Care fund and Property Management fund) are reported as separate columns in the fund financial statements.

C) Measurement focus, basis of accounting, and financial statement presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Property tax revenues are considered to be available if collected within 60 days after year-end. All other revenues are considered to be available if collected within 120 days after year end. Property and automotive ownership taxes are reported as receivables and deferred inflows of resources when levied and as revenues when due for collection in the following year and determined to be available.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

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

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

D) Fund accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred inflows of resources, liabilities, deferred outflows of resources, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

• **Major governmental funds**

1. General fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Bond redemption debt service fund - used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
3. Capital reserve capital projects fund - used to account for resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
4. Building fund – Capital projects – used to account for resources to be used from the 2012 voter approved bond for a 3 year capital improvement plan.
5. Grants fund – used to account for federal, state and private sector grant programs.

• **Major proprietary funds-business-type activities**

Enterprise funds - used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

1. Food services fund - this fund accounts for all financial activities associated with the District's school breakfast and lunch programs.
2. Child care fund - this fund accounts for all financial activities associated with the District's school-age child care and preschool program.
3. Property management fund - this fund accounts for all financial activities associated with the District's facilities.

• **Internal service funds**

Internal service funds account for central services, employee benefits, insurance reserve and technology operations. These services are provided to other funds of the District on a cost reimbursement basis.

E) Cash and investments

The pooled cash concept is used whereby cash balances of each of the District's funds are pooled and invested in certain investments. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, U.S. instruments and U.S. Treasury Obligations. The District's investment in CSAFE and money market funds are recorded at amortized costs. The District records nonparticipating interest-earning investment contracts at amortized cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from the investment of pooled cash balances are allocated to the various funds based on their respective average periodic equity in pooled cash. The pooled cash and investments are used essentially as demand deposit accounts and are considered to be cash equivalents for cash flow purposes. Component units are included with the District's pooled cash.

F) Fair value measurement and application

The District adopted GASB 72 in fiscal year 2016, which addresses accounting and financial reporting issues related to fair value measurements. The fair value is the price that would be received by the District to sell an asset or paid by the District

Notes to Basic Financial Statements

to transfer a liability in an orderly transaction between market participants and the measurement date. The fair value measurement for financial reporting at fiscal year end June 30, 2017 and the application used is determined by a hierarchy of one of three levels. Level one is the most reliable and is quoted prices in active markets for identical assets or liabilities, level two is reliable and consists of quoted prices for similar assets or liabilities, other observable inputs, interest rates, credit spreads, condition of the asset, activity level of markets for observable input, and level three is least reliable which is based on unobservable inputs. All donated assets are measured at the acquisition value.

G) Restricted cash

Certain assets of the Employee Benefits fund and Component Units are classified as restricted because their use is restricted to liabilities relating to deposits and capital leases.

H) Receivables

Property taxes levied in 2016 but not yet collected as of June 30, 2017 are identified as property taxes receivable and deferred inflows of resources if not received within sixty days of year end, and are presented net of an allowance for uncollectable taxes. Intergovernmental receivables of \$9,481,270 include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2017, the District had \$9,361,432 and \$119,838 due from the Federal and State government, respectively, reflected as intergovernmental receivables in the accompanying basic financial statements.

I) Inventories and prepaid items

Materials and supplies inventories are stated at average cost. Inventories recorded in the Food Services fund consist of purchased and donated commodities. Purchased inventories are stated at average cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed. Fund balance is considered nonspendable for the inventory balances as follows: General fund - \$1,059,474 and Other Governmental funds - \$938,707.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both government-wide and fund financial statements. Fund balance is nonspendable for the prepaid balances as follows: Other Governmental funds - \$34,073.

J) Capital assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at acquisition value at the time of donation or at estimated acquisition value if the acquisition value is unknown. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. Depreciation of all capital assets used by proprietary funds is charged as an expense against their operations. No depreciation is recorded in the year of acquisition with the remaining depreciation being recorded in the year of disposition. Estimated useful lives are:

Motor vehicles	5 to 15 years
Equipment, movable	3 to 20 years
Buildings and improvements	10 to 30 years

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Notes to Basic Financial Statements

K) Deferred outflows of resources

For current refundings and advance refundings, resulting in defeasance of debt reported by governmental activities and component units, the difference between the reacquisition and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources. The District refundings have resulted in deferred outflows of resources of \$12,437,010 and \$1,732,881 for component units. Deferred outflows of resources for pension activity is included and referenced below (note 11).

L) Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

The District's general obligation bonds are serviced from property taxes of the Bond Redemption Debt Service fund. Certificates of participation are serviced from school finance act, property taxes and other revenues of the General fund. Capital leases are funded from school finance act and other revenue of the component units. The long-term accumulated unpaid vacation, accrued sick and personal leave, and estimated liability for insurance claims (note 9) are serviced from property taxes and other revenues by the respective fund type from future appropriations.

M) Pension

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.

N) Constitutional amendment

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

On November 2, 1999, the District conducted a TABOR revenue and expenditure override election and the Jefferson County voters approved the measure exempting the District from the TABOR revenue and expenditure limits. Management believes it is in compliance with the provisions of TABOR. However, the provisions are complex and subject to interpretation. Many of the provisions may require judicial interpretation.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to restrict emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These restricted fund balances are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2017, for budgetary purposes the District restricted \$17,457,866 in the General fund, \$63,399 in the Capital Reserve Capital Projects fund, \$632,414 in Other Governmental funds, \$341,615 in the Food Service fund, \$400,027 in the Child Care fund, \$73,055 in the Property Management fund, \$108,241 in Internal Service funds and \$2,175,775 was restricted in the Component Units Charter Schools for this purpose.

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Notes to Basic Financial Statements

O) Property taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The property tax calendar for Jefferson County was as follows:

Levy date	December 22
Lien date	January 1
Tax bills mailed	January 1
First installment due	February 28/29
Second installment due	June 15
If paid in full, due	April 30

P) Accumulated sick and personal leave and vacation

District policy allows unlimited accumulation of sick and personal leave, and annual carry-over of vacation to a maximum of 40 days. Up to 40 days accrued vacation is paid to employees upon termination of employment. Payment for unused sick and personal leave days is made upon meeting eligibility requirements at the rate of .0015 times annual rate of pay times accumulated days up to a maximum of 660 hours. Each fund liquidates the accrued vacation, personal and sick leave for its respective liabilities.

As of June 30, 2017, a summary of changes in accumulated vacation is as follows:

Fund	Accumulated Vacation			Balance June 30, 2017	Due within one year
	Balance July 1, 2016	Additions	Deletions		
General	\$ 4,417,178	\$ 996,601	\$ (803,054)	\$ 4,610,725	\$ 1,536,909
Grants fund	211,219	67,866	(94,049)	185,036	61,679
Special Revenue	369,606	60,543	(66,116)	364,033	121,343
Capital projects	171,269	44,294	(16,133)	199,430	66,476
Enterprise	256,997	108,867	(89,618)	276,246	92,081
Internal service	<u>1,262,373</u>	<u>206,251</u>	<u>(150,574)</u>	<u>1,318,050</u>	<u>439,345</u>
	<u>\$ 6,688,642</u>	<u>\$ 1,484,422</u>	<u>\$ (1,219,544)</u>	<u>\$ 6,953,520</u>	<u>\$ 2,317,833</u>

Accumulated vacation pay is recorded as accrued salaries, benefits and compensated absences with the current portion reported as current liabilities in the government-wide financial statements. The short-term portion is included in the District's accrued salaries and benefits and the long-term portion is included in compensated absences in the government-wide financial statements.

Q) Fund balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Fund balances are classified in one of five categories: 1) nonspendable, 2) restricted, 3) committed, 4) assigned and 5) unassigned. Nonspendable fund balance represents assets that will never be converted to cash. Restricted fund balances reflect resources that are subject to externally enforceable legal restrictions. Committed fund balance includes amounts that can be used only for the specific purposes that are limited by actions of the Board of Education, the highest level of decision-making authority at the District. The committed reserves are established during the budget appropriation process and cannot be used for other purposes without a formal board resolution. Assigned fund balance displays the District's intended use of these resources. The Board of Education executive limitations policy (EL-5), directs the Superintendent to submit the financial plan that includes any assignments for fund balance. The Superintendent or the Chief Financial Officer, as designee, is allowed by board policy to make any necessary adjustments to this assignment. Unassigned fund balance for the general fund represents

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Notes to Basic Financial Statements

the net resources in excess of the prior classifications. The District does have a formal fund balance reserve policy for all funds to establish a level of reserves above the statutorily required TABOR amount to insure a continued strong financial position. This reserve does not meet the GASB Statement No. 54 requirements for a stabilization agreement and is included in unassigned. When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions. Fund balance is adopted annually by the Board of Education during the budget process.

R) New and Future Accounting Pronouncements

The GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (Statement No. 75), which revises and establishes new financial reporting requirements for state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement requires the liability of employers for defined benefit OPEB (net of OPEB liability to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees for those employees' past periods of service. Statement No. 75 is effective for fiscal year 2018, however, early application is encouraged. At this time, management is currently evaluating the effects that Statement No. 75 will have on their financial statements. GASB issued Statement No. 77 *Tax Abatement Disclosures* that is currently in effect for fiscal year 2017. Statement No. 77 captures all abatements between a government and an individual or entity in which the government promises to forego tax revenue and the entity promises to subsequently take a specific action that contributes to the economy. This captures lost tax revenue that would otherwise be used to distribute to government programs including public schools. Additionally, GASB issued Statement No. 82 *Pension issues* which is an amendment of GASB Statements No. 67, No. 68, and No. 73. This Statement addresses multiple issues that were raised with the prior three Statements. The requirements of this statement are in effect for fiscal year 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end.

2. Budgetary information

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

1. Within the fourth quarter of the fiscal year, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings and citizen reviews are conducted at special meetings and at regular Board of Education meetings to obtain taxpayer comments.
3. Prior to June 30, the budget is legally adopted by the Board of Education.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The District issues a separate budget document after it is approved by the Board of Education.

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

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

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

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Notes to Basic Financial Statements

Supplemental appropriations are approved by the Board of Education. The budget for the Grants fund includes the adopted budget and additional expenditures and grants approved by the Board of Education. The budget and actuals for the Proprietary funds and Internal Service funds at June 30, 2017 are as follows:

	<u>Budget</u>	<u>Actuals</u>	<u>Variance</u>
Food services fund	\$25,045,666	\$ 24,946,865	\$ 98,801
Child care fund	13,642,044	13,480,927	161,117
Property management fund	1,804,582	1,722,728	81,854
Central services fund	3,448,289	3,198,090	250,199
Employee benefits fund	6,969,418	6,497,303	472,115
Insurance reserve fund	7,843,245	7,310,168	533,077
Technology fund	30,554,397	28,527,215	2,027,182

3. Deposits and investments

Deposits:	Government-wide Statement of Net Position		
	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Cash	\$ 341,289	\$ 1,797,755	\$ 2,139,044
Restricted cash and cash held by third parties	4,994,128	15,216,838	20,210,966
Equity in pooled cash and investments	315,087,376	24,288,785	339,376,161
Investments	<u>73,271,623</u>	<u>-</u>	<u>73,271,623</u>
Total cash and investments	<u>\$ 393,694,416</u>	<u>\$ 41,303,378</u>	<u>\$ 434,997,794</u>

The carrying value of the District's cash, restricted cash held by third parties and cash held in trust is \$51,727,268.

The District investment policies are approved by the Board of Education and governed by Colorado statute. The discretely presented component units' investment policies are approved by their respective Boards and governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another financial institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2017, \$41,302,646 of the District and the discretely presented component unit's bank balance were exposed to custodial credit risk. Deposits exposed to credit risk of \$40,994,341 are collateralized with securities held by the pledging financial institution through PDPA. Deposits of \$308,305 are insured under FDIC. The District's investment policy calls for minimizing this risk by pre-qualifying financial institutions.

Cash held in trust:

As of June 30, 2017 the District had \$4,957,128 held in trust. Jefferson County collects the property taxes for the District and holds the funds in trust until sent to the District monthly.

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Notes to Basic Financial Statements

Investments:

As of June 30, 2017, the District (including the primary government and component units) had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturities (yrs)</u>	<u>Ratings</u>	
			<u>S&P</u>	<u>Moody's</u>
Money Market Mutual Funds	\$ 42,131,078	Overnight	AAAm	Aaamf
CSafe	279,714,046	Under 60 days	AAAm	N/A
FFCB	6,278,046	1.96	AA+	Aaa
FNMA	6,220,799	1.80	AA+	Aaa
FHLMC	9,352,469	.94	AA+	Aaa
FHLB	4,094,091	.76	AA+	Aaa
US Treasury T-Notes	20,325,029	1.04	AA+	Aaa
Corporate Bonds	<u>13,441,571</u>	Average 1.63 years	20% AA+ 48% AA- 12% AA 11% A+ 9% AAA	23% Aa3 30% Aa2 10% Aa1 19% A1 18% Aaa

\$ 381,557,129

Local Governmental Pool – The Colorado Surplus Asset Fund (CSafe) is an investment vehicle established under state statute for local governments to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing CSafe. CSafe is similar to a money market fund, with each share valued at \$1.00. As of June 30, 2017, CSafe had a balance of \$279,714,046.

Forward delivery agreements – The agreement with JP Morgan was completed on June 25, 2017.

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its overall investment portfolio to less than two years. The Colorado revised statutes generally limit investment maturities to five years. Revenue bonds of U.S. local governments, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Credit risk - State law allows school districts to invest U.S. treasury securities and other securities guaranteed by the full credit of the U.S. Treasury without any credit quality limitations. Securities issued by the Government National Mortgage Association and by Federal Government Sponsored Enterprises require the highest rating by at least two nationally recognized rating agencies. Money market instruments including bankers acceptances and commercial paper must be rated A-1, P-1, or F-1, or the equivalent by at least two nationally recognized rating agencies. State law allows other securities, including money market funds that are registered under the Federal Investment Company Act of 1940, if they have assets in excess of \$1 billion or have the highest credit rating from one or more of a nationally recognized rating agency.

Concentration of Credit Risk – The District does diversify its investments so that the impact of potential losses from any one type of security or from any one Individual issuer will be minimized. The District will minimize credit risk by limiting investments to the types of securities listed in District policy and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisers with which the District will do business in accordance with policy.

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Notes to Basic Financial Statements

Type of Security	Maximum Percentage of the Total Portfolio
U. S. Treasury Obligations	100%
Federal Instrumentality Securities	100%
Repurchase Agreements	100%
Local Government Investment Pools	100%
Money Market Mutual Funds	100%
Time Certificates of Deposit	15%
Commercial Paper and Corporate Debt	50%
Municipal Bonds	30%

Foreign Investment Risk – The District does not allow foreign investments in accordance with state statute restrictions.

Fair Value – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted process; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2017:

<u>Investment by fair value level:</u>	<u>6/30/2017</u>	Fair Value Measurements Using		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate Bonds	\$ 13,441,571	\$ -	\$ 13,441,571	\$ -
Government Agencies	19,439,405	-	19,439,405	-
Government Bonds	<u>7,778,029</u>	<u>7,778,029</u>	-	-
Total Investments by fair value level	<u>40,659,005</u>	<u>\$ 7,778,029</u>	<u>\$ 32,880,976</u>	<u>\$ -</u>
Investments at amortized costs	<u>340,898,124</u>			
	<u>\$ 381,557,129</u>			

4. Capital assets

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance				Balance
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2017</u>
Non-depreciable assets:					
Land	\$ 62,729,806	\$ -	\$ -	\$ -	\$ 62,729,806
Construction in progress	<u>15,130,062</u>	<u>62,411,616</u>	<u>(146,915)</u>	<u>(23,241,994)</u>	<u>54,152,769</u>
Total non-depreciable assets	<u>\$ 77,859,868</u>	<u>\$ 62,411,616</u>	<u>\$ (146,915)</u>	<u>\$ (23,241,994)</u>	<u>\$ 116,882,575</u>

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Notes to Basic Financial Statements

Depreciable assets:

Buildings and site improvements	\$1,628,784,526	\$ 672,424	\$ (761,164)	\$ 23,241,994	\$1,651,937,780
Equipment and vehicles – Internal service funds	36,062,117	1,417,620	(1,613,359)	-	35,866,378
Equipment and vehicles	<u>66,429,265</u>	<u>6,086,140</u>	<u>(7,216,746)</u>	<u>-</u>	<u>65,298,659</u>
Total depreciable assets	<u>\$1,731,275,908</u>	<u>\$ 8,176,184</u>	<u>\$ (9,591,269)</u>	<u>\$ 23,241,994</u>	<u>\$1,753,102,817</u>

Less accumulated depreciation for:	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Building and site improvements	\$ (892,988,201)	\$ (58,603,803)	\$ 706,235	\$ -	\$ (950,885,769)
Equipment and vehicles – Internal service funds	(21,900,543)	(5,908,401)	1,559,510	-	(26,249,434)
Equipment and vehicles	<u>(46,032,395)</u>	<u>(3,689,406)</u>	<u>7,176,964</u>	<u>-</u>	<u>(42,544,837)</u>
Total accumulated depreciation	<u>\$ (960,921,139)</u>	<u>\$ (68,201,610)</u>	<u>\$ 9,442,709</u>	<u>\$ -</u>	<u>\$ (1,019,680,040)</u>
Total capital assets, net	<u>\$ 848,214,637</u>	<u>\$ 2,386,190</u>	<u>\$ (295,475)</u>	<u>\$ -</u>	<u>\$ 850,305,352</u>

Note: In the reconciliation of governmental funds balance sheet to statement of net position on page 37, internal service funds will be a reconciling item with the capital assets added.

Business-type activities

A summary of changes in Food services fund capital assets is as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Equipment	\$ 6,897,011	\$ 74,995	\$ (1,252,432)	\$ -	\$ 5,719,574
Accumulated depreciation	<u>(4,851,284)</u>	<u>(324,286)</u>	<u>1,245,494</u>	<u>-</u>	<u>(3,930,076)</u>
Total	<u>\$ 2,045,727</u>	<u>\$ (249,291)</u>	<u>\$ (6,938)</u>	<u>\$ -</u>	<u>\$ 1,789,498</u>

A summary of changes in Child care fund capital assets is as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Equipment	\$ 550,505	\$ -	\$ (94,190)	\$ -	\$ 456,315
Accumulated depreciation	<u>(303,217)</u>	<u>(20,247)</u>	<u>65,715</u>	<u>-</u>	<u>(257,749)</u>
Total	<u>\$ 247,288</u>	<u>\$ (20,247)</u>	<u>\$ (28,475)</u>	<u>\$ -</u>	<u>\$ 198,566</u>

A summary of changes in Property management fund capital assets is as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Equipment	\$ 2,057,769	\$ 231,689	\$ (18,677)	\$ -	\$ 2,270,781
Accumulated depreciation	<u>(928,315)</u>	<u>(118,966)</u>	<u>18,677</u>	<u>-</u>	<u>(1,028,604)</u>
Total	<u>\$ 1,129,454</u>	<u>\$ 112,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,242,177</u>

Total capital assets being depreciated, business-type activities	\$ 8,446,670
Accumulated depreciation	<u>(5,216,429)</u>
Business-type activities capital assets, net	<u>\$ 3,230,241</u>

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Notes to Basic Financial Statements

Discretely presented component units

A summary of changes in component unit charter schools capital assets is as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Non-depreciable assets:					
Land	\$ 9,768,312	\$ 5,609,906	\$ -	\$ -	\$ 15,378,218
Construction in progress	<u>4,317,313</u>	<u>6,328,412</u>	<u>-</u>	<u>(4,238,623)</u>	<u>6,407,102</u>
Total Non-depreciable assets:	<u>\$ 14,085,625</u>	<u>\$ 11,938,318</u>	<u>\$ -</u>	<u>\$ (4,238,623)</u>	<u>\$ 21,785,320</u>
Depreciable assets:					
Buildings and equipment	\$ 84,210,451	\$ 11,601,447	\$ (348,644)	\$ 4,238,623	\$ 99,701,877
Accumulated depreciation	<u>(17,799,722)</u>	<u>(3,446,321)</u>	<u>107,038</u>	<u>-</u>	<u>(21,139,005)</u>
Total Depreciable assets:	<u>\$ 66,410,729</u>	<u>\$ 8,155,126</u>	<u>\$ (241,606)</u>	<u>\$ 4,238,623</u>	<u>\$ 78,562,872</u>
Total	<u>\$ 80,496,354</u>	<u>\$ 20,093,444</u>	<u>\$ (241,606)</u>	<u>\$ -</u>	<u>\$ 100,348,192</u>

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

Governmental activities:

General Administration	\$ 508,666
School Administration	8,548,897
General Instruction	48,443,749
Special Ed Instruction	152,697
Instructional Support	40,464
Operations & Maintenance	1,855,608
Transportation	2,743,128
Capital assets held by the District's internal service funds	<u>5,908,401</u>
Total depreciation expense – governmental activities	<u>\$ 68,201,610</u>

Business-type activities:

Food services	\$ 324,286
Child care	20,247
Property management	<u>118,966</u>
Total depreciation expense – business-type activities	<u>\$ 463,499</u>

Construction commitments

The District has active construction projects as of June 30, 2017. The projects include renovations and site improvements. At year end, commitments with contractors on all projects are too numerous to list. All accumulated resources for capital projects are reserved for construction commitments. A list of significant commitments as of June 30, 2017, are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Sierra ES Phase II Upgrades	\$ 12,428,929	\$4,598,567
New Candelas School	29,225,954	2,518,022
District Wide Paving & Concrete	3,196,641	1,998,409
District Wide Mechanical Upgrades	845,612	1,104,610
District Wide Pedestal Replacement	514,748	726,092
District Wide Roof Replacement	1,317,600	705,160
District Wide Carpet Replacement	349,229	568,780

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Notes to Basic Financial Statements

5. Transfers

The District transfers amounts between funds to meet their operational needs and legal requirements. At June 30, 2017, the detail for these transfers from the General Fund and Property Management Fund to other funds is as follows:

Transfers In (Receiving Fund)	Transfers Out (Paying Fund)		
	General Fund	Property Management Fund	Total
Campus activity fund	\$ 622,597	\$ 400,000	\$ 1,022,597
Transportation fund	18,062,315	-	18,062,315
Capital reserve capital projects fund	36,809,971	250,000	37,059,971
Net transfers within funds	55,494,883	650,000	56,144,883
Internal service funds	15,537,752	-	15,537,752
Net transfers into the proprietary funds	15,537,752	-	15,537,752
Total transfers out	\$ 71,032,635	\$ 650,000	\$ 71,682,635

6. Capital leases and certificates of participation (COP's)

Certificates of participation terms are twenty years with interest ranging from 0.75 percent to 5 percent. Certificates of participation and capital lease obligations for the fiscal year ended June 30, 2017, are comprised of the following:

	Balance July 1, 2016	Additions	Retirements	Outstanding June 30, 2017	Current Portion
Governmental activities					
Supplemental Ret COP's 2015 Refunding	\$ 26,945,000	\$ -	\$ (2,310,000)	\$ 24,635,000	\$ 2,350,000
2016 Construction COP's	45,450,000	-	-	45,450,000	-
Less deferred amounts:					
Premiums	2,971,858	-	(274,474)	2,697,384	-
Governmental activity long-term liabilities	\$ 75,366,858	\$ -	\$ (2,584,474)	\$ 72,782,384	\$ 2,350,000

The 2015 COP's refunded the 2006 COP's that were issued and applied towards the Supplemental Retirement Plan unfunded actuarial accrued liability. The security for the 2015 COP's consists of four schools, the net book value as of June 30, 2017 was \$10,130,648. The 2016 COP's were issued for construction of one new elementary school and renovation of Sierra. The security consists of land and building of one high school with a net book value as of June 30, 2017 \$4,830,811

	Balance July 1, 2016	Additions	Retirements	Outstanding June 30, 2017	Current Portion
Component unit activities:					
Component units – Buildings/Capital leases	\$ 78,310,000	\$ 23,866,948	\$ (7,714,892)	\$ 94,462,056	\$ 2,121,768
Less deferred amounts:					
For discounts and premiums	167,597	347,736	(405,209)	110,124	-
Total Component unit capital lease	\$ 78,477,597	\$ 24,214,683	\$ (8,120,101)	\$ 94,572,180	\$ 2,121,768
Component Units - Promissory notes	\$ 52,514	\$ 1,660,000	\$ (275,872)	\$ 1,436,642	\$ 86,592

For financial reporting purposes, the District follows the requirements of GAAP; for capital leases, the present value of future minimum lease payments is shown as a liability and related assets are capitalized in the basic financial statements. It is the expectation that the leases will be renewed annually until title to the related property is acquired pursuant to the leases.

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Capital leases and COP's have the following minimum annual lease payments:

Capital Leases

Fiscal Year Ending June 30	Governmental Activities COP's		Component Units Charter Schools	
	Principal	Interest	Principal	Interest
2018	\$ 2,350,000	\$ 2,378,823	\$ 2,121,768	\$ 4,613,948
2019	3,895,000	2,316,378	2,549,511	4,515,671
2020	3,995,000	2,225,368	2,612,377	4,396,652
2021	4,085,000	2,123,770	19,718,400	4,274,005
2022	4,205,000	2,012,090	2,420,000	3,379,277
2023-2027	21,980,000	7,557,520	14,020,000	14,971,344
2028-2032	12,105,000	3,920,450	28,060,000	10,027,703
2033-2037	14,315,000	1,709,266	12,190,000	5,105,851
2038-2042	3,155,000	53,241	8,300,000	2,107,588
2043-2046	-	-	2,470,000	316,263
Total	<u>\$70,085,000</u>	<u>\$ 24,296,904</u>	<u>\$94,462,056</u>	<u>\$53,708,302</u>

Promissory note

Fiscal Year Ending June 30	Component Units Charter Schools	
	Principal	Interest
2018	\$ 86,592	\$ 77,560
2019	401,471	65,390
2020	96,624	48,929
2021	91,369	43,698
2022	760,586	29,570
Total	<u>\$ 1,436,642</u>	<u>\$ 265,147</u>

The District has appropriated amounts from 2017 revenues in the General Fund to meet the lease payments for the COP principal and interest which is due in 2018.

7. General obligation bonds payable

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds payable and payments on the bonds for the fiscal year ended June 30, 2017 are comprised of the following:

\$233,400,000 2010 Series Refunding Bonds due in semi-annual installments with annual payments of \$844,400 to \$35,335,375 through December 15, 2024. Interest rate: 2.00% to 5.25%.	\$219,340,000
\$69,540,000 2012 Series Refunding Bonds due in semi-annual installments with annual payments of \$854,250 to \$35,024,250 through December 15, 2026. Interest rate: 3.50% to 5.00%.	69,540,000
\$99,000,000 2012 Series Bonds due in semi-annual installments with annual payments of \$271,625 to \$11,136,625 through December 15, 2032. Interest rate: 2.00% to 5.00%.	77,530,000
\$40,345,000 2015 Series Refunding Bonds due in semi-annual installments with annual payments of \$113,936 to \$19,928,936 through December 15, 2017. Interest rate: 0.55% to 1.15%.	<u>19,815,000</u>
Total	<u>\$386,225,000</u>

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	Balance June 30, 2016	New and Refunding Issues	Payments & Amortization of Discount	Balance June 30, 2017	Current Portion
General obligation bonds:					
Refunding - 2010	\$224,660,000	\$ -	\$(5,320,000)	\$219,340,000	\$5,585,000
Refunding - 2012	69,540,000	-	-	69,540,000	-
Construction - 2012	83,675,000	-	(6,145,000)	77,530,000	685,000
Refunding - 2015	39,465,000	-	(19,650,000)	19,815,000	19,815,000
Less deferred amounts:					
Discounts & Premiums	39,993,067	-	(5,060,911)	34,932,155	-
	<u>\$457,333,067</u>	<u>\$ -</u>	<u>\$(36,175,911)</u>	<u>\$421,157,155</u>	<u>\$ 26,085,000</u>

Future year's general obligation bonds repayment schedule:

Fiscal Year Ending June 30	Principal	Interest
2018	\$26,085,000	\$17,527,761
2019	27,480,000	16,630,275
2020	28,820,000	15,248,363
2021	30,245,000	13,785,425
2022	31,745,000	12,274,375
2023-2027	183,420,000	36,079,425
2028-2032	47,565,000	8,397,275
2033	10,865,000	271,625
Total	<u>\$386,225,000</u>	<u>\$120,214,524</u>

The bonds are secured by the District's covenant to certify a rate of levy sufficient to meet the principal and interest payments with respect to the bonds. Payment of principal and interest for general obligation bonds is made from the Bond Redemption Debt Service Fund. The legal debt limit and debt margin as of June 30, 2017, are \$1,641,653,338 and \$1,317,311,485, respectively. Management of the District believes it is in compliance with the legal debt limit.

8. Defeased debt

The District issued bonds for the purpose of refunding portions of the 2004 bonds and the 2006 bonds. The proceeds of these bonds were placed in an irrevocable trust to provide the future debt service payments on the old bonds. The trust account assets and the liabilities for the defeased bonds are not included in the District's basic financial statements and were completed and disbursed in December 2016.

9. Risk management

The Employee Benefits Fund and Insurance Reserve Fund are provided to maintain and to account for insurance reserves on a self-insurance basis and other benefits provided to employees. The Insurance Reserve Fund was established in 1981 by the Colorado Legislature to provide insurance reserves to fund certain liability, property and workers' compensation claims, including estimates for incurred but not reported claims, premiums and applicable administrative costs. The Insurance Reserve Fund allows the District to manage its exposure to risk, i.e., loss of assets by fire, weather, etc., loss through third party litigation, and work place injury obligations based on statutory requirements imposed by the Workers' Compensation Act. This is accomplished by self-insuring at the various risk retention levels and the purchase of appropriate excess insurance coverage above the risk retention levels.

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The District retains the first \$100,000 of any property loss, the first \$500,000 of any liability loss, or school entity professional errors and omissions loss. The District also retains the first \$500,000 of any in state automobile liability loss and the first \$150,000 of any out of state automobile liability loss. For workers' compensation losses the District retains the first \$450,000. In order to minimize expenditures for self-insured losses and for excess premiums, the District adjusts its own workers' compensation claims and manages the handling of all other claims.

The District manages a loss control program and maintains a security department and system, which provides for around-the-clock computerized monitoring of District facilities for intrusion and fire.

The cost of Insurance Reserve Fund claims and premiums are recorded when incurred. Estimates for unsettled and incurred but not reported claims in the amount of \$4,675,500 are included as an estimated liability in the Insurance Reserve Fund as of June 30, 2017. Claim liabilities are calculated considering the effects of inflation and claim settlement trends that include such factors as pay-out amounts and economic and social indicators. The incurred but not reported amount was calculated by Aon Global Risk Consulting/Arm Tech at the request of the District. It is contained in the Unpaid Loss and Allocated Loss Adjustment Expense Reserve Review as of June 30, 2017 for the District. The claim liability is classified as current as the bulk of the claims are expected to be settled within the year.

The change in the Insurance Reserve Fund estimates for unsettled and incurred but not reported claims are:

Balance July 1, 2016	\$ 3,987,591
Increase (Decrease) in estimated claims:	
Estimated property claims	110,851
Automobile claims	81,505
General liability claims	79,365
Workers' compensation claims	<u>416,188</u>
Balance June 30, 2017	<u>\$ 4,675,500</u>

The following is a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year:

	<u>2016</u>	<u>2017</u>
Amount of claims liabilities at July 1	\$ 5,332,511	\$ 3,987,591
Incurred claims and change in reserve	1,995,492	4,334,326
Payments on claims	<u>(3,340,412)</u>	<u>(3,646,417)</u>
Amount of claims liabilities at June 30	<u>\$ 3,987,591</u>	<u>\$ 4,675,500</u>

The Employee Benefits Fund was established in 1984 to account for the District's previous self-insured medical plan and retired paid-up life insurance programs for eligible employees, retirees, dependents, and other approved individuals. The Employee Benefits Fund is reimbursed by the other funds based on predetermined rates or allowances. Included in the current liability total in the Employee Benefits Fund is \$288,545 and \$46,332 to cover the estimated cost of claims incurred but not paid or reported as of June 30, 2017, related to the District's self-insured dental and vision plans respectively and \$271,622 for medical insurance and other benefit premiums. The claim liability is classified as current as the bulk of the claims are expected to be settled within the year.

	<u>2016</u>	<u>2017</u>
Amount of claims liabilities at July 1	\$ 252,358	\$ 305,694
Incurred claims and change in reserve	5,805,518	5,851,892
Payments on claims	<u>(5,752,182)</u>	<u>(5,822,712)</u>
Amount of claims liabilities at June 30	<u>\$ 305,694</u>	<u>\$ 334,874</u>

Notes to Basic Financial Statements

10. Commitments and contingencies

A number of claims are presently pending against the District, but management believes final settlement of these matters will not result in any material adverse effect on the financial operations of the District. The District receives revenues from various federal and state grant programs subject to final review and approval as to allowability of expenditures by the respective grantor agencies. District management believes that disallowances, if any, will be immaterial to the basic financial statements. From time to time, the District enters into long-term construction contracts for which future commitments may exist.

11. Pension plan

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

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

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years

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is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

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

Contributions - Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF ¹	18.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$86,576,161 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$3,107,987,859 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District proportion of the net pension liability was based on contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District's proportion was 11.14 percent, which was an increase of .02 percent from its proportion measured as of December 31, 2015. The District's share of the total proportion share was 93.67 percent with the balance being the component units and is flat to last year.

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For the year ended June 30, 2017, the District recognized pension expense of \$487,977,728. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 38,857,155	\$ 27,930
Changes of assumptions or other inputs	1,007,305,442	14,050,193
Net difference between projected and actual earnings on pension plan investments	104,282,056	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,347,714	35,183,359
Contributions subsequent to the measurement date	43,163,963	N/A
Total	\$ 1,198,956,330	\$ 49,261,482

\$43,163,963 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 427,619,581
2019	451,710,807
2020	226,163,940
2021	1,036,557

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

<u>Actuarial cost method</u>	<u>Entry age</u>
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

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The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

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

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

Healthy, post-retirement mortality assumptions reflect the RP-201 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

- Investment rate of return assumption decreased from 7.5 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.7 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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

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

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As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate Fund	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on the plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$3,908,194,861	\$3,107,987,859	\$2,456,248,226

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

12. Other post-employment benefits

Plan Description – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended. For the years ending June 30, 2015, 2016 and 2017, the contributions to the HCTF were \$4,834,960, \$4,926,607 and \$5,128,908, respectively, equal to their required contributions for each year.

13. Tax Abatement

GASB issued Statement No. 77 *Tax Abatement Disclosures* that is currently in effect for fiscal year 2017. Statement No. 77 captures all abatements between a government and an individual or entity in which the government promises to forego tax revenue and the entity promises to subsequently take a specific action that contributes to the economy. The District receives the majority of its tax revenue from Jefferson County and a small portion from Broomfield County. Responses from both Jefferson County and Broomfield County state that they do not currently have any tax abatement agreements with an individual or entity in which the government promises to forego tax revenue.

14. Component Unit

Golden View Classical Academy, a charter school of the District, began operations on July 1, 2015. They were required to be inside the District's financial operating system for the first year of operations. Beginning on July 1, 2016, they operated their financial activity outside of the District's system. During the fiscal year ended June 30, 2016, the charter school reported a discretely presented component unit on their Statement of Net Position and Statement of Activities. For the year ended June 30, 2017, Note 7 of the charter school financial statements state the discretely presented component unit no longer qualified as a component unit and the related activity was excluded. Due to the change in reporting, the charter school beginning fund balance was restated from \$1,138,333 to \$758,994 as reported on the District's statements.

Required Supplementary Information



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Measurement Periods (began in 2013)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion (percentage) of the collective net pension liability	10.4256037294%	10.4006569806%	10.7060040809%	11.1397491568%
District's proportionate share of the collective pension liability	\$ 3,107,987,859	\$ 1,590,707,061	\$ 1,451,023,165	\$ 1,420,871,997
Covered payroll	466,519,811	444,493,990	448,446,768	449,164,037
District's proportionate share of the net pension liability as a percentage of its covered payroll	666.21%	357.87%	323.57%	316.34%
Plan fiduciary net position as a percentage of the total pension liability	43.1%	59.20%	62.80%	64.06%

The amounts presented for each fiscal year were determined as of December 31.
Primary government only, does not include component units.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
 Schedule of Contributions and Related Ratios
 Last 10 Fiscal Years

As of June 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 86,576,161	\$ 80,716,775	\$ 76,073,368
Contributions in relation to the statutorily required contribution	<u>86,576,161</u>	<u>80,716,775</u>	<u>76,073,368</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	471,682,591	455,031,063	450,960,315
Contribution as a percentage of covered payroll	18.35%	17.74%	16.87%

The amounts presented for each fiscal year were determined as of June 30.
 Primary government only, does not include component units.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 71,324,403	\$ 67,961,016	\$ 64,279,955	\$ 63,755,788	\$ 60,831,453	\$ 55,276,166	\$ 48,382,559
<u>71,324,403</u>	<u>67,961,016</u>	<u>64,279,955</u>	<u>63,755,788</u>	<u>60,831,453</u>	<u>55,276,166</u>	<u>48,382,559</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
445,953,649	450,325,361	452,971,847	478,394,132	489,243,753	479,339,659	465,259,023
15.99%	15.09%	14.19%	13.33%	12.43%	11.53%	10.40%



Supplementary Information

The Combining Financial Statements represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.



Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds account for revenues that are legally restricted to expenditures for specified purposes.

Campus Activity Fund – This fund is used to account for revenues collected on behalf of the participants who will benefit from the expenditures.

Transportation Fund – This fund is used to account for student transportation services.

Major Governmental Funds

Bond Redemption Debt Service

Bond Redemption Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

Capital Projects

Capital Reserve Capital Projects Fund – This fund is authorized by Colorado School Law and is used to fund ongoing capital needs such as site acquisition, building additions and equipment purchases.

Building Fund – Capital Projects – This fund is used to account for resources from the 2012 voter approved bond for a three year capital improvement program.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
June 30, 2017

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Campus Activity Fund</u>	<u>Transportation Fund</u>	
Assets			
Cash	\$ 104,787	\$ 500	\$ 105,287
Equity in pooled cash and investments	9,526,818	2,622,339	12,149,157
Accounts and interest receivable	2,082,944	90,196	2,173,140
Inventories	405,181	533,526	938,707
Prepaid items	-	34,073	34,073
Total assets	<u>\$ 12,119,730</u>	<u>\$ 3,280,634</u>	<u>\$ 15,400,364</u>
Liabilities			
Accounts payable	\$ 449,824	\$ 639,999	\$ 1,089,823
Accrued salaries and benefits	15,172	2,073,036	2,088,208
Unearned revenues	4,250	-	4,250
Total liabilities	<u>469,246</u>	<u>2,713,035</u>	<u>3,182,281</u>
Fund Balances:			
Nonspendable:			
Inventory	405,181	533,526	938,707
Prepaid items	-	34,073	34,073
Restricted for:			
TABOR	632,414	-	632,414
Assigned to:			
Campus activities	10,612,889	-	10,612,889
Total fund balance	<u>11,650,484</u>	<u>567,599</u>	<u>12,218,083</u>
Total liabilities and fund balances	<u>\$ 12,119,730</u>	<u>\$ 3,280,634</u>	<u>\$ 15,400,364</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal year ended June 30, 2017

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Campus Activity Fund	Transportation Fund	
Revenues:			
Intergovernmental:			
State of Colorado	\$ -	\$ 4,887,237	\$ 4,887,237
Other:			
Interest	4,591	-	4,591
Student activities	6,183,233	-	6,183,233
Fundraising	3,527,277	-	3,527,277
Fees and dues	7,255,169	-	7,255,169
Donations	4,193,596	-	4,193,596
Miscellaneous	4,110,210	-	4,110,210
Service contracts	-	3,724,642	3,724,642
Total revenues	<u>25,274,076</u>	<u>8,611,879</u>	<u>33,885,955</u>
Expenditures:			
Current:			
General instruction	26,074,510	-	26,074,510
Transportation	-	26,664,608	26,664,608
Total expenditures	<u>26,074,510</u>	<u>26,664,608</u>	<u>52,739,118</u>
Excess of revenues over (under) expenditures	(800,434)	(18,052,729)	(18,853,163)
Other financing sources (uses):			
Transfers in	1,022,597	18,062,315	19,084,912
Total other financing sources (uses)	<u>1,022,597</u>	<u>18,062,315</u>	<u>19,084,912</u>
Excess of revenues and other financing sources over (under) expenditures	222,163	9,586	231,749
Fund balance - July 1, 2016	11,428,322	558,012	11,986,334
Fund balance - June 30, 2017	<u>\$ 11,650,485</u>	<u>\$ 567,598</u>	<u>\$ 12,218,083</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
Bond Redemption Debt Service Fund
Fiscal year ended June 30, 2017

Bond Redemption Debt Service Fund			
	Original and Final Budget Amounts	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes:			
Property taxes	\$ 50,191,800	\$ 47,135,806	\$ (3,055,994)
Interest	5,000	75,075	70,075
Total taxes	50,196,800	47,210,881	(2,985,919)
Expenditures:			
Debt Service			
Principal retirement	31,115,000	31,115,000	-
Interest and fiscal charges	18,084,435	18,067,410	17,025
Total expenditures	49,199,435	49,182,410	17,025
Excess of revenues over expenditures	\$ 997,365	(1,971,529)	\$ (2,968,894)
Fund balances - July 1, 2016		63,854,676	
Fund balances - June 30, 2017		\$ 61,883,147	

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
Capital Reserve Capital Projects Fund
Fiscal year ended June 30, 2017

Capital Reserve Capital Projects Fund				
	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 20,000	\$ 20,000	\$ 321,614	\$ 301,614
Other	350,000	1,464,943	1,791,644	326,701
Total revenues	370,000	1,484,943	2,113,258	628,315
Expenditures:				
Capital outlay:				
Facility improvements	19,574,639	19,574,639	16,147,036	3,427,603
District utilization	2,121,036	2,121,036	3,454,494	(1,333,458)
New construction	41,000,000	41,850,000	38,787,993	3,062,007
Vehicles	590,000	590,000	728,691	(138,691)
Payment to COP agent	2,000,000	2,000,000	2,079,187	(79,187)
Total expenditures	65,285,675	66,135,675	61,197,401	4,938,274
Excess of revenues over (under) expenditures	(64,915,675)	(64,650,732)	(59,084,143)	5,566,589
Other financing sources:				
Transfers in	22,559,971	37,059,971	37,059,971	-
Total other financing sources	22,559,971	37,059,971	37,059,971	-
Excess of revenues and other financing sources over (under) expenditures	\$ (42,355,704)	\$ (27,590,761)	(22,024,172)	\$ 5,566,589
Fund balance - July 1, 2016			66,956,693	
Fund balance - June 30, 2017			\$ 44,932,521	

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
 Schedule of Revenues, Expenditures
 and Changes in Fund Balances - Budget and Actual
 Building Fund - Capital Projects
 Fiscal year ended June 30, 2017

Building Fund - Capital Projects				
	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ -	30,000	\$ 22,166	\$ (7,834)
Total revenues	<u>-</u>	<u>30,000</u>	<u>22,166</u>	<u>(7,834)</u>
Expenditures:				
Capital outlay:				
Facility improvements	6,667,842	7,730,559	7,724,725	5,834
Total expenditures	<u>6,667,842</u>	<u>7,730,559</u>	<u>7,724,725</u>	<u>5,834</u>
Excess of revenues over (under) expenditures	<u>\$ (6,667,842)</u>	<u>\$ (7,700,559)</u>	<u>(7,702,559)</u>	<u>\$ (2,000)</u>
Fund balance - July 1, 2016			<u>7,702,559</u>	
Fund balance - June 30, 2017			<u>\$ -</u>	

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual (Budget Basis)
Campus Activity Special Revenue Fund
Fiscal year ended June 30, 2017

	Campus Activity Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 4,591	\$ 4,591
Student activities	6,848,516	6,348,516	6,183,233	(165,283)
Fundraising	3,597,849	3,597,849	3,527,277	(70,572)
Fees and dues	6,916,963	7,316,963	7,255,169	(61,794)
Donations	4,114,315	4,214,315	4,193,596	(20,719)
Miscellaneous	4,119,179	4,119,179	4,110,210	(8,969)
Total revenues	<u>25,596,822</u>	<u>25,596,822</u>	<u>25,274,076</u>	<u>(322,746)</u>
Expenditures:				
Current:				
Athletics and activities	25,540,228	26,275,059	26,074,510	200,549
Total expenditures	<u>25,540,228</u>	<u>26,275,059</u>	<u>26,074,510</u>	<u>200,549</u>
Excess of revenues over (under) expenditures	56,594	(678,237)	(800,434)	(122,197)
Other financing sources:				
Transfers in	1,100,000	1,100,000	1,022,597	(77,403)
Total other financing sources (uses)	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,022,597</u>	<u>(77,403)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ 1,156,594</u>	<u>\$ 421,763</u>	222,163	<u>\$ (199,600)</u>
Fund balance - July 1, 2016			11,428,322	
Fund balance - June 30, 2017			<u>\$ 11,650,485</u>	



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
Transportation Special Revenue Fund
Fiscal year ended June 30, 2017

	Transportation Fund		
	Original & Final Budget Amounts	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Service contracts	\$ 3,631,728	\$ 3,724,642	\$ 92,914
State of Colorado	<u>5,109,993</u>	<u>4,887,237</u>	<u>(222,756)</u>
Total revenues	<u>8,741,721</u>	<u>8,611,879</u>	<u>(129,842)</u>
Expenditures:			
Current:			
Transporation	<u>26,937,065</u>	<u>26,664,608</u>	<u>272,457</u>
Total expenditures	<u>26,937,065</u>	<u>26,664,608</u>	<u>272,457</u>
Excess of revenues over (under) expenditures	(18,195,344)	(18,052,729)	142,615
Other financing sources:			
Transfers in	<u>18,195,344</u>	<u>18,062,315</u>	<u>(133,029)</u>
Total other financing sources (uses)	<u>18,195,344</u>	<u>18,062,315</u>	<u>(133,029)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	9,586	<u>\$ 9,586</u>
Fund balance - July 1, 2016		<u>558,012</u>	
Fund balance - June 30, 2017		<u>\$ 567,598</u>	



Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments and schools on a cost-reimbursement basis.

Central Services Fund – This fund accounts for costs of operations to various users. Costs of operations include all direct costs plus depreciation, space rental, utilities, interest, and maintenance costs. Programs include: Copier, Printing, and Equipment Repair.

Employee Benefits Fund – This fund accounts for the self-insurance programs for dental, vision and group life.

Insurance Reserve Fund – This fund is authorized by state law to allow the District to maintain an insurance reserve for self-insurance purposes and to fund liability, workers' compensation, and property insurance premiums.

Technology Fund – This fund is used to allocate the costs for the various technology-related activities to schools and departments.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

<u>Assets</u>	Central Services Fund	Employee Benefits Fund	Insurance Reserve Fund
Current assets:			
Cash	\$ 300	\$ -	\$ -
Restricted cash	-	37,000	-
Equity in pooled cash and investments	1,260,147	40,617,358	10,510,196
Accounts and other receivable	17,537	12,027	123,849
Inventories	157,421	-	-
Prepaid items	-	3,834	1,727,071
Total current assets	<u>1,435,405</u>	<u>40,670,219</u>	<u>12,361,116</u>
Capital assets:			
Vehicles and equipment	2,557,610	-	128,488
Less accumulated depreciation	<u>(1,389,379)</u>	<u>-</u>	<u>(128,488)</u>
Total capital assets net of accumulated depreciation	1,168,231	-	-
Total assets	<u>\$ 2,603,636</u>	<u>\$ 40,670,219</u>	<u>\$ 12,361,116</u>
<u>Liabilities and Net Position</u>			
Current liabilities:			
Accounts payable	\$ 88,519	\$ -	\$ 27,671
Accrued salaries, benefits, and compensated absences	76,435	2,504,214	31,568
Payroll withholding	-	24,815,233	-
Other unearned revenues	-	-	-
Estimated liability for premiums and claims	-	606,499	4,675,500
Total current liabilities	<u>164,954</u>	<u>27,925,946</u>	<u>4,734,739</u>
Non-current liabilities:			
Compensated absences	80,779	3,284	18,025
Total non-current liabilities	<u>80,779</u>	<u>3,284</u>	<u>18,025</u>
Total liabilities	<u>245,733</u>	<u>27,929,230</u>	<u>4,752,764</u>
<u>Net Position</u>			
Investment in capital assets	1,168,231	-	-
Restricted for:			
TABOR	911	7,692	32,470
Unrestricted	1,188,761	12,733,297	7,575,882
Total net position	<u>2,357,903</u>	<u>12,740,989</u>	<u>7,608,352</u>
Total liabilities and net position	<u>\$ 2,603,636</u>	<u>\$ 40,670,219</u>	<u>\$ 12,361,116</u>

Technology Fund	Total Governmental Activities - Internal Service Funds
\$ -	\$ 300
-	37,000
6,184,262	58,571,963
108,859	262,272
	157,421
<u>2,659,512</u>	<u>4,390,417</u>
<u>8,952,633</u>	<u>63,419,373</u>
33,180,320	35,866,418
(24,731,606)	(26,249,473)
<u>8,448,714</u>	<u>9,616,945</u>
<u>\$ 17,401,347</u>	<u>\$ 73,036,318</u>

\$ 802,271	\$ 918,461
999,136	3,611,353
-	24,815,233
281,836	281,836
-	5,281,999
<u>2,083,243</u>	<u>34,908,882</u>
<u>776,616</u>	<u>878,704</u>
<u>776,616</u>	<u>878,704</u>
<u>2,859,859</u>	<u>35,787,586</u>
8,448,714	9,616,945
67,168	108,241
<u>6,025,606</u>	<u>27,523,546</u>
<u>14,541,488</u>	<u>37,248,732</u>
<u>\$ 17,401,347</u>	<u>\$ 73,036,318</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Fiscal year ended June 30, 2017

	Central Services Fund	Employee Benefits Fund	Insurance Reserve Fund
Revenues:			
Insurance premiums	\$ -	\$ 5,735,761	\$ 1,483,706
Service contracts	3,523,271	-	13,750
Total revenues	<u>3,523,271</u>	<u>5,735,761</u>	<u>1,497,456</u>
Expenses:			
Salaries and employee benefits	962,634	166,918	561,440
Administration services	352,465	431,695	546,861
Utilities	1,340	-	-
Supplies	1,215,643	-	-
Repairs and maintenance	375,526	-	-
Depreciation	290,459	-	-
Other	23	-	-
Claim losses	-	5,851,892	4,334,326
Premiums paid	-	46,798	1,867,541
Total expenses	<u>3,198,090</u>	<u>6,497,303</u>	<u>7,310,168</u>
Income (loss) from operations	<u>325,181</u>	<u>(761,542)</u>	<u>(5,812,712)</u>
Non-operating revenues (expenses):			
Interest revenues	5,624	178,436	50,123
Gain (loss) on sale of capital assets	(16,710)	-	-
Total non-operating revenues (expenses)	<u>(11,086)</u>	<u>178,436</u>	<u>50,123</u>
Income (loss) before transfers	314,095	(583,106)	(5,762,589)
Transfers from the general fund	-	-	4,882,752
Transfers out to other funds	-	-	-
Change in net position	<u>314,095</u>	<u>(583,106)</u>	<u>(879,837)</u>
Net position - July 1, 2016	2,043,808	13,324,095	8,488,189
Net position - June 30, 2017	<u>\$ 2,357,903</u>	<u>\$ 12,740,989</u>	<u>\$ 7,608,352</u>

Technology Fund	Total Governmental Activities - Internal Service Funds
\$ -	\$ 7,219,467
17,556,168	21,093,189
<u>17,556,168</u>	<u>28,312,656</u>
13,287,272	14,978,264
2,808,997	4,140,018
54,935	56,275
1,766,277	2,981,920
4,983,527	5,359,053
5,617,942	5,908,401
8,265	8,288
-	10,186,218
-	1,914,339
<u>28,527,215</u>	<u>45,532,776</u>
<u>(10,971,047)</u>	<u>(17,220,120)</u>
17,775	251,958
<u>(16,993)</u>	<u>(33,703)</u>
<u>782</u>	<u>218,255</u>
(10,970,265)	(17,001,865)
10,655,000	15,537,752
-	-
<u>(315,265)</u>	<u>(1,464,113)</u>
14,856,753	38,712,845
<u>\$ 14,541,488</u>	<u>\$ 37,248,732</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Cash Flows
Internal Service Funds
Fiscal year ended June 30, 2017

	Central Services Fund	Employee Benefits Fund	Insurance Reserve Fund
Cash flows from operating activities:			
Cash received from customers	\$ 3,524,131	\$ 5,735,685	\$ 1,413,998
Cash paid to employees	(933,927)	(174,275)	(558,802)
Cash paid to vendors	(1,945,258)	(5,912,752)	(6,217,279)
Net cash provided by (used for) in operating activities	<u>644,946</u>	<u>(351,342)</u>	<u>(5,362,083)</u>
Cash flows from noncapital financing activities:			
Transfers in and (out)	-	-	4,882,752
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>4,882,752</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(587,404)	-	-
Proceeds on sale of capital assets	-	-	-
Net cash (used for) capital and related financing activities	<u>(587,404)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	5,624	178,436	50,123
Net cash provided by investing activities	<u>5,624</u>	<u>178,436</u>	<u>50,123</u>
Net increase (decrease) in cash and cash equivalents	63,166	(172,906)	(429,208)
Cash and cash equivalents - July 1, 2016	1,197,281	40,827,264	10,939,404
Cash and cash equivalents - June 30, 2017	<u>\$ 1,260,447</u>	<u>\$ 40,654,358</u>	<u>\$ 10,510,196</u>
Reconciliation of cash flows from operating activities:			
Income (Loss) from operations	\$ 325,181	\$ (761,542)	\$ (5,812,712)
Cash flows from operating activities:			
Depreciation	290,459	-	-
(Increase) decrease intergovernmental and other receivables	860	(76)	(83,458)
(Increase) decrease in prepaid items	-	(3,834)	(76,402)
Increase in other inventories	(3,197)	-	-
Increase (decrease) in accounts payable	2,937	-	(80,058)
Increase (decrease) in accrued salaries, benefits, and compensated and compensated balances	28,706	(7,641)	2,638
Increase in payroll withholding	-	360,719	-
Decrease in unearned revenues	-	-	-
Increase in estimated liability for premiums and claims	-	61,032	687,909
Net cash provided by (used for) in operating activities	<u>\$ 644,946</u>	<u>\$ (351,342)</u>	<u>\$ (5,362,083)</u>
Noncash investing, capital, and financing activities:			
Disposal and write off of capital assets	\$ 16,710	\$ -	\$ -

Technology Fund	Governmental Activities - Internal Service Funds
\$ 17,532,414	\$ 28,206,228
(13,249,833)	(14,916,837)
(8,419,470)	(22,494,759)
<u>(4,136,889)</u>	<u>(9,205,368)</u>
10,655,000	15,537,752
<u>10,655,000</u>	<u>15,537,752</u>
(830,216)	(1,417,620)
<u>20,146</u>	<u>20,146</u>
(810,070)	(1,397,474)
<u>17,775</u>	<u>251,958</u>
<u>17,775</u>	<u>251,958</u>
5,725,816	5,186,868
458,446	53,422,395
<u>\$ 6,184,262</u>	<u>\$ 58,609,263</u>
\$ (10,971,047)	\$ (17,220,120)
5,617,942	5,908,401
6,173	(76,501)
1,070,257	990,021
6,837	3,640
125,435	48,314
37,440	61,143
-	360,719
(29,926)	(29,926)
-	748,941
<u>\$ (4,136,889)</u>	<u>\$ (9,205,368)</u>
\$ 16,993	\$ 33,703



Component Units

The component units consist of sixteen charter school administrative units: Addenbrooke Classical Academy, Collegiate Academy of Colorado, Compass Montessori - Wheatridge, Compass Montessori – Golden, Excel, Free Horizon, Golden View Classical Academy, Jefferson Academy, Lincoln Academy, Montessori Peaks, Mountain Phoenix, New America, Rocky Mountain Academy Evergreen, Rocky Mountain Deaf School, Two Roads High School and Woodrow Wilson Charter Schools. The schools have separate governing boards.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Combining Statement of Net Position

Component Units

June 30, 2017

	Addenbrooke Classical Academy	Collegiate Academy of Colorado	Compass Montessori - Wheat Ridge	Compass Montessori - Golden	Doral Academy	Excel Charter School	Free Horizon	Golden View Classical Academy
Assets								
Cash	\$ 1,500	\$ 1,000	\$ 424	\$ 58,805	\$ 500	\$ 500	\$ -	\$ 1,714,551
Restricted cash for debt service and deposits	4,174,060	724,948	-	747,042	-	615,700	631,270	-
Restricted cash for TABOR	131,738	82,840	77,356	107,208	38,077	130,006	102,664	-
Equity in pooled cash and investments	1,190,506	610,598	709,345	853,589	168,168	2,205,191	1,232,439	-
Accounts receivable	-	-	-	-	-	-	2,581	47,857
Inventory	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	2,301	-	-	-	450
Capital assets								
Land and construction in progress	8,711,067	650,000	34,092	1,016,509	-	235,981	820,874	-
Depreciable assets	6,892,914	6,109,877	168,040	5,109,019	-	5,249,998	6,000,671	2,318,779
Accumulated depreciation	(17,723)	(2,594,891)	(37,171)	(1,974,689)	-	(2,060,620)	(1,296,302)	(160,665)
Total capital assets	15,586,258	4,164,986	164,961	4,150,839	-	3,425,359	5,525,243	2,158,114
Total assets	\$ 21,084,062	\$ 5,584,372	\$ 952,086	\$ 5,919,784	\$ 206,745	\$ 6,376,756	\$ 7,494,197	\$ 3,920,972
Deferred outflows of resources								
Loss on refunding	-	-	-	359,359	-	510,003	-	-
Cont after measurement date	111,135	130,887	141,132	159,893	73,530	191,076	161,554	196,424
Change in assumptions	3,552,916	3,014,595	3,337,588	3,983,572	645,985	4,629,557	4,198,900	3,653,679
Change in investment earnings	203,232	316,865	330,783	366,751	66,569	449,921	359,378	257,377
Change in proportionate share	1,811,980	9,094	394,889	539,715	664,097	148,043	691,732	2,669,110
Change in experience	116,115	117,086	127,715	148,093	24,888	174,773	152,555	131,328
Total deferred outflows	\$ 5,795,378	\$ 3,588,527	\$ 4,332,107	\$ 5,557,383	\$ 1,475,069	\$ 6,103,373	\$ 5,564,119	\$ 6,907,918
Liabilities								
Accounts payable	2,074,872	2,776	12,695	16,749	12,703	34,895	18,189	99,002
Accrued salaries and benefits	229,789	133,001	141,988	182,261	50,158	182,131	219,862	147,371
Unearned revenues	6,980	1,700	70,808	36,115	2,275	18,315	125,196	1,750
Accrued interest	67,699	11,623	-	108,109	439	15,598	13,846	-
Long term liabilities								
Due within 1 year	-	285,000	-	171,856	61,768	240,000	125,000	-
Due in more than 1 year	18,045,000	5,183,028	-	5,029,504	490,288	5,592,865	5,808,055	-
Net Pension liability	9,376,549	9,361,736	10,219,628	11,868,894	1,990,836	13,995,465	12,242,207	11,260,136
Total liabilities	\$ 29,800,889	\$ 14,978,864	\$ 10,445,119	\$ 17,413,488	\$ 2,608,467	\$ 20,079,269	\$ 18,552,355	\$ 11,508,259
Deferred inflows of resources								
Change in proportionate share	-	22,392	-	-	-	-	-	-
Change in experience	(49)	85	68	66	18	103	48	-
Change in assumptions	27,147	42,902	45,447	49,598	8,978	60,493	48,488	40,674
Total deferred inflows	\$ 27,098	\$ 65,379	\$ 45,515	\$ 49,664	\$ 8,996	\$ 60,596	\$ 48,536	\$ 40,674
Net Position								
Net investment in capital assets	1,623,113	(727,338)	164,959	(243,508)	(581,978)	(1,448,776)	59,977	2,158,114
Restricted for:								
Capital projects	3,508,111	-	-	-	-	-	-	-
Debt service	598,249	713,325	-	638,934	(262)	600,102	617,424	-
TABOR	131,738	82,840	77,356	107,208	38,077	130,006	102,664	165,000
Unrestricted	(8,809,758)	(5,940,171)	(5,448,756)	(6,488,619)	(391,486)	(6,941,068)	(6,322,640)	(3,043,157)
Total net position	\$ (2,948,547)	\$ (5,871,344)	\$ (5,206,441)	\$ (5,985,985)	\$ (935,649)	\$ (7,659,736)	\$ (5,542,575)	\$ (720,043)

Jefferson Academy	Lincoln Academy Charter School	Montessori Peaks	Mountain Phoenix	New America	Rocky Mountain Academy Evergreen	Rocky Mountain Deaf School	Two Roads High School	Woodrow Wilson Academy	Total Charter Schools
\$ 1,300	\$ 17,139	\$ 500	\$ -	\$ 300	\$ 236	\$ -	\$ 500	\$ 500	1,797,755
1,711,450	781,817	863,833	1,104,275	-	576,110	-	505,752	769,806	13,206,063
420,699	173,239	120,946	133,258	67,948	78,153	67,568	108,457	170,618	2,010,775
6,247,951	2,012,895	944,492	864,663	947,528	619,669	232,892	399,961	5,048,898	24,288,785
-	-	-	-	137,676	-	104,456	-	-	292,570
-	-	-	-	-	-	1,707	1,519	215	3,441
-	-	-	-	-	-	-	-	-	2,751
1,874,827	2,685,452	1,099,229	848,000	-	79,925	92,058	258,000	3,379,306	21,785,320
21,302,676	8,283,309	4,845,899	5,310,203	275,702	5,146,405	12,404,791	3,852,777	6,430,817	99,701,877
(3,512,267)	(919,268)	(1,998,671)	(570,270)	(212,194)	(2,022,024)	(824,228)	(126,176)	(2,811,846)	(21,139,005)
19,665,236	10,049,493	3,946,457	5,587,933	63,508	3,204,306	11,672,621	3,984,601	6,998,277	100,348,192
\$ 28,046,636	\$ 13,034,583	\$ 5,876,228	\$ 7,690,129	\$ 1,216,960	\$ 4,478,474	\$ 12,079,244	\$ 5,000,790	\$ 12,988,314	141,950,332
-	137,292	639,495	-	-	86,732	-	-	-	1,732,881
557,044	245,642	214,285	206,236	81,101	159,771	124,474	145,603	216,316	3,116,103
13,996,335	6,136,854	3,875,908	4,306,565	1,830,290	3,445,252	3,014,595	4,198,900	5,167,877	72,989,368
1,271,742	560,559	546,843	498,517	189,952	392,432	296,128	308,105	509,156	6,924,310
2,326,448	769,804	496,226	916,197	292,124	97,958	184,125	481,730	425,727	12,918,999
517,919	227,798	173,880	177,035	71,916	138,982	113,832	144,462	196,629	2,755,006
\$ 18,669,488	\$ 8,077,949	\$ 5,946,637	\$ 6,104,550	\$ 2,465,383	\$ 4,321,127	\$ 3,733,154	\$ 5,278,800	\$ 6,515,705	100,436,667
257,540	52,175	22,419	45,573	68,260	10,349	7,472	13,340	602,182	3,351,191
627,655	244,061	194,086	-	98,581	155,005	125,840	159,968	114,336	3,006,093
19,510	43,446	11,350	65,732	-	-	960	663	27,710	432,510
123,030	109,797	55,561	122,326	-	52,501	-	23,638	20,895	725,062
455,000	224,736	190,000	100,000	-	125,000	-	60,000	170,000	2,208,360
19,235,000	7,920,330	5,910,000	6,701,307	-	4,506,668	-	4,530,000	4,848,417	93,800,462
41,519,350	18,154,879	13,804,066	14,113,711	5,746,677	11,090,544	9,218,826	11,629,358	15,738,949	221,331,811
\$ 62,237,085	\$ 26,749,424	\$ 20,187,482	\$ 21,148,649	\$ 5,913,518	\$ 15,940,067	\$ 9,353,098	\$ 16,416,967	\$ 21,522,489	324,855,489
-	-	-	-	93,205	-	-	54,488	-	170,085
222	95	154	106	34	106	75	25	112	1,268
171,687	76,038	80,138	71,742	26,934	54,562	39,419	39,827	69,168	953,242
\$ 171,909	\$ 76,133	\$ 80,292	\$ 71,848	\$ 120,173	\$ 54,668	\$ 39,494	\$ 94,340	\$ 69,280	1,124,595
1,177,572	2,458,047	(987,716)	(627,285)	63,509	(950,353)	11,672,621	(258,572)	2,403,141	15,955,527
2,962	-	-	-	-	-	-	-	-	3,511,073
1,585,458	672,020	808,272	981,949	-	523,609	-	482,114	748,912	8,970,106
420,699	173,239	120,946	133,258	67,948	78,153	67,568	108,457	170,618	2,175,775
(18,879,561)	(9,016,331)	(8,386,411)	(7,913,740)	(2,482,805)	(6,846,543)	(5,320,383)	(6,563,716)	(5,410,421)	(114,205,566)
\$ (15,692,870)	\$ (5,713,025)	\$ (8,444,909)	\$ (7,425,818)	\$ (2,351,348)	\$ (7,195,134)	\$ 6,419,806	\$ (6,231,717)	\$ (2,087,750)	(83,593,085)



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
 Combining Statement of Activities
 Component Units
 Fiscal year ended June 30, 2017

	Expenses	Charges For Services	Net Expenses	General Revenues	Change in net position	Net position beginning*	Net position ending
Schools							
Addenbrooke Classical Academy	\$ 6,839,134	\$ 445,034	\$ (6,394,100)	\$ 4,493,629	\$ (1,900,471)	\$ (1,048,076)	\$ (2,948,547)
Collegiate Academy of Colorado	4,533,131	173,730	(4,359,401)	3,078,833	(1,280,568)	(4,590,776)	(5,871,344)
Compass Montessori - Wheat Ridge	4,417,914	992,354	(3,425,560)	1,948,895	(1,476,665)	(3,729,776)	(5,206,441)
Compass Montessori - Golden	6,042,335	923,386	(5,118,949)	3,287,000	(1,831,949)	(4,154,036)	(5,985,985)
Doral Academy	2,420,554	90,382	(2,330,172)	1,394,523	(935,649)	-	(935,649)
Excel Charter School	6,902,389	552,433	(6,349,956)	4,501,370	(1,848,586)	(5,811,150)	(7,659,736)
Free Horizon	6,030,909	1,155,651	(4,875,258)	2,817,963	(2,057,295)	(3,485,280)	(5,542,575)
Golden View Classical Academy	7,784,433	791,843	(6,992,590)	5,513,553	(1,479,037)	758,994 *	(720,043)
Jefferson Academy	21,391,018	985,736	(20,405,282)	15,349,990	(5,055,292)	(10,637,578)	(15,692,870)
Lincoln Academy Charter School	9,021,129	707,362	(8,313,767)	5,931,082	(2,382,685)	(3,330,340)	(5,713,025)
Montessori Peaks	6,426,839	952,257	(5,474,582)	3,741,015	(1,733,567)	(6,711,342)	(8,444,909)
Mountain Phoenix	7,302,952	743,227	(6,559,725)	4,393,733	(2,165,992)	(5,259,826)	(7,425,818)
New America	3,475,012	375,385	(3,099,627)	2,275,415	(824,212)	(1,527,136)	(2,351,348)
Rocky Mountain Academy Evergreen	5,151,522	439,364	(4,712,158)	2,698,611	(2,013,547)	(5,181,587)	(7,195,134)
Rocky Mountain Deaf School	4,242,991	1,560,714	(2,682,277)	805,891	(1,876,386)	8,296,192	6,419,806
Two Roads High School	6,281,041	220,847	(6,060,194)	3,970,489	(2,089,705)	(4,142,012)	(6,231,717)
Woodrow Wilson Academy	7,460,179	519,026	(6,941,153)	6,109,895	(831,258)	(1,256,492)	(2,087,750)
Total	\$ 115,723,482	\$ 11,628,731	\$ (104,094,751)	\$ 72,311,887	\$ (31,782,864)	\$ (51,810,221)	\$ (83,593,085)

*restated (see footnote 14)

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
All Component Units
Combining Balance Sheet
June 30, 2017

	Addenbrooke Classical Academy	Collegiate Academy of Colorado	Compass Montessori - Wheat Ridge	Compass Montessori - Golden	Doral Academy	Excel Charter School	Free Horizon	Golden View Classical Academy
Assets:								
Cash	\$ 1,500	\$ 1,000	\$ 424	\$ 58,805	\$ 500	\$ 500	\$ -	\$ 1,714,551
Deposits	-	-	-	-	-	-	-	-
Restricted Cash	4,305,798	807,788	77,356	854,250	38,077	745,706	733,934	-
Equity in pooled cash and investments	1,190,506	610,598	709,345	853,589	168,168	2,205,191	1,232,439	-
Accounts, notes, contracts, and interest receivable	-	-	-	-	-	-	2,581	47,857
Inventory	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	2,301	-	-	-	450
Total Assets	\$ 5,497,804	\$ 1,419,386	\$ 787,125	\$ 1,768,945	\$ 206,745	\$ 2,951,397	\$ 1,968,954	\$ 1,762,858
Liabilities and fund balances (deficit)								
Liabilities:								
Accounts and retainages payable	2,074,872	2,776	12,695	16,749	12,703	34,895	18,189	99,002
Accrued salaries, benefits, and compensated absences	229,789	133,001	141,988	182,261	50,158	182,131	219,862	147,371
Unearned revenues	6,980	1,700	70,808	36,115	2,275	18,315	125,196	1,750
Total Liabilities	\$ 2,311,641	\$ 137,477	\$ 225,491	\$ 235,125	\$ 65,136	\$ 235,341	\$ 363,247	\$ 248,123
Fund balances:								
Restricted for:								
TABOR	131,738	82,840	77,356	107,208	38,077	130,006	102,664	165,000
Debt service	665,948	724,948	-	747,042	-	615,700	631,270	-
Construction	3,508,111	-	-	-	-	-	-	-
Unassigned	(1,119,634)	474,121	484,278	679,570	103,532	1,970,350	871,773	1,349,735
Total fund balances (deficit)	3,186,163	1,281,909	561,634	1,533,820	141,609	2,716,056	1,605,707	1,514,735
Total liabilities and fund balances	\$ 5,497,804	\$ 1,419,386	\$ 787,125	\$ 1,768,945	\$ 206,745	\$ 2,951,397	\$ 1,968,954	\$ 1,762,858
Amounts reported for component unit activities in the statement of net position are different because:								
Component units total fund balance	\$ 3,186,163	\$ 1,281,909	\$ 561,634	\$ 1,533,820	\$ 141,609	\$ 2,716,056	\$ 1,605,707	\$ 1,514,735
Add: Capital assets	15,603,981	6,759,877	202,131	6,125,528	-	5,485,979	6,821,545	2,318,779
Deferred outflows - Loss on refunding	-	-	-	359,359	-	510,003	-	-
Deferred outflows - Cont after measurement	111,135	130,887	141,132	159,893	73,530	191,076	161,554	196,424
Deferred outflows - change in assumptions	3,552,916	3,014,595	3,337,588	3,983,572	645,985	4,629,557	4,198,900	3,653,679
Deferred outflows - Change in investment earn	203,232	316,865	330,783	366,751	66,569	449,921	359,378	257,377
Deferred outflows - Change in proportion share	1,811,980	9,094	394,889	539,715	664,097	148,043	691,732	2,669,110
Deferred outflows - Change in experience	116,115	117,086	127,715	148,093	24,888	174,773	152,555	131,328
Less: Accumulated depreciation	(17,723)	(2,594,891)	(37,170)	(1,974,689)	-	(2,060,620)	(1,296,302)	(160,665)
Long-term liabilities	(18,045,000)	(5,468,028)	-	(5,201,360)	(552,056)	(5,832,865)	(5,933,055)	-
Accrued interest	(67,699)	(11,623)	0	(108,109)	(439)	(15,598)	(13,846)	-
Deferred inflows - Change in proportion share	-	(22,392)	-	-	-	-	-	-
Deferred inflows - Change in experience	49	(85)	(68)	(66)	(18)	(103)	(48)	-
Deferred inflows - Change in assumptions	(27,147)	(42,902)	(45,447)	(49,598)	(8,978)	(60,493)	(48,488)	(40,674)
Pension liability	(9,376,549)	(9,361,736)	(10,219,628)	(11,868,894)	(1,990,836)	(13,995,465)	(12,242,207)	(11,260,136)
Net position of component unit activities	\$ (2,948,547)	\$ (5,871,344)	\$ (5,206,441)	\$ (5,985,985)	\$ (935,649)	\$ (7,659,736)	\$ (5,542,575)	\$ (720,043)

Jefferson Academy	Lincoln Academy Charter School	Montessori Peaks	Mountain Phoenix	New America	Rocky Mountain Academy Evergreen	Rocky Mountain Deaf School	Two Roads High School	Woodrow Wilson Academy	Total Charter Schools
\$ 1,300	\$ 17,139	\$ 500	\$ -	\$ 300	\$ 236	\$ -	\$ 500	\$ 500	1,797,755
2,132,149	955,056	984,779	1,237,533	67,948	654,263	67,568	614,209	940,424	15,216,838
6,247,951	2,012,895	944,492	864,663	947,528	619,669	232,892	399,961	5,048,898	24,288,785
-	-	-	-	137,676	-	104,456	-	-	292,570
-	-	-	-	-	-	1,707	1,519	215	3,441
-	-	-	-	-	-	-	-	-	2,751
<u>\$ 8,381,400</u>	<u>\$ 2,985,090</u>	<u>\$ 1,929,771</u>	<u>\$ 2,102,196</u>	<u>\$ 1,153,452</u>	<u>\$ 1,274,168</u>	<u>\$ 406,623</u>	<u>\$ 1,016,189</u>	<u>\$ 5,990,037</u>	<u>41,602,140</u>

257,540	52,175	22,419	45,573	68,260	10,349	7,472	13,340	602,182	3,351,191
627,655	244,061	194,086	-	98,581	155,005	125,840	159,968	114,336	3,006,093
19,510	43,446	11,350	65,732	-	-	960	663	27,710	432,510
<u>\$ 904,705</u>	<u>\$ 339,682</u>	<u>\$ 227,855</u>	<u>\$ 111,305</u>	<u>\$ 166,841</u>	<u>\$ 165,354</u>	<u>\$ 134,272</u>	<u>\$ 173,971</u>	<u>\$ 744,228</u>	<u>6,789,794</u>

420,699	173,239	120,946	133,258	67,948	78,153	67,568	108,457	170,618	2,175,775
1,708,488	781,817	863,833	1,104,275	-	576,110	-	505,752	769,806	9,694,989
2,962	-	-	-	-	-	-	-	-	3,511,073
5,344,546	1,690,352	717,137	753,358	918,663	454,551	204,783	228,009	4,305,385	19,430,509
7,476,695	2,645,408	1,701,916	1,990,891	986,611	1,108,814	272,351	842,218	5,245,809	34,812,346
<u>\$ 8,381,400</u>	<u>\$ 2,985,090</u>	<u>\$ 1,929,771</u>	<u>\$ 2,102,196</u>	<u>\$ 1,153,452</u>	<u>\$ 1,274,168</u>	<u>\$ 406,623</u>	<u>\$ 1,016,189</u>	<u>\$ 5,990,037</u>	<u>41,602,140</u>

\$ 7,476,695	\$ 2,645,408	\$ 1,701,916	\$ 1,990,891	\$ 986,611	\$ 1,108,814	\$ 272,351	\$ 842,218	\$ 5,245,809	34,812,346
23,177,503	10,968,762	5,945,128	6,158,203	275,702	5,226,331	12,496,849	4,110,777	9,810,123	121,487,198
-	137,292	639,495	-	-	86,732	-	-	-	1,732,881
557,044	245,642	214,285	206,236	81,101	159,771	124,474	145,603	216,316	3,116,103
13,996,335	6,136,854	3,875,908	4,306,565	1,830,290	3,445,252	3,014,595	4,198,900	5,167,877	72,989,368
1,271,742	560,559	546,843	498,517	189,952	392,432	296,128	308,105	509,156	6,924,310
2,326,448	769,804	496,226	916,197	292,124	97,958	184,125	481,730	425,727	12,918,999
517,919	227,798	173,880	177,035	71,916	138,982	113,832	144,462	196,629	2,755,006
(3,512,267)	(919,269)	(1,998,671)	(570,270)	(212,194)	(2,022,025)	(824,228)	(126,176)	(2,811,846)	(21,139,006)
(19,690,000)	(8,145,066)	(6,100,000)	(6,801,307)	-	(4,631,668)	-	(4,590,000)	(5,018,417)	(96,008,822)
(123,030)	(109,797)	(55,561)	(122,326)	0	(52,501)	0	(23,638)	(20,895)	(725,062)
-	-	-	-	(93,205)	-	-	(54,488)	-	(170,085)
(222)	(95)	(154)	(106)	(34)	(106)	(75)	(25)	(112)	(1,268)
(171,687)	(76,038)	(80,138)	(71,742)	(26,934)	(54,562)	(39,419)	(39,827)	(69,168)	(953,242)
(41,519,350)	(18,154,879)	(13,804,066)	(14,113,711)	(5,746,677)	(11,090,544)	(9,218,826)	(11,629,358)	(15,738,949)	(221,331,811)
<u>\$ (15,692,870)</u>	<u>\$ (5,713,025)</u>	<u>\$ (8,444,909)</u>	<u>\$ (7,425,818)</u>	<u>\$ (2,351,348)</u>	<u>\$ (7,195,134)</u>	<u>\$ 6,419,806</u>	<u>\$ (6,231,717)</u>	<u>\$ (2,087,750)</u>	<u>(83,593,085)</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
All Component Units
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Fiscal year ended June 30, 2017

	Adenbrooke Classical Academy	Collegiate Academy of Colorado	Compass Montessori - Wheat Ridge	Compass Montessori - Golden	Doral Academy	Excel Charter School	Free Horizon	Golden View Classical Academy*
Revenues:								
Intergovernmental	\$ 4,493,629	\$ 3,078,833	\$ 1,948,895	\$ 3,287,000	\$ 1,394,523	\$ 4,501,370	\$ 2,817,963	\$ 5,513,553
Other revenue	445,034	173,730	992,354	923,386	90,382	552,433	1,155,651	173,035
Total revenues	<u>4,938,663</u>	<u>3,252,563</u>	<u>2,941,249</u>	<u>4,210,386</u>	<u>1,484,905</u>	<u>5,053,803</u>	<u>3,973,614</u>	<u>5,686,588</u>
Expenditures:								
Current:								
Salaries and benefits	2,592,753	1,935,071	2,169,099	2,576,894	1,039,373	2,947,362	2,704,873	2,482,922
Purchased services	1,594,905	512,423	466,165	848,097	529,488	1,075,621	563,555	1,511,034
Materials and supplies	270,973	99,803	164,282	189,857	48,893	240,382	134,960	311,440
Capital outlay	15,364,073	-	12,966	8,498	271,948	9,254	-	543,959
Debt service	577,440	562,450	-	460,309	35,542	262,691	457,106	-
Total other instructional programs	<u>20,400,144</u>	<u>3,109,747</u>	<u>2,812,512</u>	<u>4,083,655</u>	<u>1,925,244</u>	<u>4,535,310</u>	<u>3,860,494</u>	<u>4,849,355</u>
Excess of revenues over (under) expenditures	(15,461,481)	142,816	128,737	126,731	(440,339)	518,493	113,120	837,233
Other Financing Sources (uses):								
Other financing sources - capital leases	18,045,000	-	-	-	581,948	5,550,000	-	-
Other financing uses - refunding capital leases	-	-	-	-	-	(5,940,000)	-	-
Other financing sources - premium	-	-	-	-	-	347,736	-	-
Total other financing sources (uses)	<u>18,045,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>581,948</u>	<u>(42,264)</u>	<u>-</u>	<u>-</u>
Excess of Revenues and other Financing Sources Over (Under) Expenditures	2,583,519	142,816	128,737	126,731	141,609	476,229	113,120	837,233
*Fund balance (deficit) - July 1, 2016, restated	602,644	1,139,093	432,897	1,407,089	-	2,239,827	1,492,587	677,502
Fund balance (deficit) - June 30, 2017	<u>\$ 3,186,163</u>	<u>\$ 1,281,909</u>	<u>\$ 561,634</u>	<u>\$ 1,533,820</u>	<u>\$ 141,609</u>	<u>\$ 2,716,056</u>	<u>\$ 1,605,707</u>	<u>\$ 1,514,735</u>
Amounts reported for component unit activities in the statement of activities are different because:								
Excess of Revenues and other Financing Sources Over (Under) Expenditures	\$ 2,583,519	\$ 142,816	\$ 128,737	\$ 126,731	\$ 141,609	\$ 476,229	\$ 113,120	\$ 837,233
Less: Depreciation expense	(17,724)	(213,152)	(5,979)	(189,403)	-	(185,579)	(264,288)	(160,665)
Loss on disposal of assets	-	(21,475)	(1,551)	-	-	-	-	-
Other sources - debt and amortization of premiums and discounts	(18,045,000)	(1,927)	-	-	(581,948)	(5,486,213)	3,611	-
Deferred outflow loss on refunding	-	-	-	(18,914)	-	(423,469)	-	-
Change in accrued interest	(67,699)	562	-	3,122	(439)	11,627	200	-
Pension expense	(1,717,640)	(1,457,392)	(1,613,541)	(1,925,839)	(524,763)	(2,238,137)	(2,029,938)	(3,179,672)
Add: Net capital outlay asset additions	15,364,073	-	15,669	11,200	-	11,956	-	1,024,067
Principal payment on long-term liabilities	-	270,000	-	161,154	29,892	5,985,000	120,000	-
Change in net position of component unit activities	<u>\$ (1,900,471)</u>	<u>\$ (1,280,568)</u>	<u>\$ (1,476,665)</u>	<u>\$ (1,831,949)</u>	<u>\$ (935,649)</u>	<u>\$ (1,848,586)</u>	<u>\$ (2,057,295)</u>	<u>\$ (1,479,037)</u>

Jefferson Academy	Lincoln Academy Charter School	Montessori Peaks	Mountain Phoenix	New America	Rocky Mountain Academy Evergreen	Rocky Mountain Deaf School	Two Roads High School	Woodrow Wilson Academy	Total Charter Schools
\$ 15,349,990	\$ 5,931,082	\$ 3,741,015	\$ 4,393,733	\$ 2,275,415	\$ 2,698,611	\$ 805,891	\$ 3,970,489	\$ 6,109,895	72,311,887
985,736	707,362	952,257	743,227	375,385	439,364	1,560,714	220,847	519,026	11,009,923
16,335,726	6,638,444	4,693,272	5,136,960	2,650,800	3,137,975	2,366,605	4,191,336	6,628,921	83,321,810

9,021,900	4,008,918	3,040,129	3,340,239	1,261,801	2,157,151	1,883,903	2,839,338	3,252,184	49,253,910
2,944,105	1,148,965	802,710	974,182	1,178,979	690,181	369,963	796,962	914,803	16,922,138
1,277,765	283,195	163,203	225,147	114,021	102,003	117,092	203,533	215,711	4,162,260
2,192,377	1,714,384	32,619	37,317	25,000	-	68,845	94,397	2,678,138	23,053,775
1,181,332	762,471	523,085	582,450	-	439,188	-	315,225	414,825	6,574,114
16,617,479	7,917,933	4,561,746	5,159,335	2,579,801	3,388,523	2,439,803	4,249,455	7,475,661	99,966,197

(281,753) (1,279,489) 131,526 (22,375) 70,999 (250,548) (73,198) (58,119) (846,740) (16,644,387)

-	1,350,000	-	-	-	-	-	-	-	25,526,948
-	-	-	-	-	-	-	-	-	(5,940,000)
-	-	-	-	-	-	-	-	-	347,736
-	1,350,000	-	-	-	-	-	-	-	19,934,684

(281,753) 70,511 131,526 (22,375) 70,999 (250,548) (73,198) (58,119) (846,740) 3,290,297

7,758,448	2,574,897	1,570,390	2,013,266	915,612	1,359,362	345,549	900,337	6,092,549	31,522,049
\$ 7,476,695	\$ 2,645,408	\$ 1,701,916	\$ 1,990,891	\$ 986,611	\$ 1,108,814	\$ 272,351	\$ 842,218	\$ 5,245,809	\$ 34,812,346

\$ (281,753)	\$ 70,511	\$ 131,526	\$ (22,375)	\$ 70,999	\$ (250,548)	\$ (73,198)	\$ (58,119)	\$ (846,740)	3,290,297
(629,976)	(200,472)	(169,385)	(185,822)	(35,366)	(204,679)	(414,641)	(126,176)	(335,977)	(3,339,284)
(24,490)	(298,628)	(2,500)	-	-	-	-	-	-	(348,644)
-	(1,352,316)	-	(7,400)	-	(9,306)	-	-	11,023	(25,469,476)
-	(5,280)	(33,658)	-	-	(4,818)	-	-	-	(486,139)
2,718	(3,497)	1,620	1,574	-	1,394	-	131	683	(48,004)
(6,766,460)	(2,966,833)	(1,873,789)	(2,081,988)	(884,845)	(1,665,590)	(1,457,392)	(2,029,938)	(2,498,385)	(36,912,142)
2,209,669	1,964,112	32,619	40,019	25,000	-	68,845	94,397	2,678,138	23,539,764
435,000	409,718	180,000	90,000	-	120,000	-	30,000	160,000	7,990,764
\$ (5,055,292)	\$ (2,382,685)	\$ (1,733,567)	\$ (2,165,992)	\$ (824,212)	\$ (2,013,547)	\$ (1,876,386)	\$ (2,089,705)	\$ (831,258)	\$ (31,782,864)



State of Colorado Required Information

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Fund Conversion for State Compliance
Food Service Fund
June 30, 2017

Assets	Business-Type Activities		Governmental
	Enterprise Funds	Adjustments	Special Revenue Fund
	Food Services Fund	to Modified Accrual	Food Services Fund
Current assets:			
Cash	\$ 1,625	\$ -	\$ 1,625
Restricted cash	-	-	-
Equity in pooled cash and investments	5,388,830	-	5,388,830
Accounts and other receivable	20,290	-	20,290
Intergovernmental receivables	1,170,906	-	1,170,906
Inventories	1,701,949	-	1,701,949
Prepaid items	38,767	-	38,767
Total current assets	<u>8,322,367</u>	<u>-</u>	<u>8,322,367</u>
Noncurrent assets:			
Capital assets:			
Vehicles and equipment	5,719,574	(5,719,574)	-
Less accumulated depreciation	(3,930,076)	3,930,076	-
Total capital assets, net of accumulated depreciation	<u>1,789,498</u>	<u>(1,789,498)</u>	<u>-</u>
Total assets	<u>\$ 10,111,865</u>	<u>\$ (1,789,498)</u>	<u>\$ 8,322,367</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 257,983	\$ -	\$ 257,983
Accrued salaries, benefits, and compensated absences	843,223	-	843,223
Payroll withholding	-	-	-
Due to other funds	-	-	-
Other unearned revenues	683,486	-	683,486
Estimated liability for premiums and claims	-	-	-
Total current liabilities	<u>1,784,692</u>	<u>-</u>	<u>1,784,692</u>
Non-current liabilities:			
Compensated absences	105,681	(105,681)	-
Total noncurrent liabilities	<u>105,681</u>	<u>(105,681)</u>	<u>-</u>
Total liabilities	<u>1,890,373</u>	<u>(105,681)</u>	<u>1,784,692</u>
Net position:			
Net investment in capital assets	1,789,498	(1,789,498)	-
Nonspendable for:			
Inventories	-	1,701,949	1,701,949
Prepaid items	-	38,767	38,767
Restricted for:			
TABOR	341,615	-	341,615
Food services	6,090,379	(1,635,035)	4,455,344
Unrestricted	-	-	-
Total net position/fund balance	<u>8,221,492</u>	<u>(1,683,817)</u>	<u>6,537,675</u>
Total liabilities and net position	<u>\$ 10,111,865</u>	<u>\$ (1,789,498)</u>	<u>\$ 8,322,367</u>

Adjustments for capital assets and long term compensated absences are required for modified accrual.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Fund Conversion for State Compliance
Food Service Fund
Fiscal year ended June 30, 2017

	Business-Type Activities Enterprise Funds	Adjustments To Modified Accrual	Governmental Funds Special Revenue Fund
	Food Services Fund		Food Services Fund
Operating Revenues:			
Food sales	\$ 10,770,177	\$ -	\$ 10,770,177
Insurance premiums	-	-	-
Service contracts	208,505	-	208,505
Tuition and other	-	-	-
Federal government	-	1,797,499	1,797,499
State of Colorado	-	12,080,141	12,080,141
Interest	-	20,673	20,673
Total operating revenues	<u>10,978,682</u>	<u>13,898,313</u>	<u>24,876,995</u>
Operating Expenses:			
Purchased food	9,246,158	-	9,246,158
USDA commodities	1,840,358	-	1,840,358
Salaries and employee benefits	11,032,123	16,202	11,048,325
Administration services	1,125,046	-	1,125,046
Utilities	350,305	-	350,305
Supplies	1,003,888	-	1,003,888
Repairs and maintenance	24,701	-	24,701
Capital outlay	-	64,995	64,995
Rent	-	-	-
Depreciation	324,286	(324,286)	-
Other	-	-	-
Claim losses	-	-	-
Premiums paid	-	-	-
Total operating expenses	<u>24,946,865</u>	<u>(243,089)</u>	<u>24,703,776</u>
Income (loss) from operations	<u>(13,968,183)</u>	<u>(243,089)</u>	<u>173,219</u>
Non-operating revenues (expenses):			
USDA commodities	1,797,499	(1,797,499)	-
Reimbursement from government sponsored programs	12,080,141	(12,080,141)	-
Investment income	20,673	(20,673)	-
Interest expense	-	-	-
Loss on sale of capital assets	(6,938)	6,938	-
Total non-operating revenues (expenses)	<u>13,891,375</u>	<u>(13,891,375)</u>	<u>-</u>
Income (loss) before transfers and capital contributions	(76,808)	(236,151)	173,219
Capital contributions	10,000	(10,000)	-
Transfers out to other funds	-	-	-
Transfers in from other funds	-	-	-
Transfers out to other funds (note 10)	-	-	-
Change in net position	<u>(66,808)</u>	<u>(246,151)</u>	<u>173,219</u>
Total net position/fund balance - July 1, 2016	8,288,300	(1,923,845)	6,364,455
Total net position/fund balance - June 30, 2017	<u>\$ 8,221,492</u>	<u>\$ 1,677,694</u>	<u>\$ 6,537,674</u>

Adjustments for capital assets, long term compensated absences and reclass of revenues are required for modified accrual.



Statistical Section

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

<u>Content</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	116-125
Revenue Capacity These schedules contain information to help the reader assess the District's property tax revenue.	126-131
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	132-135
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	136-137
Operating Information These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	138-142

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Financial Trend Schedule 1
Jefferson County School District, No.R-1
Net Assets/Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities				
Net investment in capital assets	\$ 282,779,947	\$ 300,549,882	\$ 344,003,602	\$ 360,914,728
Restricted	157,681,790	149,063,262	122,592,857	122,902,877
Unrestricted	<u>130,950,972</u>	<u>128,442,632</u>	<u>117,372,458</u>	<u>91,113,699</u>
Total governmental activities net assets/net position	<u>\$ 571,412,709</u>	<u>\$ 578,055,776</u>	<u>\$ 583,968,917</u>	<u>\$ 574,931,304</u>
Business-type activities				
Net investment in capital assets	\$ 2,399,710	\$ 2,702,062	\$ 3,642,539	\$ 3,706,030
Restricted	799,858	781,383	747,019	720,617
Unrestricted	<u>12,430,067</u>	<u>12,771,303</u>	<u>10,045,737</u>	<u>9,883,367</u>
Total business-type activities net assets/net position	<u>\$ 15,629,635</u>	<u>\$ 16,254,748</u>	<u>\$ 14,435,295</u>	<u>\$ 14,310,014</u>
Primary government				
Net investment in capital assets	\$ 285,179,657	\$ 303,251,944	\$ 347,646,141	\$ 364,620,758
Restricted	158,481,648	149,844,645	123,339,876	123,623,494
Unrestricted	<u>143,381,039</u>	<u>141,213,935</u>	<u>127,418,195</u>	<u>100,997,066</u>
Total primary government net assets/net position	<u>\$ 587,042,344</u>	<u>\$ 594,310,524</u>	<u>\$ 598,404,212</u>	<u>\$ 589,241,318</u>

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 376,550,610	\$ 403,794,024	\$ 409,948,271	\$ 407,426,358	\$ 364,870,945	\$ 393,437,822
118,918,869	69,044,589	78,132,683	83,081,688	91,018,886	87,661,174
73,925,741	105,448,605	104,852,827	(1,319,700,082)	(1,291,788,213)	(1,802,185,821)
<u>\$ 569,395,220</u>	<u>\$ 578,287,218</u>	<u>\$ 592,933,781</u>	<u>\$ (829,192,036)</u>	<u>\$ (835,898,382)</u>	<u>\$ (1,321,086,825)</u>
\$ 3,434,251	\$ 3,555,684	\$ 3,388,248	\$ 3,297,928	\$ 3,422,469	\$ 3,230,241
691,773	708,022	729,971	5,622,279	775,822	6,905,076
12,068,165	12,987,974	13,548,826	10,131,353	15,264,044	9,175,963
<u>\$ 16,194,189</u>	<u>\$ 17,251,680</u>	<u>\$ 17,667,045</u>	<u>\$ 19,051,560</u>	<u>\$ 19,462,335</u>	<u>\$ 19,311,280</u>
\$ 379,984,861	\$ 407,349,708	\$ 413,336,519	\$ 410,724,287	\$ 368,293,414	\$ 396,668,063
119,610,642	69,752,611	78,862,654	88,703,967	91,794,708	94,566,250
85,993,906	118,436,579	118,401,653	(1,309,568,730)	(1,276,524,169)	(1,793,009,858)
<u>\$ 585,589,409</u>	<u>\$ 595,538,898</u>	<u>\$ 610,600,826</u>	<u>\$ (810,140,476)</u>	<u>\$ (816,436,047)</u>	<u>\$ (1,301,775,545)</u>

Financial Trend Schedule 2
 Jefferson County School District, No. R-1
 Changes in Net Assets/Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)

	2008	2009	2010	2011	2012*
Expenses *					
Governmental activities:					
School administration	\$ -	\$ -	\$ -	\$ -	\$ 57,409,152
General instruction	-	-	-	-	408,204,654
Special education instruction	-	-	-	-	65,020,783
Instructional support	-	-	-	-	67,648,351
Operations and maintenance	-	-	-	-	69,998,170
Direct instruction	441,488,697	475,473,399	488,851,713	488,170,063	-
Indirect instruction	125,534,158	139,506,864	146,058,971	148,378,364	-
Transportation	20,201,331	21,744,799	21,105,227	20,850,913	23,703,443
Custodial services	26,277,156	27,158,925	27,460,710	26,864,799	-
Field services	21,725,526	24,507,637	23,020,164	21,763,434	-
Telecommunications, networking and utilities	18,945,386	19,361,791	21,021,606	21,974,077	-
Support services	21,950,387	23,191,961	25,970,162	25,168,348	-
General administration	2,575,859	3,328,842	4,122,191	3,909,716	27,898,413
District-wide	2,296,287	1,123,258	1,383,435	596,970	-
Interest expense, unallocated	36,810,282	34,967,047	32,332,211	28,681,991	25,666,711
Total governmental activities expenses	717,805,069	770,364,523	791,326,390	786,358,675	745,549,677
Business-type activities					
Food services	22,169,060	23,425,181	25,200,972	24,402,366	22,995,136
Child care	13,611,593	14,547,344	14,728,222	14,277,646	13,664,939
Property management	1,356,529	1,225,624	2,051,238	1,288,442	1,276,209
Other enterprise	-	-	-	-	-
Total business-type activities expenses	37,137,182	39,198,149	41,980,432	39,968,454	37,936,284
Total primary government expenses	\$ 754,942,251	\$ 809,562,672	\$ 833,306,822	\$ 826,327,129	\$ 783,485,961
Program Revenues					
Governmental activities:					
Charges for services:					
General administration	\$ -	\$ -	\$ -	\$ -	\$ 1,152,290
General instruction	-	-	-	-	25,645,123
Special education instruction	-	-	-	-	4,713,718
Operations and maintenance	-	-	-	-	3,842,879
Direct instruction	4,149,185	4,323,891	5,053,827	5,148,800	-
Indirect instruction	31,273,508	30,296,343	27,065,122	28,066,756	-
Transportation	446,566	384,133	400,388	354,195	1,386,407
Field services	11,994,896	3,169,242	3,998,449	3,747,188	-
District-wide	1,969,309	569,173	474,589	1,358,775	-
Operating grants and contributions:					
General administration	-	-	-	-	3,652,537
School administration	-	-	-	-	861,829
General instruction	-	-	-	-	14,548,969
Special education instruction	-	-	-	-	25,408,016
Instructional support	-	-	-	-	16,402,238
Operations and maintenance	-	-	-	-	797,353
Direct instruction	43,214,748	41,273,450	49,402,008	69,228,523	-
Indirect instruction	7,350,301	7,225,032	9,914,138	13,358,689	-
Transportation	4,302,427	4,463,314	4,785,359	4,866,106	5,103,034
Total governmental activities program revenues	104,700,940	91,704,578	101,093,880	126,129,032	103,514,393
Business-type activities					
Charges for services:					
Food services	13,233,844	12,732,788	11,736,773	11,634,444	11,514,984
Child care	11,285,473	11,019,746	10,295,931	10,281,161	9,867,724
Property management	1,921,999	1,728,955	1,674,886	1,763,175	1,595,449
Other enterprise	-	-	-	-	-
Operating grants and contributions:					
Food services	7,758,304	8,735,385	10,964,421	11,709,247	12,716,967
Child Care	-	-	-	-	-
Capital grants and contributions:					
Food services	1,981,771	1,682,642	1,172,164	352,528	84,766
Property management	-	32,738	-	-	-
Other enterprise	-	-	-	-	-
Total business-type activities program revenues	36,181,391	35,932,254	35,844,175	35,740,555	35,779,890
Total primary government program revenues	\$ 140,882,331	\$ 127,636,832	\$ 136,938,055	\$ 161,869,587	\$ 139,294,283
Net (Expense)/Revenue					
Governmental activities	\$ (613,104,129)	\$ (678,659,945)	\$ (690,232,510)	\$ (660,229,643)	\$ (642,035,284)
Business-type activities	(955,791)	(3,265,895)	(6,136,257)	(4,227,899)	(2,156,394)
Total primary government net expense	\$ (614,059,920)	\$ (681,925,840)	\$ (696,368,767)	\$ (664,457,542)	\$ (644,191,678)

*Recategorized expense types starting in fiscal year 2012.

Fiscal Year

	2013	2014	2015	2016	2017
\$	54,996,871	\$ 56,613,420	\$ 61,622,289	\$ 63,315,375	\$ 100,562,166
	405,528,254	410,335,528	440,423,884	433,932,814	679,657,697
	69,392,712	71,357,688	76,419,427	74,429,360	121,065,638
	64,686,916	68,774,854	93,132,858	91,727,374	151,608,229
	67,985,826	78,844,714	87,346,892	82,019,992	129,182,158
	-	-	-	-	-
	-	-	-	-	-
	24,115,123	23,177,884	27,654,266	27,781,099	44,542,645
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	27,617,388	25,908,579	25,647,057	25,347,367	46,268,361
	-	-	-	-	-
	25,135,731	24,692,063	26,445,984	19,888,625	18,707,099
	<u>739,458,821</u>	<u>759,704,730</u>	<u>838,692,657</u>	<u>818,442,006</u>	<u>1,291,593,993</u>
	24,588,376	24,059,390	24,335,013	23,708,332	24,943,806
	14,253,323	15,669,253	16,365,381	13,553,606	13,509,401
	1,298,134	1,653,841	1,881,209	1,643,904	1,722,727
	-	-	-	-	-
	40,139,833	41,382,484	42,581,603	38,905,842	40,175,934
\$	<u>779,598,654</u>	<u>801,087,214</u>	<u>881,274,260</u>	<u>857,347,848</u>	<u>1,331,769,927</u>
\$	1,323,748	\$ 2,669,066	\$ 906,896	\$ 931,133	\$ 977,969
	26,903,962	27,047,349	27,346,106	33,178,144	33,960,682
	4,932,848	3,195,644	5,435,234	6,048,054	6,393,941
	4,929,770	6,116,159	4,685,037	5,162,139	6,371,921
	-	-	-	-	-
	-	-	-	-	-
	1,974,372	2,133,779	1,979,155	2,066,642	2,052,196
	-	-	-	-	-
	-	-	-	-	-
	3,889,298	3,706,405	4,002,024	3,447,090	2,609,255
	-	49,851	3,883	17,761	82,198
	16,103,053	16,423,080	17,807,677	15,976,711	16,748,158
	24,338,028	27,343,034	26,830,057	28,050,732	26,427,242
	15,731,027	16,251,832	18,028,401	16,368,008	12,777,100
	165,699	7,920,034	6,609,171	1,044,100	266,611
	-	-	-	-	-
	-	-	-	-	-
	5,009,964	5,275,093	5,383,718	5,653,141	5,103,470
	<u>105,301,769</u>	<u>118,131,326</u>	<u>119,017,359</u>	<u>117,943,655</u>	<u>113,770,743</u>
	11,049,462	9,830,452	10,612,859	10,641,334	10,978,683
	10,630,601	11,111,356	11,417,547	6,804,445	7,383,970
	1,796,862	1,920,377	2,276,591	2,256,716	2,415,137
	-	-	-	-	-
	13,520,079	13,389,433	14,083,555	14,024,955	13,877,640
	-	-	5,526,102	5,748,802	5,952,792
	-	-	-	-	-
	135,253	96,924	234,780	-	-
	-	-	-	-	-
	-	-	-	-	-
	37,132,257	36,348,542	44,151,434	39,476,252	40,608,222
\$	<u>142,434,026</u>	<u>154,479,868</u>	<u>163,168,793</u>	<u>157,419,907</u>	<u>154,378,965</u>
\$	(634,157,052)	\$ (641,573,404)	\$ (719,675,298)	\$ (694,998,351)	\$ (1,177,823,250)
	(3,007,576)	(5,033,942)	1,569,831	570,410	432,288
\$	<u>(637,164,628)</u>	<u>(646,607,346)</u>	<u>(718,105,467)</u>	<u>(694,427,941)</u>	<u>(1,177,390,962)</u>

Financial Trend Schedule 2
 Jefferson County School District, No.R-1
 Changes in Net Assets/Net Position, Last Ten Fiscal Years, continued
 (accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General revenues and other changes in net assets/net position					
Taxes					
Local property taxes	\$ 351,299,729	\$ 349,209,271	\$ 351,591,719	\$ 350,455,667	\$ 339,051,527
Automotive ownership taxes	28,858,670	26,428,023	24,730,646	23,665,288	23,537,666
School finance act	293,763,172	307,102,545	321,046,426	278,313,571	279,036,998
Earnings on investments	14,824,519	6,230,214	3,045,378	841,952	1,159,227
Special Item	(2,620,742)	-	-	2,000,000	-
Transfers (a)	(2,830,012)	(3,667,041)	(4,268,518)	(4,084,448)	(4,040,569)
Total governmental activities	<u>683,295,336</u>	<u>685,303,012</u>	<u>696,145,651</u>	<u>651,192,030</u>	<u>638,744,849</u>
Business-type activities:					
Earnings on investments	386,920	223,967	48,286	18,170	-
Transfers	2,830,012	3,667,041	4,268,518	4,084,448	4,040,569
Total business-type activities	<u>3,216,932</u>	<u>3,891,008</u>	<u>4,316,804</u>	<u>4,102,618</u>	<u>4,040,569</u>
Total primary government	<u>\$ 686,512,268</u>	<u>\$ 689,194,020</u>	<u>\$ 700,462,455</u>	<u>\$ 655,294,648</u>	<u>\$ 642,785,418</u>
Change in net assets/net position					
Governmental activities	\$ 70,191,207	\$ 6,643,067	\$ 5,913,141	\$ (9,037,613)	\$ (3,290,435)
Business-type activities	2,261,141	625,113	(1,819,453)	(125,281)	1,884,175
Total primary government	<u>\$ 72,452,348</u>	<u>\$ 7,268,180</u>	<u>\$ 4,093,688</u>	<u>\$ (9,162,894)</u>	<u>\$ (1,406,260)</u>

Fiscal Year

	2013	2014	2015	2016	2017
\$	345,921,281	\$ 349,115,550	\$ 355,606,853	\$ 364,385,070	\$ 365,608,757
	25,006,758	27,486,392	28,916,207	30,799,478	33,300,878
	276,148,509	284,144,134	296,285,316	292,098,015	291,894,387
	37,569	873,530	504,048	809,442	1,180,785
	(4,065,067)	(5,399,639)	200,000	200,000	650,000
	<u>643,049,050</u>	<u>656,219,967</u>	<u>681,512,424</u>	<u>688,292,005</u>	<u>692,634,807</u>
	-	49,668	14,684	40,367	66,655
	4,065,067	5,399,639	(200,000)	(200,000)	(650,000)
	<u>4,065,067</u>	<u>5,449,307</u>	<u>(185,316)</u>	<u>(159,633)</u>	<u>(583,345)</u>
\$	<u>647,114,117</u>	<u>661,669,274</u>	<u>681,327,108</u>	<u>688,132,372</u>	<u>692,051,462</u>
\$	8,891,998	\$ 14,646,563	\$ (38,162,874)	\$ (6,706,346)	\$ (485,188,279)
	1,057,491	415,365	1,384,515	410,777	(151,057)
\$	<u>9,949,489</u>	<u>15,061,928</u>	<u>(36,778,359)</u>	<u>(6,295,569)</u>	<u>(485,339,336)</u>

Financial Trend Schedule 3
 Jefferson County School District, No.R-1
 Fund Balances, Governmental Funds, Last Ten Fiscal Years
 (modified accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund				
Nondspendable	\$ -	\$ 1,859,185	\$ 1,533,697	\$ 1,533,815
Restricted	-	16,943,784	17,249,094	15,932,358
Committed	-	15,700,000	2,000,000	2,000,000
Assigned	-	6,476,265	12,700,000	13,300,000
Planned 2017 one-time expenses	-	-	-	-
Unassigned	-	56,787,350	45,977,675	21,994,915
Reserved	24,531,395	-	-	-
Unreserved	85,945,926	-	-	-
Total general fund	<u>\$ 110,477,321</u>	<u>\$ 97,766,584</u>	<u>\$ 79,460,466</u>	<u>\$ 54,761,088</u>
All other governmental funds				
Nondspendable	\$ -	\$ 374,986	\$ 377,613	\$ 410,265
Restricted	-	133,186,115	107,254,805	108,862,085
Committed	-	-	-	-
Assigned	-	8,128,793	9,024,564	9,760,257
Reserved	194,021,205	-	-	-
Unreserved, reported in:				
Special revenue funds	6,574,094	-	-	-
Total all other governmental funds	<u>\$ 200,595,299</u>	<u>\$ 141,689,894</u>	<u>\$ 116,656,982</u>	<u>\$ 119,032,607</u>

a) In fiscal year 2009, the District adopted GASB Statement changing the titles and classifications of fund balances.

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,159,891	\$ 982,570	\$ 942,951	\$ 1,023,267	\$ 964,265	\$ 1,059,474
15,839,341	15,756,129	16,494,681	17,041,991	17,756,207	17,457,866
2,000,000	2,000,000	2,000,000	220,000	220,000	283,080
13,860,000	11,500,000	9,600,000	10,000,000	14,500,000	22,500,000
-	-	-	-	15,822,072	-
3,195,321	19,727,866	32,260,251	43,475,863	76,419,654	76,545,047
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 36,054,553</u>	<u>\$ 49,966,565</u>	<u>\$ 61,297,883</u>	<u>\$ 71,761,121</u>	<u>\$ 125,682,198</u>	<u>\$ 117,845,467</u>
\$ 895,860	\$ 1,058,751	\$ 909,314	\$ 1,000,168	\$ 953,103	\$ 972,780
106,895,470	169,532,657	147,439,129	98,783,448	81,337,848	70,760,836
-	20,833,322	16,731,273	36,503,429	66,893,007	44,869,122
9,426,449	9,344,242	9,620,670	9,458,866	10,400,102	10,612,889
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 117,217,779</u>	<u>\$ 200,768,972</u>	<u>\$ 174,700,386</u>	<u>\$ 145,745,911</u>	<u>\$ 159,584,060</u>	<u>\$ 127,215,627</u>

Financial Trend Schedule 4
Jefferson County School District, No.R-1
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Taxes	\$ 376,039,826	\$ 375,892,943	\$ 374,594,521	\$ 375,134,147
Intergovernmental	348,630,647	360,064,341	385,147,930	365,766,889
Interest	14,824,519	6,230,214	3,045,377	841,952
Other	43,162,248	41,339,653	39,671,470	41,292,003
Total revenues	<u>782,657,240</u>	<u>783,527,151</u>	<u>802,459,298</u>	<u>783,034,991</u>
Expenditures				
School administration	-	-	-	-
General instruction	-	-	-	-
Special education instruction	-	-	-	-
Instructional support	-	-	-	-
Operation and maintenance	-	-	-	-
Direct instruction	410,321,635	421,454,600	435,488,836	431,750,029
Indirect instruction	128,922,159	136,721,737	139,563,450	142,607,586
Transportation	21,046,842	21,630,426	20,801,433	20,483,317
Custodial services	27,375,447	26,858,804	27,170,968	26,426,741
Field services	19,260,767	21,002,692	19,400,040	16,980,978
Telecommunications, networking and utilities	19,441,113	19,036,775	20,786,072	21,461,102
Support services	19,506,311	22,895,006	22,814,261	19,468,562
General administration	2,666,852	3,348,044	4,119,005	3,828,233
Districtwide	1,380,883	980,999	827,863	785,525
Capital outlay	109,400,964	87,808,282	50,355,185	29,121,654
Debt service				
Principal	42,600,000	44,810,000	51,600,000	52,285,000
Interest	38,479,744	35,439,587	30,498,774	28,832,069
Total expenditures	<u>840,402,717</u>	<u>841,986,952</u>	<u>823,425,887</u>	<u>794,030,796</u>
Excess of revenues over (under) expenditures	(57,745,477)	(58,459,801)	(20,966,589)	(10,995,805)
Other financing sources (uses)				
Certificates of participation proceeds	-	-	-	-
Certificate of Participation issuance	-	-	-	-
Payments to refunded certificates of participation escrow agent	-	-	-	-
Premium from COP issuance	-	-	-	-
Arbitrage expenses	-	-	-	-
General obligation bond proceeds	35,890,000	-	233,400,000	-
Payment to refunded escrow agent	(37,762,766)	-	(278,158,016)	-
Premium from bonds	2,139,650	-	35,855,493	-
Transfers out	(33,097,312)	(35,484,341)	(43,179,718)	(37,165,333)
Transfers in	21,408,000	22,328,000	29,709,800	23,837,385
Total other financing sources (uses)	<u>(11,422,428)</u>	<u>(13,156,341)</u>	<u>(22,372,441)</u>	<u>(13,327,948)</u>
Special Item: Supplemental Retirement Contribution	(2,620,742)	-	-	2,000,000
Net change in fund balances	<u>\$ (71,788,647)</u>	<u>\$ (71,616,142)</u>	<u>\$ (43,339,030)</u>	<u>\$ (22,323,753)</u>
Debt service as a percentage of noncapital expenditures	11.1%	10.6%	10.6%	10.6%

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 360,296,394	\$ 374,687,742	\$ 378,048,173	\$ 380,599,789	\$ 404,560,724	\$ 398,504,536
345,156,765	340,256,614	358,175,604	372,350,762	361,029,972	354,649,323
1,156,276	37,569	776,697	478,408	733,117	928,828
42,070,227	44,315,203	48,291,123	47,781,409	54,214,629	54,269,793
<u>748,679,662</u>	<u>759,297,128</u>	<u>785,291,597</u>	<u>801,210,368</u>	<u>820,538,442</u>	<u>808,352,480</u>
47,311,834	46,137,612	47,722,016	47,559,947	50,360,162	53,526,362
354,467,295	356,803,464	360,680,650	355,751,698	359,332,908	371,727,896
65,517,724	68,713,508	70,387,243	68,085,954	68,966,033	71,418,326
68,187,899	64,140,368	68,286,176	84,015,992	84,890,534	89,265,076
66,662,982	64,358,499	73,348,304	73,709,330	68,842,837	71,126,138
-	-	-	-	-	-
-	-	-	-	-	-
20,812,436	21,786,813	22,286,274	24,282,575	24,914,870	26,885,845
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28,525,989	28,427,746	29,420,652	23,813,835	25,479,589	28,610,164
-	-	-	-	-	-
27,359,625	34,662,226	55,002,104	73,515,424	51,509,990	68,922,126
51,505,000	52,955,000	28,395,000	29,495,000	32,265,000	33,425,000
25,778,672	24,156,542	24,704,907	22,788,423	19,851,183	18,762,960
<u>756,129,456</u>	<u>762,141,778</u>	<u>780,233,326</u>	<u>803,018,178</u>	<u>786,413,106</u>	<u>833,669,893</u>
(7,449,794)	(2,844,650)	5,058,271	(1,807,810)	34,125,336	(25,317,412)
-	-	-	29,180,000	-	-
-	-	-	-	45,450,000	-
-	-	-	(30,485,732)	-	-
-	-	-	-	2,971,858	-
-	-	-	-	-	-
-	168,540,000	-	40,345,000	-	-
-	(83,415,163)	-	(40,937,195)	-	-
-	31,296,785	-	-	-	-
(46,468,984)	(51,448,042)	(55,823,437)	(69,854,455)	(38,228,726)	(71,032,634)
33,397,415	35,334,275	36,027,898	55,068,955	23,440,758	56,144,883
<u>(13,071,569)</u>	<u>100,307,855</u>	<u>(19,795,539)</u>	<u>(16,683,427)</u>	<u>33,633,890</u>	<u>(14,887,751)</u>
-	-	-	-	-	-
<u>\$ (20,521,363)</u>	<u>\$ 97,463,205</u>	<u>\$ (14,737,268)</u>	<u>\$ (18,491,237)</u>	<u>\$ 67,759,226</u>	<u>\$ (40,205,163)</u>
10.6%	10.6%	7.3%	7.2%	7.1%	6.8%

Revenue Capacity Schedule 5
 Jefferson County School District, No.R-1
 Assessed Value and Estimated Actual Value of Taxable Property,
 Last Ten Fiscal Years
 (in thousands of dollars)

Fiscal Year Ended June 30,	Residential Property (1)	Commercial Property (1)	Industrial Property (1)	Agriculture Property (1)	Natural Resources (1)
2008	4,270,101	2,174,353	564,280	30,685	8,986
2009	4,308,594	2,178,628	586,701	31,576	6,701
2010	4,238,350	2,249,807	606,931	33,911	5,255
2011	4,251,217	2,191,182	598,493	31,958	2,429
2012	4,088,469	2,025,114	554,366	32,869	3,328
2013	4,105,825	1,985,242	561,340	33,785	3,660
2014	4,123,082	2,024,122	554,163	33,948	4,281
2015	4,155,617	2,030,792	558,960	34,535	5,317
2016	5,053,143	2,158,609	585,936	36,956	6,062
2017	5,150,357	2,504,507	260,145	10,569	1,029

Source: (1) - Jefferson County Assessor annual Abstracts of Assessments
 (2) - Jefferson County Assessor Certification of Value to Jefferson County School District

Note: Assessed value as per official notice from Jefferson County Assessor. (Colorado Revised Statutes 39-1-104, 39-1-105).

<u>Public Utilities (1)</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value (2)</u>	<u>Assessed Value as a Percentage of Actual Value</u>
242,326	7,290,731	48.12	62,853,282	11.60
244,200	7,356,400	48.28	63,428,368	11.60
271,355	7,405,609	48.15	63,105,199	11.74
277,320	7,352,599	48.21	63,080,682	11.66
293,460	6,997,606	48.72	60,998,376	11.47
297,197	6,987,049	50.62	60,780,934	11.50
316,639	7,056,234	50.37	61,043,655	11.56
325,732	7,110,953	50.17	61,468,510	11.57
337,378	8,178,084	47.49	73,501,703	11.13
347,009	8,273,616	45.94	75,452,772	10.97

Revenue Capacity Schedule 6
 Jefferson County School District, No.R-1
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year	School District Rates			Overlapping Rates	
	General Fund	Debt Service Fund	Total	Jefferson County	Broomfield County
2008	36.87	11.25	48.12	24.35	27.23
2009	37.03	11.25	48.28	24.35	27.23
2010	36.90	11.25	48.15	24.35	27.23
2011	36.96	11.25	48.21	24.35	27.23
2012	37.47	11.25	48.72	24.35	26.72
2013	43.13	7.49	50.62	24.35	26.72
2014	42.88	7.49	50.37	25.85	26.72
2015	42.68	7.49	50.17	25.85	26.72
2016	40.74	6.75	47.49	24.21	26.72
2017	40.19	5.75	45.94	24.71	26.72

Source: Jefferson County and Broomfield Assessor annual Abstracts of Assessments

Note: The District's property tax rate may be increased only by a majority vote of the county's residents. Rates for debt service are set based on each year's requirements for bonds authorized by a majority vote of the county's residents. The Special Revenue Fund and the Capital Project Funds have been included in the General Fund.

Revenue Capacity Schedule 7
 Jefferson County School District, No.R-1
 Principal Property Tax Payers
 Most Recent Full Calendar Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Public Service Co of Colorado	\$ 203,690,100	1	2.46 %			%
MillerCoors LLC/Coors Brewing Company	105,225,180	2	1.27	141,233,910	1	1.94
Qwest Corp	65,439,000	3	0.79	69,497,700	3	0.95
Lockheed Martin Corporation	37,342,511	4	0.45	72,612,030	2	1.00
Martin Marietta Corporation	33,974,248	5	0.41			
Colorado Mills Mall Limited Partnership	31,319,797	6	0.38	45,116,010	4	0.62
Ball Metal Beverage Container Corp	27,362,467	7	0.33			
Belmar Commercial Owner LP	26,809,572	8	0.32	23,650,090	7	0.32
Coorstek Inc	20,470,642	9	0.25			
Wal Mart Real Estate Business Trust	19,891,970	10	0.24			
SP4 Westmoor LP				39,776,690	5	0.55
Denver West Office				24,051,040	6	0.33
Southwest Denver Land LLC				22,474,710	8	0.31
United Launch Alliance LLC				18,546,600	9	0.25
Circle Point Properties LLC				11,192,550	10	0.15
Total	\$ 571,525,487		6.90 %	\$ 468,151,330		6.42 %

Source: Jefferson County



Revenue Capacity Schedule 8
 Jefferson County School District, No.R-1
 Property Tax Levies and Collections
 Last Ten Fiscal Periods

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collected	(1) Total Tax Collections	% of Total Tax Collected to Tax Levy
2008	349,794,736	331,199,301	94.7	15,536,805	346,736,106	99.1
2009	353,658,743	333,495,499	94.3	15,482,126	348,977,625	98.7
2010	354,066,586	332,813,015	94.0	16,555,364	349,368,379	98.7
2011	352,393,439	332,186,581	94.0	18,746,027	350,932,608	99.6
2012	343,143,485	320,929,279	94.0	15,378,979	336,308,258	98.0
2013	351,754,785	333,000,851	94.7	16,290,293	349,291,144	99.3
2014	353,214,798	336,584,984	95.3	13,640,227	350,225,211	99.2
2015	354,248,674	334,475,473	94.4	16,862,479	351,337,952	99.2
2016	386,006,577	381,122,906	98.8	2,850,569	383,973,475	99.5
2017	377,095,980	373,599,439	99.1	2,395,487	375,994,926	99.7

Notes: (1) Includes General, Special Revenue, Capital Projects, and Debt Service Funds

Assessments : Jefferson County assesses and collects all District property taxes charging a collection fee of .5 percent of the gross taxes collected.

Taxes Due: General property taxes are due January 1 of each year. The first half is due on and becomes delinquent after the last day of February and the second half is due on June 15 and becomes delinquent after July 31. If the entire amount of the tax is paid at one time on or before April 30, no interest will be charged on the first half.

Delinquent Taxes and Tax Sales: Delinquent general property taxes are advertised and subject to distraint, seizure, and sale after delinquent dates. When real estate is sold for taxes, the tax, plus interest, advertising, and certificate fees, draw interest from the date of the sale.

Delinquent Taxes Outstanding: The District's delinquent tax payments are not received based upon tax year; therefore, delinquent taxes outstanding by tax year are not readily available. After the sale, real estate may be redeemed at any time within three years from the date of sale or at any time before a tax deed is issued.

Debt Capacity Schedule 9
 Jefferson County School District, No.R-1
 Ratios of Outstanding Debt by Type,
 Last Ten Fiscal Periods

Fiscal Year	Governmental Activities			Total Primary Government
	General Obligation Bonds	Certificates of Participation	Capital Leases	
2008	672,901,212	42,582,500	-	715,483,712
2009	630,515,736	40,639,310	-	671,155,046
2010	576,827,793	34,174,778	-	611,002,571
2011	523,928,367	32,830,246	-	556,758,613
2012	471,878,553	31,420,714	-	503,299,267
2013	560,441,507	30,155,000	-	590,596,507
2014	526,628,634	28,580,000	-	555,208,634
2015	492,857,215	29,180,000	-	522,037,215
2016	457,333,067	75,366,858	-	532,699,925
2017	421,157,155	72,782,384	-	493,939,539

Note: Details regarding the District's outstanding debt can be found in the notes to statements. General obligation bonds and certificates of participation are both repaid from property tax revenue.

(a) See schedule 5 for taxable property value data.

<u>Ratio of Net Debt to Assessed Value (a)</u>	<u>Net Debt Per Capita</u>	<u>Population</u>	<u>Percentage of Personal Income</u>
9.81%	1,329	538,371	2.7
9.12%	1,235	543,278	2.4
8.25%	1,116	547,728	2.1
7.57%	1,042	534,543	1.9
7.11%	936	537,487	2.2
8.45%	1,080	546,653	2.1
7.87%	1,010	549,643	2.1
7.34%	934	558,896	2.1
6.51%	943	565,106	1.7
5.97%	864	571,775	1.5

Debt Capacity Schedule 10
 Jefferson County School District, No.R-1
 Ratios of Net General Bonded Debt Outstanding and Legal Debt Margin
 Last Ten Fiscal Periods

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General bonded debt outstanding				
General obligation debt	\$651,955,000	\$609,570,000	\$553,715,000	\$502,790,000
Percentage of estimated property value (a)	1.04%	0.96%	0.88%	0.80%
Per capita (b)	1,211	1,122	1,011	941
Less: Amounts set aside to repay general debt	<u>(63,022,587)</u>	<u>(68,924,667)</u>	<u>(68,230,744)</u>	<u>(72,341,627)</u>
Total net debt applicable to debt limit	588,932,413	540,645,333	485,484,256	430,448,373
Legal debt limit (c)	1,453,903,886	1,464,620,756	1,470,834,296	1,461,910,139
Legal debt margin (d)	<u>\$864,971,473</u>	<u>\$923,975,424</u>	<u>\$985,350,040</u>	<u>\$1,031,461,766</u>
Legal debt margin as a percentage of the debt limit	59.49%	63.09%	66.99%	70.56%

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(a) Property value data can be found in Schedule 5: Taxable Assessed and Estimated Full Value of Property.

(b) Population data can be found in Schedule 9: Ratios of Outstanding Debt by Type.

(c) Colorado Revised Statute 22-42-104 limits the District's available borrowing to no more than 20% of the assessed value of property.

(d) The legal debt margin is the District's available borrowing authority calculated by subtracting the net debt applicable to the legal debt from the debt limit.

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$452,710,000	\$500,785,000	\$473,965,000	\$447,370,000	\$457,333,066	\$421,157,155
0.74%	0.82%	0.78%	0.73%	0.62%	0.56%
842	916	862	800	809	737
(76,032,525)	(53,644,274)	(54,882,086)	(59,372,593)	(62,973,258)	(61,217,378)
376,677,475	447,140,726	419,082,914	387,997,407	394,359,808	359,939,777
1,408,606,084	1,389,895,624	1,402,508,676	1,412,333,992	1,625,735,787	1,641,653,338
\$1,031,928,609	\$942,754,898	\$984,412,410	1,023,660,242	1,272,250,462	1,317,311,485
73.26%	67.83%	70.19%	72.48%	78.26%	80.24%

Demographic and Economic Information Schedule 11
 Jefferson County School District, No.R-1
 Demographic and Economic Statistics
 Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2007	538,371	24,810,381	46,084	39	86,200	3.9
2008	543,278	25,471,483	46,885	39	84,796	4.7
2009	547,728	26,617,700	48,597	40	84,948	7.5
2010	534,543	27,695,071	51,811	40	84,618	8.6
2011	537,487	28,941,349	53,846	40	84,329	7.8
2012	546,653	25,459,586	46,496	41	85,542	7.0
2013	549,643	26,574,716	48,349	41	86,009	6.3
2014	558,896	26,709,882	47,790	41	86,574	4.6
2015	565,106	31,434,450	55,626	41	86,731	3.5
2016	571,775	33,511,748	58,610	41	86,361	3.0

Sources: Jefferson County

Demographic and Economic Information Schedule 12
 Jefferson County School District, No.R-1
 Principal Employers
 Current Year and Nine Years Ago

Employer	2017				2008			
	Employees	Rank	Percentage of Total County Employment		Employees	Rank	Percentage of Total County Employment	
Lockheed Martin Space Systems	6,274	1	2.03	%	5,500	2	2.65	%
Lutheran Medical Center	2,506	2	0.81					
MillerCoors Brewing Company	2,255	3	0.73		2,500	3	1.20	
Terumo BCT	2,220	4	0.72					
St. Anthony Hospital	1,800	5	0.58		1,900	4	0.90	
National Renewable Energy Laboratory	1,700	6	0.55		1,100	9	0.53	
Ball Corporation	1,573	7	0.51		1,200	7	0.58	
FirstBank Holding Co. of Colorado	1,372	8	0.45					
HomeAdvisor	1,132	9	0.37		1,000	10	0.48	
CoorsTek	1,100	10	0.36					
Denver Federal Center					6,200	1	2.99	
Gambro Companies					1,700	5	0.82	
King Soopers					1,600	6	0.77	
Safeway					1,150	8	0.56	

Source: Jefferson County Economic Development Corporation

Note: Numbers reflect employees in Jefferson County only. State/local government agencies not included.

Operating Information Schedule 13
 Jefferson County School District, No.R-1
 Full-time Equivalent District Employees by Category without Hourly FTE's
 Fiscal Years 2008 to 2009

Employee Category	2008	2009
Educational services		
Chief academic officer	1	1
Community superintendents	4	4
Executive director	6	6
Principals	141	141
Assistant principals	136	140
Teachers/Resource Teachers	4,713	4,767
Counselors	134	132
Library media specialists	130	130
Social workers	63	63
Secretaries	380	380
Campus supervisors	65	66
Directors/assistant directors	48	18
Physical/occupational/speech therapists	163	163
Psychologists	80	71
Nurses	32	34
Technicians/specialists classified	45	40
Childcare specialists classified	203	183
Managers	1	1
Coordinators	17	21
Other	7	48
Total educational services	<u>6,369</u>	<u>6,406</u>
Support services		
Chief financial officer	1	1
Chief information officer	2	0
Executive director	9	10
Assistant superintendent	0	0
Directors/assistant directors	41	37
Supervisor	7	4
Manager	42	43
Technical specialist - administrative	65	64
Coordinator level/consultant	33	26
Technicians/specialists classified	150	153
Secretaries	19	19
Custodians	497	510
Trades technicians	213	209
Food service managers	122	120
Food service hourly worker	138	145
Security officer/alarm monitor	18	18
Bus drivers	227	221
Other	73	76
Total support services and human resources	<u>1,657</u>	<u>1,655</u>
Districtwide leadership		
Superintendent	1	1
Chief operating officer	1	1
Executive director	3	2
Administrative assistant to superintendent/BOE	5	4
Coordinator level/consultant	1	1
Manager	4	5
Secretaries	1	0
Technicians/specialists classified	0	0
Other	6	7
Total districtwide	<u>22</u>	<u>21</u>
Grand total	<u>8,048</u>	<u>8,083</u>

Source: Jefferson County Schools employee management analysis.

Note: Staffing information for fiscal year 2010 and forward is provided on the next page due to a

Operating Information Schedule 13
 Jefferson County School District, No.R-1
 Full-time Equivalent District Employees by Category with Hourly FTE's
 Last Eight Fiscal Years

Employee Category	As of June 30							
	2010	2011	2012	2013	2014	2015	2016	2017
Administrative services								
Superintendent	1	1	1	1	0	1	1	1
Chief Academic Officer	1	1	1	1	0	0	0	0
Chief Operating Officer	2	1	1	1	0	0	0	0
Chief Information Officer	1	1	1	1	0	0	0	0
Chief Technology Officer	0	1	1	1	1	0	0	0
Chief Financial Officer	1	1	1	1	0	0	0	0
Chief Officer	0	0	0	0	5	8	9	10
Executive Director	19	19	18	19	18	11	11	14
Principal	135	142	140	143	142	142	138	140
Director/Assistant Director	56	57	49	46	63	69	74	73
Assistant Principal	138	128	129	124	131	131	129	152
Community Superintendent	4	4	4	4	0	0	0	0
Manager/Supervisor	44	47	48	52	63	62	63	68
Technical Specialist	83	88	87	84	95	111	112	122
Resource Specialist	0	0	0	0	1	1	1	1
Coordinator - Administrative	11	11	14	12	10	14	17	22
Administrator	7	7	9	15	11	14	16	13
Food Service Coordinator	7	7	7	8	8	8	7	5
Administrative Assistant	10	10	9	9	9	13	14	12
Investigator	2	2	2	2	2	2	2	2
Total administrative services	522	528	522	524	559	587	594	635
Licensed services								
Dean	0	0	0	0	0	2	12	13
Teacher	4,439	4,442	4,360	4,401	4,372	4,341	4,316	4,329
Counselor	142	143	142	143	143	154	154	187
Teacher Librarian	129	135	119	118	116	114	111	113
Coordinator	27	27	23	22	17	18	14	15
Resource Teachers	92	113	87	70	72	87	125	107
Instructional Coach	141	140	129	130	129	130	126	126
Physical Therapists	14	12	11	12	12	12	12	13
Occupational Therapists	33	32	31	29	29	26	29	29
Nurse	35	40	40	41	48	49	48	45
Psychologist	69	70	70	67	60	48	52	51
Social Worker	60	57	59	64	70	75	80	88
Audiologist	4	4	4	5	5	5	5	5
Speech Therapist	116	117	118	120	117	115	119	118
Certificated - Hourly	26	15	18	17	19	18	22	27
Total licensed services	5,327	5,347	5,211	5,239	5,209	5,194	5,225	5,265
Support services								
Director/Assistant Director - Preschool	42	45	47	44	49	50	52	59
Supervisor	0	0	0	0	1	1	1	1
Technical Specialist/Coordinator Classified	5	7	7	9	8	8	10	6
Accountant	3	2	2	2	2	1	1	1
Accounts Receivable	0	0	0	0	0	1	0	2
Specialist/Technicians - Classified	344	344	332	321	309	312	329	338
Buyer/Buyer Assistant	6	6	5	5	5	4	5	5
Transportation Trainer	5	5	5	5	5	5	5	5
Group Leader	17	16	15	18	14	15	15	14
School Secretary	348	326	329	328	331	329	329	339
Secretary/Clerk	35	33	26	28	32	30	36	31
Paraprofessional/Para-Educator	1,106	1,053	1,087	1,125	1,098	1,127	1,136	1,127
Special Interpreter/Tutor	82	56	62	67	64	62	72	77
Clinic Aides	84	80	80	84	79	83	82	114
Trade Technician	184	174	167	166	163	167	174	168
Food Equipment Repair Assistant	2	2	2	2	2	2	2	2
Bus Driver	225	218	221	235	234	219	225	230
Printing Equipment Operator	3	2	2	2	2	2	2	2
Custodian	491	450	442	432	456	453	446	456
Campus Supervisor	67	63	64	66	66	67	70	66
Security Officer/Alarm Monitors	18	18	18	19	17	20	19	25
Food Service/Satellite Manager	126	121	118	117	123	119	117	117
Food Service Hourly Worker	185	160	165	167	157	150	146	144
Warehouse Worker	14	15	14	14	14	15	14	15
Classified/Certificated Hourly	200	202	182	172	181	164	192	202
Total Support Services	3,592	3,408	3,392	3,448	3,412	3,406	3,480	3,544
Grand total	9,441	9,284	9,125	9,211	9,180	9,187	9,299	9,444

Source: Jefferson County Schools employee management analysis.
 Note: Staffing information prior to 2010 is not available at this level of detail.

Operating Information Schedule 14
 Jefferson County School District, No.R-1
 Operating Statistics
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Expenditures (1)</u>	<u>Enrollment (2)</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (3)</u>	<u>Pupil Teacher Ratio</u>	<u>Graduation Rate (2)</u>
2008	625,381,812	79,931	7,824	7.82%	4,528	17.65	77.1
2009	654,203,800	79,691	8,209	4.92%	4,564	17.46	81.3
2010	670,045,146	79,750	8,402	2.35%	4,439	17.97	78.1
2011	639,282,379	79,067	8,085	-3.77%	4,442	17.80	79.1
2012	612,608,734	78,210	7,833	-3.12%	4,360	17.94	81.4
2013	617,955,694	78,534	7,869	0.46%	4,401	17.84	81.5
2014	633,048,988	78,417	8,073	2.60%	4,372	17.94	82.9
2015	647,540,353	78,492	8,250	2.19%	4,341	18.08	82.9
2016	630,595,087	77,699	8,116	-1.62%	4,316	18.00	82.8
2017	693,979,445	76,897	9,025	11.20%	4,329	17.76	*

(1) Expenses and transfers from Statement of Revenues, Expenditures and Changes in Fund Balance for General Fund.

(2) Enrollment data report

(3) From the Jefferson County Schools employee management analysis 4th quarter report. Full time equivalent teaching staff only.

*Not available

Operating Information Schedule 15
 Jefferson County School District, No.R-1
 School Building Information
 Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary/Pre-K campuses	104	103	103	101	101	99	99	99	100	99
Total square feet	4,406,573	4,430,062	4,682,782	4,616,761	4,592,792	4,582,688	4,583,299	4,579,989	4,746,203	4,714,483
Total program capacity	43,475	44,330	51,047	50,711	48,670	43,088	43,408	43,408	43,013	44,600
Enrollment	40,532	40,053	40,947	40,874	40,274	40,774	40,670	40,652	40,017	39,371
Middle school campuses	20	19	19	19	19	19	19	19	17	17
Total square feet	2,150,314	2,176,013	2,037,237	2,037,237	2,037,237	2,037,237	2,037,237	2,037,237	1,817,299	1,817,299
Total program capacity	15,626	15,812	16,410	16,410	15,943	15,786	15,786	15,786	15,786	14,199
Enrollment	11,537	11,209	10,770	10,755	10,686	10,720	10,757	10,745	10,060	10,052
High school campuses	17	17	17	17	17	17	17	17	17	17
Total square feet	3,523,481	3,595,258	3,692,357	3,692,357	3,692,357	3,692,597	3,692,597	3,692,597	3,724,284	3,724,284
Total program capacity	27,796	28,680	30,063	30,063	30,019	29,764	29,764	29,764	29,835	29,835
Enrollment	24,623	24,108	23,939	23,384	23,219	22,958	22,959	22,935	23,589	23,388
Option schools/Districtwide	11	13	15	15	15	15	15	15	17	17
Total square feet	894,106	894,106	900,062	900,062	923,062	928,709	930,932	907,020	956,482	956,481
Total program capacity				5,711	5,817	5,868	5,868	5,868	6,344	6,344
Enrollment	3,239	4,321	4,094	4,054	4,031	3,801	4,031	4,160	4,033	4,086
Charter schools	13	13	13	14	14	15	16	16	17	18
Enrollment	4,865	4,952	5,198	5,551	6,119	7,008	7,592	8,082	9,032	9,464
Support facilities										
Total square feet	419,518	419,518	468,413	534,434	491,806	485,210	493,488	493,488	493,488	525,595

Sources: Jefferson County Schools Enrollment Data
 Jefferson County Schools Facilities Conditions Assessment Report

Operating Information Schedule 16
 Jefferson County School District, No.R-1
 Certificated staff Data - Number of certificated staff by salary level with average salaries
 Last Ten Fiscal Years

Fiscal Year	Non-Degree Vocational	Bachelor's Degree	Master's or Higher Level Degree	Salary Ranges	Average Salary
2008	17	2885	2,925	32,408 to 91,165	55,400
2009	17	2574	3,034	33,283 to 93,626	57,200
2010	18	2446	3,210	33,616 to 94,562	59,000
2011	17	2263	3,289	33,616 to 94,562	60,100
2012	17	2030	3,269	32,608 to 91,725	58,500
2013	16	1986	3,318	32,934 to 92,642	58,100
2014	17	2109	3,173	33,616 to 94,562	57,900
2015	16	1417	3,877	38,000 to 91,787	57,800
2016	16	1518	3,834	38,000 to 91,819	57,400
2017	16	1291	4,058	38,000 to 91,819	58,000

Source: Jefferson County Schools human resources and budget departments.

Note: Licensed staff includes teachers, library media specialists, counselors, psychologists, nurses, occupational therapists, physical therapists and other specialists. The data shown is by head count of employees within each level.

Single Audit

The Single Audit Act Amendments of 1996 mandate independent financial and compliance audits of federal award programs. In addition to the required independent auditor's reports, the schedule of expenditures of federal awards and summary of findings and questioned costs are provided to support the requirements for compliance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Single Audit

Fiscal Year Ended June 30, 2017

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**Schedule of Expenditures
of Federal Awards**

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Expenditures of Federal Awards
Expenditures July 1, 2016 through June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<u>U.S. Department of Agriculture:</u>			
Passed through Colorado Department of Human Services:			
Donated commodities: June 30, 2017	10.555	51 2008008000 4010	\$ 1,797,499
Passed through Colorado Department of Education:			
National school breakfast program June 30, 2017	10.553	4553	2,246,087
National school lunch program June 30, 2017	10.555	4555	8,978,397
Summer food service program for children June 30, 2017	10.559	4559	132,011
Child nutrition cluster subtotal			11,356,495
Fresh Fruit and Vegetable Program	10.582	4582	338,895
Agency subtotal			13,492,889
<u>U.S. Department of Transportation</u>			
Passed through Colorado Department of Transportation:			
Highway Planning and Construction	20.205	7205	9,935
<u>U. S. Department of Education</u>			
Direct:			
Title VII - Indian education-formula grants to LEA and tribal schools	84.060a	4060	98,715
Title V Part D Teacher Incentive Fund	84.374	5374	528,837
Total direct			627,552
Passed through Colorado Department of Education:			
Individuals with disabilities education act-part B/Increasing Achievement	84.027	4027/5027	14,072,509
Individuals with disabilities education act-preschool services	84.173	4173	290,855
Special education cluster subtotal			14,363,364
Adult education-state administered basic grant program	84.002	5002/6002	151,929
Title I grants to local education agencies	84.010	4010/5010/7010	10,952,211
Twenty-First century community learning	84.287	5287	919,650
McKinney Homeless - education for children and youth	84.196	5196	44,385
Public charter schools start-up	84.282	5282	722,046
Title I-G - Advanced Placement for Disadvantaged Students	84.330	5330	23,324
Colorado Graduation Pathways	84.360	5360	5,420
Title III - English language learners	84.365	4365	373,817
Title II - A - Teacher Quality	84.367	4367	1,330,190
Race to the Top - School Readiness	84.412	5412	14,505
Passed through Colorado Community College and Occupational: Educational			
Vocational and applied technology education-basic state grants	84.048a	4048	384,271
Agency subtotal			29,912,664
<u>U.S. Department of Health and Human Services</u>			
Passed through Jefferson County Human Services			
Temporary Assistance for Needy Families (TANF)	93.558	8558	94,073
Maternal and Child Health Services Block Grant	93.994	7994	5,000
Agency subtotal			99,073
<u>Corporation for National and Community Service</u>			
Passed through Colorado Department of Local Affairs:			
AmeriCorp	94.006	7006	44,367
<u>U.S. Department of Homeland Security</u>			
Passed through Colorado Department of Public Safety:			
Disaster Grants Public Assistance (FEMA)	97.036	9036	25,515
Total expenditures of federal awards			\$ 43,584,443

*See Notes to Schedule of Federal Awards (SEFA)

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Schedule of Expenditures of Federal Awards

June 30, 2017

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the Jefferson County School District, No. R-1, Colorado (the District). The District's reporting entity is defined in note (1) to the District's basic financial statements.

(2) Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, which is described in note (1)(D) to the District's basic financial statements. The Federal financial reports that are submitted to the grantors are prepared on the cash basis and may not agree to this schedule.

(3) Noncash Programs

Commodities donated to the District by the U. S. Department of Agriculture (USDA) of \$1,797,499 are valued based on the USDA's Donated Commodity Price List. These are shown as part of the National School Lunch program (10.555).

(4) Indirect Costs

The District has elected to not use the 10 percent de Minimis indirect cost rate as allowed under Uniform Guidance.

(5) Reconciliation to basic financial statements

Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the Schedule.

The following analysis reconciles amounts in the accompanying Statement to the District's basic financial statements of the governmental funds for the year ended June 30, 2017.

Reconciliation of Expenditures

Schedule of Expenditures of Federal Awards

Total federal expenditures	\$ 43,584,443
Less: USDA *	<u>(13,492,889)</u>
	<u>\$ 30,091,554</u>

Grants Fund

Total expenditures from basic financial statements	\$ 39,879,428
Less: Nonfederal grants expenditures	<u>(9,787,874)</u>
	<u>\$ 30,091,554</u>

* The activities relating to USDA are included in the Food Services Enterprise Fund.





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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Jefferson County School District No. R-1
Jefferson County, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County School District, No. R-1 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2017.

We did not audit the financial statements of Golden View Classical Academy, a component unit of the District, which represents 4 percent and 8 percent, respectively, of the assets and deferred outflows of resources and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Golden View Classical Academy in the aggregate discretely presented component units, is based solely on the report of other auditors. The financial statements of Golden View Classical Academy 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. 2017-001.

Compliance and Other Matters

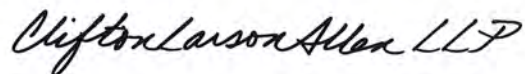
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2017-001.

The District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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



CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 8, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Jefferson County School District, No. R-1
Jefferson County, Colorado

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

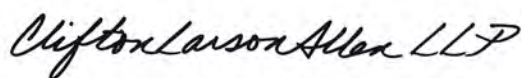
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002 that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 8, 2017

**JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title 1 grants to local education agencies
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,307,533</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes _____ no

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

2017 – 001

Food Service Fund Capital Asset Purchase

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: During testing over capital assets, it was noted the Food Service Fund purchased an espresso machine without prior written approval from the Colorado Department of Education (CDE) in the amount of \$14,682. According to CCR 301-11.3.03(7) and CCR 301-11.3.03(10), all purchases greater than \$5,000 for the Food Service Fund must be included on the pre-approved equipment list or be submitted to CDE Office of School Nutrition (OSN) for prior approval before purchasing with Child Nutrition funds. In addition, all funds remaining in the Food Service Fund shall be used for the support of the food service program and shall not be used for any other purpose. CDE also requires Districts to complete a series of questions to determine if the asset purchase is in line with federal and state regulations. The series of questions were not completed and submitted to CDE for approval of the purchase of the asset.

Criteria or specific requirement: 1 CCR 301-11.3.03(7) – Capital equipment purchases must be made based upon the CDE approved equipment list or prior approval process. 1 CCR 301-11.3.03(10) – Any unexpended and unencumbered moneys remaining in the fund at the end of a fiscal year must remain in the funds, shall be used for the support of the food service program pursuant to these rules, and shall not be used for any other purpose.

Context: We performed capital asset addition testing for the District for all opinion units. The espresso machine was selected for the Food Service Fund as it did not appear to support the function of the fund.

Effect: The moneys used for the purchase of the espresso machine could have been used for other purposes to support the food service program.

Cause: The District did not perform the required approval process for capital asset purchases as required under Colorado Code of Regulations.

Repeat Finding: No

Recommendation: We recommend the District take steps to implement a review and approval process for all assets purchased in the food service fund that are in line with Colorado Code of Regulations to prevent future purchases of assets that are not included on the pre-approved equipment list.

Views of responsible officials: Pre-approval of certain capital equipment items is a new procurement step established by the state over the past few years. Food and Nutrition Services (FNS), Manager for Equipment and Facilities procures all FNS equipment and was not aware of the new capital equipment purchasing requirements. Three price quotes were received prior to purchase; however, an oversight occurred of not submitting it to CDE-OSN for pre-approval. The equipment's intended purpose is for developing and testing recipes that meet regulations, and will support the food service program. Once testing is complete the equipment will be placed at a high school campus.

Moving forward, training will be provided to the FNS Manager of Equipment and Facilities, to ensure awareness of the required approval process. All future capital equipment purchases will be reviewed by our FNS Coordinator of Acquisitions along with the Executive Director for compliance. Additionally, the questioned equipment purchase has been submitted for CDE-OSN for approval.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section III – Findings and Questioned Costs – Major Federal Programs

2017 – 002

Federal agency: U.S. Department of Education

Federal program title: Title I Grants to Local Education Agencies

CFDA Number: 84.010

Award Period: July 1, 2016 – June 30, 2017

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Per Every Student Succeeds Act (ESEA) Sec. 1113(a)(3), a local education agency (LEA) shall serve eligible schools or attendance areas in rank order according to their percentage of poverty. Further, the LEA must serve those areas or schools above 75 percent poverty, including any middle or high schools, before it serves any with a poverty-percentage at or below 75 percent. After an LEA has served all areas and schools with a poverty rate above 75 percent, the LEA may serve lower-poverty areas and schools either by continuing with the district-wide ranking or by ranking its schools at or below 75 percent poverty according to grade-span grouping (e.g., K-6, 7-9, 10-12).

Condition: During our testing over twenty schools, we noted three schools that had an incorrect poverty rate percentage reported to the Colorado Department of Education (CDE) on the District's consolidated application. The schools in question had three areas where the poverty rates were to be reported for grade levels K-6, 7-9, and 10-12. Only one grade level was updated for the current year leaving the other two grade levels reported at an incorrect rate. This error was not detected by the review process of the consolidate application prior to submission to CDE.

Questioned costs: None

Context: We sampled twenty out of one-hundred sixty-one schools within the District which are required to be reported on the CDE consolidated application to show poverty rate rankings. This assists the District in determining a schools eligibility for receiving Title I funding as noted in the criteria. We reviewed the District's calculation for poverty rate rankings noting no exceptions. However, the calculated rates were not updated correctly on the consolidated application for two out of three grade levels where they are reported in separate lines for K-6, 7-9, and 10-12. The three schools with errors did not have an overall impact on the ranking order of the schools that did qualify for Title I funding.

Cause: The consolidated application is updated based on various reports put together from District data. Once the application is complete, it is then reviewed by the Grant Manager prior to submission to CDE. The review process did not detect the error for the schools that reported incorrect poverty rates.

Effect: Incorrect poverty rate rankings could have impacted schools that are eligible to receive Title I funding had they changed the overall rank order.

Repeat Finding: No

Recommendation: We recommend that the District implement a thorough review process of the consolidated application ensuring all data reported thereon is accurate.

Views of responsible officials: The District is in agreement with the audit finding. Jeffco Public schools will verify total counts of schools and students to ensure all data is reflected. Internal controls of an entry change will then be verified by a second person to ensure the person making entries or changes is not the person verifying the work prior to submission.





Financial Services
1829 Denver West Drive, Bldg. 27
Golden, Colorado 80401-0001
phone: 303-982-6843
fax: 303-982-6826
website: www.jeffcopublicschools.org

Jefferson County School District, No. R-1 respectfully submits the following corrective action plan for the year ended June 30, 2018.

Audit period: July 1, 2016 – June 30, 2017

The findings from the schedule of findings and questioned costs are a Significant Deficiency identified discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2017-001 Food Service Fund Capital Asset Purchase

Recommendation: The District should take steps to implement a review and approval process for all assets purchased in the food service fund that are in line with Colorado Code of Regulations to prevent future purchases of assets that are not included on the pre-approved equipment list.

Explanation of audit finding: The District is in agreement with the audit finding that Food and Nutrition Services (FNS) did not receive prior approval for capital equipment purchased from the Colorado Department of Education (CDE) Office of School Nutrition's (OSN) pre-approved equipment list.

Pre-approval of certain capital equipment items is a new procurement step established by the state over the past few years. FNS Manager for Equipment and Facilities procures all FNS equipment and was not aware of the new capital equipment purchasing requirements. Three price quotes were received prior to purchase; however, an oversight occurred of not submitting it to CDE-OSN for pre-approval. The equipment's intended purpose is for developing and testing recipes that meet regulations, and will support the food service program. Once testing is complete the equipment will be placed at a high school campus.

Action taken in response to finding: Jeffco Public Schools FNS, will provide training to the FNS, Manager of Equipment and Facilities, to ensure awareness of the required approval process. All future capital equipment purchases will be reviewed by our FNS, Coordinator of Acquisitions and approved by the Executive Director for compliance. All capital equipment will be processed through the CDE-OSN Equipment Purchase Approval Tree. Records of this review process and results will be on file in the Food and Nutrition Services office. Additionally, the question equipment purchase has been submitted for CDE-OSN for approval.

Name(s) of the contact person(s) responsible for corrective action:

Beth Wallace, Executive Director, Food and Nutrition Service

Planned completion date for corrective action plan: October 2017

FINDINGS—FEDERAL AWARDS AUDIT

SIGNIFICANT DEFICIENCY

2017-002 Poverty Rates

Recommendation: Procedures should be implemented requiring the District to complete a thorough review of the consolidated application ensuring data reported is accurate.

Explanation of audit finding: The District is in agreement with the audit finding. During the testing of over twenty-two schools, it was noted three schools had an incorrect poverty rate percentage reported to the Colorado Department of Education (CDE) on the District's consolidated application. The schools in question had three areas where the poverty rates were to be reported for grade levels K-6, 7-9, and 10-12. Updates were made to reflect a K-12 reporting instead of the grade level reporting. This error was not detected by the review process of the consolidate application prior to submission to CDE.

Action taken in response to finding: Jeffco Public schools will verify total counts of schools and students to ensure all data is reflected. Internal controls of an entry change will then be verified by a second person to ensure the person making entries or changes is not the person verifying the work prior to submission.

Name(s) of the contact person(s) responsible for corrective action:
Joshua Shoemaker, Manager, Grants Accounting

Planned completion date for corrective action plan: June 2018

If the Department of Education has questions regarding this plan, please call Joshua Shoemaker at 303-982-6837.

Colorado Department of Education
Auditor's Electronic Financial Data
Integrity Check Figures

The Auditor's Electronic Financial Data Integrity Check Figures is a fiscal year report of each fund according to the provisions of section 22-44-204(3), Colorado Revised Statutes (C.R.S.), concerning the use of the Financial Policies and Procedures Handbook adopted by the State Board of Education. C.R.S. 29-1-603





Colorado Department of
Education Auditors Integrity Report
 District: 1420 - JEFFERSON COUNTY R-1
 Fiscal Year 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	125,682,198	615,110,079	622,946,810	117,845,467
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	125,682,198	615,110,079	622,946,810	117,845,467
11 Charter School Fund	31,522,048	108,952,631	105,662,334	34,812,345
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	6,364,455	24,876,995	24,703,776	6,537,674
22 Govt Designated-Purpose Grants Fund	9,083,798	38,977,505	39,879,426	8,181,877
23 Pupil Activity Special Revenue Fund	11,428,321	26,296,673	26,074,510	11,650,484
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	558,012	26,674,194	26,664,607	567,599
31 Bond Redemption Fund	63,854,676	47,210,881	49,182,410	61,883,147
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	7,702,560	22,166	7,724,726	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	66,956,694	39,173,228	61,197,402	44,932,521
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	323,152,762	927,294,353	964,036,002	286,411,114
Proprietary				
50 Other Enterprise Funds	11,174,034	15,147,882	15,232,127	11,089,789
64 (63) Risk-Related Activity Fund	8,488,189	6,098,358	6,978,195	7,608,352
60,65-69 Other Internal Service Funds	30,224,659	13,573,169	14,157,447	29,640,380
Totals	49,886,882	34,819,408	36,367,769	48,338,521
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

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.

