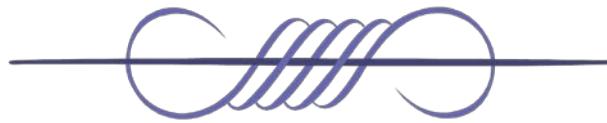


FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Board of Education
Arapahoe County School District Number Six
Littleton, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arapahoe County School District Number Six, as of and for the year ended June 30, 2015, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arapahoe County School District Number Six as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, Arapahoe County School District Number Six adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date— an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, Arapahoe County School District Number Six reported a restatement for the change in accounting principle (see Note III.E.). Our opinions were not modified with respect to the restatement.

Additionally, as described in Note I.D.12 to the financial statements, the District has recognized the Nutrition Services Fund and the Extended Day Care Program Fund as special revenue funds as of July 1, 2014 as required by the Colorado Department of Education. As a result of this change, the District reported a restatement for the change from proprietary funds to special revenue funds. Our opinions were not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 12-21, 49-51 and 52 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 Arapahoe County School District Number Six's basic financial statements. The combining and individual fund and component unit financial statements and schedules and the Auditor's Integrity Report 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund and component unit financial statements and schedules, the Auditors' Integrity Report, 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. In our opinion, the information is 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 October 29, 2015, on our consideration of Arapahoe County School District Number Six's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arapahoe County School District Number Six's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
October 29, 2015

Management's Discussion and Analysis



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ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Management's Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2015

As management of the Arapahoe County School District Number Six, Arapahoe County, Colorado (the District), we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages 1–6.

Financial Highlights

- The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established new financial reporting requirements for most governments that provide pension benefits through a multiple-employer cost-sharing, defined, benefit pension plan as of June 30, 2015. District employees, including the two charter schools' employees, are in a program administered by the Public Employee's Retirement Association of Colorado (PERA). Statement No. 68 requires the District and its charter schools to record a proportionate share of PERA's unfunded pension liability. The District and its charter schools have no legal obligation to fund any shortfall nor do they have any liability to affect funding, benefits, or annual required contribution decisions made by PERA. The beginning net position of governmental activities has been restated to account for this new reporting requirement.
- As of July 1, 2014, the District reclassified its proprietary funds (business-type activities), the Nutrition Services Fund and Extended Day Care Fund, to governmental activities as special revenue funds. The beginning net position of governmental activities has been restated to account for this change as well as the beginning fund balances for each respective fund. The net investments in capital assets previously reported in the proprietary funds have been reclassified as assets of the governmental activities.
- The liabilities and deferred inflows of resources of the District, the primary government, exceeded assets and deferred outflows of resources at June 30, 2015 by \$209.1 million, primarily due to the net pension liability, noted above, of \$291.9 million.
- The financial position of the primary government decreased as the total net position decreased by \$11.9 million, primarily from the pension expense of \$24.7 million, net of \$15.3 million employer contribution expenditures due to the implementation of GASB Statement No. 68.
- The total cost of basic programs increased \$17.8 million, or 10.8 percent, to \$182.8 million due to the implementation of the GASB Statement No. 68.
- Revenues increased \$4.7 million, or 2.8 percent, to \$170.9 million.
- The net cost of governmental activities increased \$17.2 million, or 12.3 percent, primarily due to the inclusion of the pension expense of \$24.7 million, net of the \$15.3 million employer contribution expenditures due to the implementation of GASB Statement No. 68.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's annual report and basic financial statements. The financial section of the annual report consists of four parts: management's discussion and analysis, basic financial statements, required supplementary information, and combining and individual fund statements and schedules. The basic financial statements include two types of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services, such as instruction and support services,

were financed in the short-term as well as what remains for future spending.

- The fiduciary funds statement of assets and liabilities presents the financial position of an agency fund in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the District’s budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

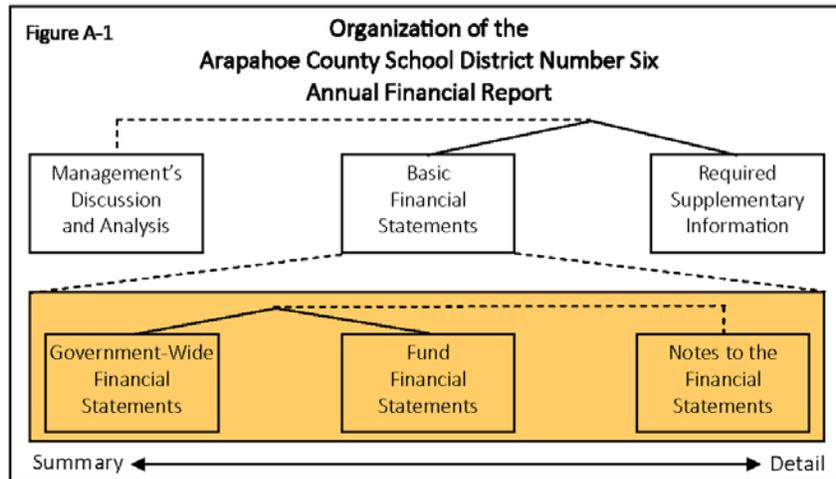


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the District-wide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Fund
Scope	Entire District (except the fiduciary fund)	The activities of the District which are not proprietary or fiduciary, such as instruction and support services	Instances in which the District administers resources on behalf of someone else, such as student clubs
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of assets and liabilities
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, liabilities, and deferred outflows and inflows of resources—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, additional nonfinancial factors may need to be considered, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities:** Most of the District's basic services are included here, such as instruction and support services.
- **Component units:** The District's two charter schools have independent governing boards, but are financially dependent on the District for most of their funding. Generally accepted accounting principles (GAAP) prescribe a discrete presentation of the component units—meaning separate presentation from the primary government.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law or GAAP.
- The District establishes other funds to control and manage money for particular purposes (i.e., athletics and activities funded largely by fees and ticket sales) or to show that it is properly using certain revenues, such as federal grants.

The District has two categories of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flow in and out and the balances left at fiscal year-end that are available for spending. Consequently, the governmental fund statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- **Fiduciary fund:** The District is the trustee, or fiduciary, for the assets of student clubs. The District is responsible for ensuring that the assets reported in this fund are used only for intended purposes and used by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

The District's net position of the governmental activities on June 30, 2015, decreased \$281.7 million to a negative \$209.1 million from what it was the previous year (see Figure A-3) due to the implementation of GASB Statement No. 68.

Assets, deferred outflows of resources, liabilities, and deferred inflows of resources changed from the prior year for the following reasons:

- Current and other assets increased by \$7.6 million, primarily from increased restricted cash and investments. The increase is primarily from the sale of \$17.0 million of voter-approved general obligation bonds in December 2014; the \$1.1 million of premium on the bonds is offset by project spending in the Capital Projects–Building Fund.
- Capital assets increased \$10.9 million, the net result of capital asset depreciation expense offset by asset additions, including construction in progress.
- Deferred outflows of resources for deferred charges on refunding decreased \$0.5 million due to amortization expense. Deferred outflows related to pension of \$14.5 million represents \$7.8 million of the District's pension contribution subsequent to the measurement date and investment earnings, which were less than the expected by \$6.7 million.
- Current and other liabilities increased \$8.4 million, mainly due to higher contracts payable in the Capital Project–Building Fund.
- The net pension liability of \$291.9 million is the net effect of the adoption of the accounting standard, Statement No. 68, to record a proportionate share of PERA's unfunded pension liability.
- Noncurrent liabilities increased \$12.1 million, the net result of issuing new bond debt, bond premium, and amortization expense.
- Deferred inflows of resources for pension-related activities of \$1.8 million are the change in proportion and the differences between contributions recognized and the proportionate share of contributions.
- Net position decreased \$281.7 million. This change included a \$3.1 million decrease to net investment in capital assets (capital assets less related debt), a \$1.4 million increase in restricted net position, and a \$280.0 million decrease in unrestricted net position due to the adoption of Statement No. 68.

Figure A-3 presents a two-year, condensed statement of the District's net position.

Figure A-3

Condensed Statement of Net Position (in millions of dollars)

	Governmental Activities		Business-Type Activities*		Total Primary Government		Total Dollars Change
	2014	2015	2014	2015	2014	2015	2014–2015
Assets							
Current and other assets	\$ 114.6	\$ 125.2	\$ 3.0	\$ -	\$ 117.6	\$ 125.2	\$ 7.6
Capital assets	92.9	104.3	0.5	-	93.4	104.3	10.9
Total assets	<u>207.5</u>	<u>229.5</u>	<u>3.5</u>	<u>-</u>	<u>211.0</u>	<u>229.5</u>	<u>18.5</u>
Deferred outflows of resources							
Deferred charges on refunding	4.7	4.2	-	-	4.7	4.2	(0.5)
Deferred pension outflows	-	14.5	-	-	-	14.5	14.5
Total deferred outflows	<u>4.7</u>	<u>18.7</u>	<u>-</u>	<u>-</u>	<u>4.7</u>	<u>18.7</u>	<u>14.0</u>
Liabilities							
Current and other liabilities	11.7	20.6	0.5	-	12.2	20.6	8.4
Net pension liability	-	291.9	-	-	-	291.9	291.9
Noncurrent liabilities	<u>130.9</u>	<u>143.0</u>	<u>-</u>	<u>-</u>	<u>130.9</u>	<u>143.0</u>	<u>12.1</u>
Total liabilities	<u>142.6</u>	<u>455.5</u>	<u>0.5</u>	<u>-</u>	<u>143.1</u>	<u>455.5</u>	<u>312.4</u>
Deferred inflows of resources							
Deferred pension inflows	-	1.8	-	-	-	1.8	1.8
Total deferred inflows	<u>-</u>	<u>1.8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.8</u>	<u>1.8</u>
Net position							
Net investment in capital assets	17.1	14.5	0.5	-	17.6	14.5	(3.1)
Restricted	13.0	14.4	-	-	13.0	14.4	1.4
Unrestricted	<u>39.5</u>	<u>(238.0)</u>	<u>2.5</u>	<u>-</u>	<u>42.0</u>	<u>(238.0)</u>	<u>(280.0)</u>
Total net position	<u>\$ 69.6</u>	<u>\$ (209.1)</u>	<u>\$ 3.0</u>	<u>\$ -</u>	<u>\$ 72.6</u>	<u>\$ (209.1)</u>	<u>\$ (281.7)</u>

*Beginning July 1, 2014, business-type activities funds were reclassified as special revenue funds and are included in governmental activities.

The District's change in financial position is related to operating results (see Figure A-4), which are highlighted as follows:

- Expenses of \$182.8 million exceeded revenues of \$170.9 million, resulting in the \$11.9 million decrease in net position. Total revenues increased \$4.7 million over revenues of the prior year, while total expenses increased \$17.8 million, primarily due to the \$24.7 million of pension expense, net of the \$15.3 million employer contribution expenditures due to the implementation of GASB Statement No. 68.
- The State of Colorado's General Assembly included a 13.0 percent negative per-pupil stabilization factor into the School Finance Act (SFA) for fiscal year 2014–2015. This negative factor was to help the state balance its budget due to the fiscal crisis. The District's per-pupil revenue was \$6,763, compared to \$7,773 without the negative factor. The SFA was supported by state equalization funds, local taxes, property taxes, and federal grants in the fiscal year.
- The average funded student count, which is the per-pupil basis for fiscal year 2014–2015 SFA program funding, decreased 0.4 percent to 14,799.8 from 14,857.6 the previous year.
- Total expenses of \$182.8 million represent a \$17.8 million, or 10.8 percent, increase compared to the prior year. Instructional expenses increased \$9.6 million, of which \$6.3 million was pension expense. Support services expenses increased \$7.1 million, of which \$3.1 million was pension expense. Interest expenses increased \$1.1 million.
- The Board of Education approved \$11.5 million of one-time spending from property tax collections in 2011 from the 2010 mill levy override election. During the 2014–2015 fiscal year, \$2.3 million was spent on technology, the implementation of new state standards, and new curriculum.

Figure A-4 presents a two-year summary of change in net position.

Figure A-4

Change in Net Position from Operating Results (in millions of dollars)

	Governmental Activities		Business-Type Activities*		Total Primary Government		Total Percent Change 2014–2015
	2014	2015	2014	2015	2014	2015	
Revenues							
Program revenues							
Charges for services	\$ 4.5	\$ 11.6	\$ 7.1	\$ -	\$ 11.6	\$ 11.6	0.0%
Operating grants/contributions	11.6	13.3	1.8	-	13.4	13.3	(0.7)%
Capital grants/contributions	-	0.5	-	-	-	0.5	100%
General revenues							
Property and S.O. taxes	78.5	78.2	-	-	78.5	78.2	(0.4)%
State equalization aid	59.8	64.8	-	-	59.8	64.8	8.4%
Interest and other revenues	2.9	2.5	-	-	2.9	2.5	(13.8)%
Total revenues	<u>157.3</u>	<u>170.9</u>	<u>8.9</u>	<u>-</u>	<u>166.2</u>	<u>170.9</u>	2.8%
Expenses							
Instruction	94.0	103.6	-	-	94.0	103.6	10.2%
Support services	58.4	74.1	8.6	-	67.0	74.1	10.6%
Interest	4.0	5.1	-	-	4.0	5.1	27.5%
Total expenses	<u>156.4</u>	<u>182.8</u>	<u>8.6</u>	<u>-</u>	<u>165.0</u>	<u>182.8</u>	10.8%
Excess (deficiency) before transfers	0.9	(11.9)	0.3	-	1.2	(11.9)	(1,091.7)%
Transfers	0.1	-	(0.1)	-	-	-	0.0%
Change in net position	<u>1.0</u>	<u>(11.9)</u>	<u>0.2</u>	<u>-</u>	<u>1.2</u>	<u>(11.9)</u>	<u>(1,091.7)%</u>
Net position—							
beginning of year—restated	68.6	(197.2)	2.8	-	71.4	(197.2)	
Net position—end of year	<u>\$ 69.6</u>	<u>\$(209.1)</u>	<u>\$ 3.0</u>	<u>\$ -</u>	<u>\$ 72.6</u>	<u>\$(209.1)</u>	

*Beginning July 1, 2014, business-type activities funds were reclassified as special revenue funds and are included in governmental activities.

Figure A-5

Sources of Revenue for Fiscal Year 2015

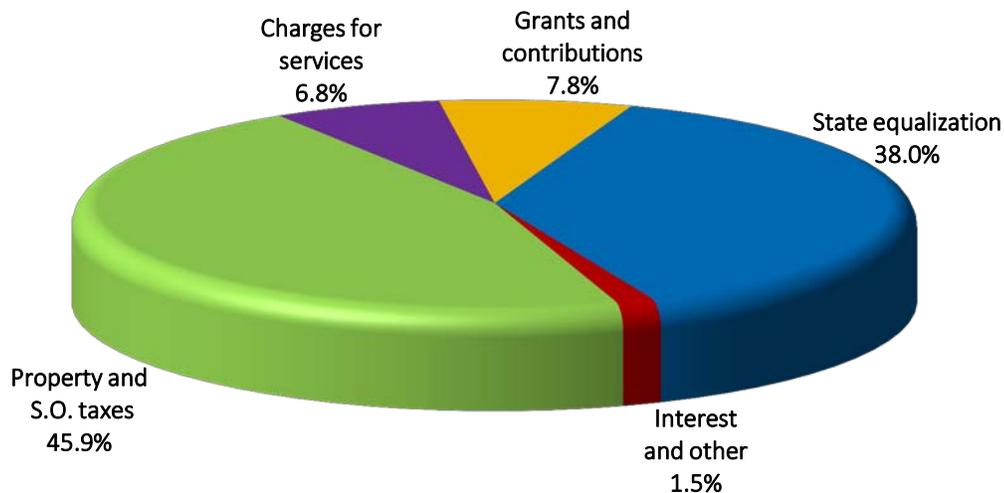
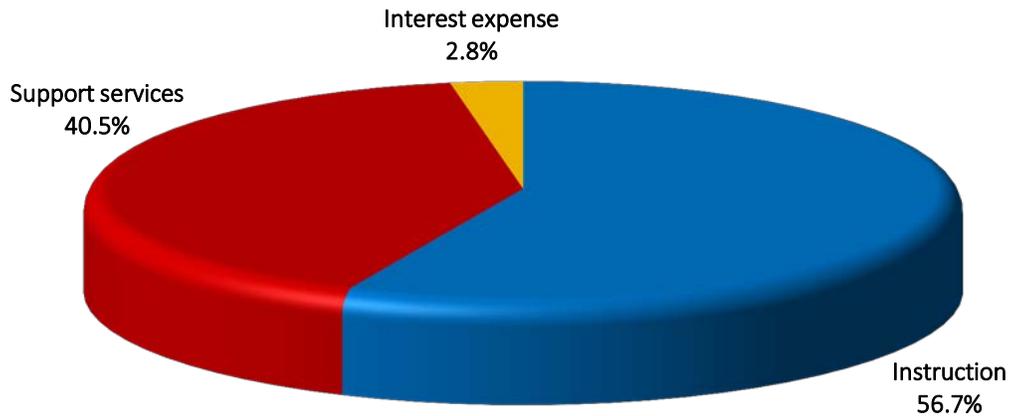


Figure A-6
Expenses for Fiscal Year 2015



Governmental Activities

Revenues for the District’s governmental activities increased \$13.6 million, or 8.6 percent, to \$170.9 million, primarily due to the reclassification of two business-type activities to governmental activities as of July 1, 2014. Total expenses and transfers increased \$26.5 million to \$182.8 million as a result of the pension expense of \$24.7 million, net of the \$15.3 million employer contribution expenditures due to the implementation of GASB Statement No. 68 as well as the reclassification of activities as previously noted, salary and benefit increases, inflationary pressures, and one-time spending. Expenses exceeded revenues resulting in the \$11.9 million decrease in net position.

Figure A-7 summarizes the net cost of governmental activities, as presented in the statement of activities in the government-wide financial statements. The table also shows each activity’s *net cost* (total cost less fees generated by the activities and other aid provided for specific programs). The net cost shows the financial burden placed on local and state taxpayers for each of the functions. Program revenues of \$25.4 million are a much smaller funding source for public school district governmental activities, representing only 14.9 percent of total revenues of \$170.9 million.

Figure A-7

Net Cost of Governmental Activities (in millions of dollars)

Function/Program	Total Cost of Services		Percent Change 2014–2015	Net Cost of Services		Percent Change 2014–2015
	2014	2015*		2014	2015*	
Instruction	\$ 94.0	\$ 103.6	10.2%	\$ 82.2	\$ 91.7	11.6%
Support services	58.4	74.1	26.9%	54.0	60.6	12.2%
Interest expense	4.0	5.1	27.5%	4.0	5.1	27.5%
Total	<u>\$ 156.4</u>	<u>\$ 182.8</u>	<u>16.9%</u>	<u>\$ 140.2</u>	<u>\$ 157.4</u>	<u>12.3%</u>

*Beginning July 1, 2014, business-type activities funds were reclassified as special revenue funds and are included in governmental activities.

Other items of note about governmental activities from the statement of activities are as follows:

- The cost of all governmental activities for the year was \$182.8 million.
- Some of the cost was financed by the users of the programs, \$11.6 million.
- The federal and state governments, along with private donors, subsidized certain programs with operating grants of \$13.3 million. Capital contributions from corporate donors were \$0.5 million.
- Most of the net cost, \$157.4 million, was financed by state and local taxpayers with general revenues.

- Net cost of governmental services increased \$17.2 million, or 12.3 percent, from \$140.2 million in the previous year to \$157.4 million.
- General revenues total \$145.5 million, consisting of \$78.2 million in property and specific ownership taxes; \$64.8 million in state equalization aid; and \$2.5 million of interest earnings and other revenue.
- The resulting decrease in governmental activities net position was \$11.9 million.

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with GAAP, the SFA, and other related legal requirements. The governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

Fund Analysis

The General Fund, including the Risk Management sub-fund, is a major fund and is the most significant fund of the District. The Capital Projects Fund and the Student Athletic and Activities Fund are supported by the General Fund, with transfers out totaling \$4.5 million for the year. The Capital Projects–Building Fund is a capital improvement fund to account for the major capital outlays for district facilities supported by the voter-approved 2013 general obligation bonds. The Designated Purpose Grant Fund is supported by grant revenues and the Debt Service Fund by voter-approved property tax mill levies to meet general obligation debt service requirements. The Extended Day Care Fund is supported by tuition, while the Nutrition Services Fund received funding from federal grants along with sales of breakfast and lunch meals.

Total General Fund school finance program funding, which includes property taxes, specific ownership taxes, and state equalization for fiscal year 2014–2015, was impacted by the state's cost-of-living increase, a decrease of 2.5 percent of the negative per-pupil stabilization factor to 13.0 percent, and declining enrollment.

- Overall, the General Fund reported revenue of \$143.4 million for fiscal year 2014–2015, which was \$5.2 million higher when compared to the previous year.
- Expenditures reported in the General Fund increased \$5.5 million to \$138.9 million for fiscal year 2014–2015. Net transfers to other funds increased \$0.1 million when compared to the prior year. Increased expenditures and transfers included higher salaries and benefits, one-time spending of \$2.3 million, and overall inflationary pressures. The fund balance in the General Fund increased \$0.2 million for fiscal year 2014–2015, primarily in the unassigned category.

District management intends to continue to balance the General Fund's current resources with budgeted expenditures in order to maintain an adequate fund balance. Administration, with Board approval, will continue to make the necessary long-term budgetary adjustments in order to achieve a continued healthy financial outlook.

General Fund Budget

Current General Fund expenditures, excluding the Risk Management sub-fund, totaling \$136.6 million were 93.9 percent of the final budget of \$145.5 million, compared to the 93.4 percent of the prior year. Budget carryovers are allowed by policy in various operating areas, and the carryovers primarily resulted in the changes of the final budget when compared to the original budget. The unspent expenditure budget at the end of the 2014–2015 year is mostly due to the under-spending of the final budget that will be rolled into the subsequent year. The District's contingency budget represents the majority of unspent appropriation and anticipated ending fund balance. The final budget reported a contingency reserve of \$28.8 million, which represents 16.5 percent of budgeted expenditures. Revenues of the General Fund amounted to 101.1 percent of budgeted revenues.

Capital Assets and Long-Term Debt

Capital Assets

As shown in Figure A-10, total primary government capital assets, net of depreciation, increased a net \$10.9 million to \$104.3 million from the previous year. This was the result of \$7.4 million of net depreciation expense, \$0.9 million of asset disposals, \$7.0 million of assets capitalization in the governmental activities, and \$12.1 million of construction in progress. Assets additions consisted of land improvements, buildings, equipment, and vehicles.

Figure A-10

Capital Assets (net of depreciation, in millions of dollars)

	Governmental Activities		Business-Type Activities*		Total Primary Government		Dollars Change
	2014	2015	2014	2015	2014	2015	2014-2015
Land	\$ 5.9	\$ 5.9	\$ -	\$ -	\$ 5.9	\$ 5.9	\$ -
Land improvements	4.6	4.9	-	-	4.6	4.9	0.3
Buildings	75.3	73.8	-	-	75.3	73.8	(1.5)
Equipment	2.0	2.4	0.5	-	2.5	2.4	(0.1)
Vehicles	1.2	1.2	-	-	1.2	1.2	(0.0)
Construction in progress	3.9	16.1	-	-	3.9	16.1	12.2
Total	\$ 92.9	\$ 104.3	\$ 0.5	\$ -	\$ 93.4	\$ 104.3	\$ 10.9

*Beginning July 1, 2014, business-type activities funds were reclassified as special revenue funds and are included in governmental activities.

More detailed information about capital assets is presented in Note II, C. Capital Assets, of the financial statements.

Long-Term Debt

As of year-end, the District had \$143.0 million in general obligation bonds and other long-term debt outstanding, an increase of \$12.1 million, as shown in Figure A-11. The outstanding general obligation bonds at June 30, 2015, consisted of the 2010 general obligation refunding bonds of \$64.5 million, 2013 general obligation bonds of \$50.0 million, and 2014 general obligation bonds of \$17.0 million.

More detailed information about long-term liabilities is presented in Note II, E. Long-Term Debt, of the financial statements.

Figure A-11

Outstanding Long-Term Debt (in millions of dollars)

	Governmental Activities		Dollars Change	Credit Rating Standard & Poor's Corporation
	2014	2015	2014-2015	
General obligation (G.O.) bonds	\$ 119.8	\$ 131.5	\$ 11.7	AAAm
Premium on G.O. bonds	9.0	9.3	0.3	
Compensated absences	2.1	2.2	0.1	
Total	\$ 130.9	\$ 143.0	\$ 12.1	

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District contemplated the following factors that could significantly affect its financial health in the future.

- The state's General Assembly incorporated a statewide base per-pupil revenue (PPR) increase of 2.8 percent for inflation; however, the state set a negative factor of 12.13 percent for 2015–2016. This kept the statewide average total PPR at \$7,294, thus reducing the state share by \$855.2 million for a total reduction of approximately \$5.3 billion over the last six years. The average statewide PPR funding without the negative factor funding cut would have been \$8,294, or \$1,000 more per student.
- Despite the state funding cuts, it is projected the District's per-pupil funding will increase \$3.7 million to \$103.7 million when compared to 2014–2015. However, full per-pupil funding would have equated to \$118.2 million, a loss of revenue to the district of \$14.3 million.
- The 2015–2016 budget includes new recurring costs of \$1.1 million for mental health assistance for students, special education staffing, and preschool staffing.
- The Board approved \$11.5 million one-time spending plan from the 2010–2011 property taxes generated by mill levy override funds. Projects include the implementing the state's new instructional standards; updating the District's special education and library databases; updating the District's curriculum standards; and updating technology in the form of computers for students, staff, and labs. Of the \$3.6 million remaining, \$0.7 million is planned to be spent in fiscal year 2015–2016.
- Approximately \$35.7 million of the Capital Projects–Building Fund, used to account for the November 2013 voter-approved general obligation bond revenues, will be spent in 2015–2016. Of the \$80 million bonds approved, \$50 million were issued in December 2013, \$17 million were issued in December 2014, and the remaining \$13 million were sold in October 2015.
- The Public Employees' Retirement Association (PERA) of Colorado is the pension plan that covers all District employees. PERA employer contribution rates will increase annually for the next three years, reaching a rate of 20.15 percent by 2018.
- Actual average funded counts of student enrollment are expected to decrease for 2015–2016. Although demographic information indicates student enrollment will continue to decline, it is beginning to stabilize into the foreseeable future.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, please contact the Finance Office, Littleton Public Schools, 5776 South Crocker St., Littleton, CO 80120. Additional information is available on the District website at www.littletonpublicschools.net.

Basic Financial Statements



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ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Statement of Net Position

June 30, 2015

	<u>Primary Government Governmental Activities</u>	<u>Component Units Charter Schools</u>
ASSETS		
Equity in pooled cash and investments	\$ 54,802,213	\$ 2,923,455
Cash on hand and in bank	-	-
Restricted cash and investments	66,673,884	1,337,196
Taxes receivable—net	1,211,508	-
Due from other governments	1,630,778	-
Other accounts receivable	100,101	-
Inventories	319,218	-
Deposits	108,000	-
Prepaid items	381,041	-
Capital assets—net of accumulated depreciation where applicable:		
Land	5,857,507	1,889,806
Land improvements	4,881,380	171,507
Buildings and leasehold improvements	73,777,659	10,393,780
Equipment	2,448,713	17,506
Vehicles	1,247,604	-
Construction in progress	16,079,896	25,194
Total assets	<u>229,519,502</u>	<u>16,758,444</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	4,189,459	378,310
Deferred pension outflows	14,483,685	651,998
Total deferred outflows of resources	<u>18,673,144</u>	<u>1,030,308</u>
LIABILITIES		
Accounts and contracts payable	11,759,221	63,473
Accrued compensation	7,417,917	345,766
Accrued interest payable	451,067	118,573
Unearned revenue	1,020,303	27,840
Noncurrent liabilities:		
Due within one year	6,475,000	257,982
Due in more than one year	136,481,416	11,574,215
Net pension liability	291,875,138	12,955,293
Total liabilities	<u>455,480,062</u>	<u>25,343,142</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	1,817,226	80,660
Total deferred inflows of resources	<u>1,817,226</u>	<u>80,660</u>
NET POSITION		
Net investment in capital assets	14,567,407	2,046,268
Restricted for:		
Debt service	8,911,127	185,075
Nutrition services	1,155,566	-
Emergency reserve under TABOR	4,350,000	260,400
Repair and replacement	-	220,048
Unrestricted	(238,088,742)	(10,346,841)
Total net position	<u>\$ (209,104,642)</u>	<u>\$ (7,635,050)</u>

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units Charter Schools
Primary Government						
Governmental activities:						
Instruction	\$ 103,545,270	\$ 1,260,425	\$ 10,578,555	\$ -	\$ (91,706,290)	\$ -
Support services	74,121,159	10,328,932	2,695,279	485,918	(60,611,030)	-
Interest expense	5,136,295	-	-	-	(5,136,295)	-
Total primary government	\$ 182,802,724	\$ 11,589,357	\$ 13,273,834	\$ 485,918	(157,453,615)	-
Component Units—Charter Schools	\$ 8,718,697	\$ 586,112	\$ 173,952	\$ 911,425		(7,047,208)
General revenues:						
Property taxes:						
Property taxes—levied for general purposes					61,600,095	-
Property taxes—levied for debt service					10,882,156	-
Specific ownership taxes					5,675,945	-
Intergovernmental revenue, unrestricted:						
State equalization aid					64,807,999	6,720,418
District supplemental funding					-	737,508
Investment earnings					197,283	5,014
Other					2,387,705	186,438
Total general revenues					145,551,183	7,649,378
Change in net position					(11,902,432)	602,170
Net position—beginning—restated					(197,202,210)	(8,237,220)
Net position—ending					\$ (209,104,642)	\$ (7,635,050)

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

**Balance Sheet
Governmental Funds
June 30, 2015**

	General Fund	Debt Service Fund	Capital Projects— Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments	\$ 47,401,014	\$ -	\$ -	\$ 7,401,199	\$ 54,802,213
Restricted investments	-	9,158,376	57,515,508	-	66,673,884
Taxes receivable from the county treasurer	605,246	22,485	-	-	627,731
Taxes receivable—net	1,029,635	181,873	-	-	1,211,508
Due from other governments	264,254	-	-	738,793	1,003,047
Other accounts receivable	100,101	-	-	-	100,101
Inventories	319,218	-	-	-	319,218
Deposits	108,000	-	-	-	108,000
Total assets	<u>\$ 49,827,468</u>	<u>\$ 9,362,734</u>	<u>\$ 57,515,508</u>	<u>\$ 8,139,992</u>	<u>\$ 124,845,702</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 900,865	\$ 540	\$ 10,626,793	\$ 231,023	\$ 11,759,221
Accrued compensation	6,737,694	-	-	680,223	7,417,917
Other unearned revenue	241,196	-	-	779,107	1,020,303
Total liabilities	<u>7,879,755</u>	<u>540</u>	<u>10,626,793</u>	<u>1,690,353</u>	<u>20,197,441</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue	1,029,635	181,873	-	-	1,211,508
Total deferred inflows	<u>1,029,635</u>	<u>181,873</u>	<u>-</u>	<u>-</u>	<u>1,211,508</u>
FUND BALANCES					
Nonspendable for:					
Inventories	319,218	-	-	-	319,218
Deposits	108,000	-	-	-	108,000
Restricted for:					
Emergency (TABOR)	4,350,000	-	-	-	4,350,000
Debt service	-	9,180,321	-	-	9,180,321
Nutrition services	-	-	-	1,155,566	1,155,566
Capital projects	-	-	46,888,715	-	46,888,715
Committed for:					
Risk management	1,144,012	-	-	-	1,144,012
Capital projects	-	-	-	2,663,510	2,663,510
Student care services	-	-	-	1,327,678	1,327,678
Pupil activities	-	-	-	1,249,721	1,249,721
Assigned for:					
Beverage sponsorship for student needs	-	-	-	53,164	53,164
Budget carryovers	6,374,867	-	-	-	6,374,867
One-time spending for student needs	3,577,643	-	-	-	3,577,643
Subsequent year expenditures	1,579,788	-	-	-	1,579,788
Unassigned	23,464,550	-	-	-	23,464,550
Total fund balances	<u>40,918,078</u>	<u>9,180,321</u>	<u>46,888,715</u>	<u>6,449,639</u>	<u>103,436,753</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 49,827,468</u>	<u>\$ 9,362,734</u>	<u>\$ 57,515,508</u>	<u>\$ 8,139,992</u>	

Reconciliation of the Balance Sheet to the Statement of Net Position for Governmental Activities:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	104,292,759
This amount of capital assets is net of accumulated depreciation.	381,041
Prepaid insurance premiums are not recorded in the fund financials statements because it is not an expense in the current year.	1,211,508
Other long-term assets are not available to pay for current year expenditures and, therefore, are unearned in the funds.	(279,208,679)
Pension liability activities including deferred pension outflows of \$14,483,685, net pension liability of (\$291,875,138) and deferred pension inflow of (\$1,817,226), are not due and payable in the current year and therefore not reported in the funds.	(138,766,957)
Long-term liabilities, including bonds payable and compensated absences of (\$142,956,416) and deferred charges on refunding of \$4,189,459, are not due and payable in the current period and therefore are not reported in the funds.	(451,067)
Interest payable on general obligation debt is not recorded on the fund financial 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.	<u>\$ (209,104,642)</u>
Governmental activities net position	

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Debt Service Fund	Capital Projects— Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 61,826,703	\$ 10,920,428	\$ -	\$ -	\$ 72,747,131
Specific ownership taxes	5,675,945	-	-	-	5,675,945
Federal grants	1,079,376	-	-	5,793,012	6,872,388
State equalization aid	64,807,999	-	-	-	64,807,999
State education of students with disabilities	2,521,840	-	-	-	2,521,840
Other state entitlements and state grants	2,104,902	-	-	281,129	2,386,031
Food sales	-	-	-	1,999,699	1,999,699
Donated commodities	-	-	-	233,715	233,715
Student care	-	-	-	4,936,787	4,936,787
Pupil activities	-	-	-	2,181,150	2,181,150
Investment earnings	47,431	7,479	134,548	7,825	197,283
Other	5,365,813	-	-	753,473	6,119,286
Total revenues	<u>143,430,009</u>	<u>10,927,907</u>	<u>134,548</u>	<u>16,186,790</u>	<u>170,679,254</u>
EXPENDITURES					
Current:					
Instruction	87,415,382	-	-	2,764,673	90,180,055
Support services	51,235,648	-	-	14,395,114	65,630,762
Debt service:					
Principal retirement	-	5,210,000	-	-	5,210,000
Interest and fiscal charges	-	5,492,555	-	-	5,492,555
Bond issuance costs	-	-	174,525	-	174,525
Capital outlay	232,221	-	19,469,499	2,897,051	22,598,771
Total expenditures	<u>138,883,251</u>	<u>10,702,555</u>	<u>19,644,024</u>	<u>20,056,838</u>	<u>189,286,668</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	<u>4,546,758</u>	<u>225,352</u>	<u>(19,509,476)</u>	<u>(3,870,048)</u>	<u>(18,607,414)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	17,000,000	-	17,000,000
Premium on bonds	-	-	1,115,552	-	1,115,552
Transfers in	191,674	-	-	4,516,140	4,707,814
Transfers out	(4,516,140)	-	-	(191,674)	(4,707,814)
Total other financing sources (uses)	<u>(4,324,466)</u>	<u>-</u>	<u>18,115,552</u>	<u>4,324,466</u>	<u>18,115,552</u>
NET CHANGE IN FUND BALANCES	222,292	225,352	(1,393,924)	454,418	(491,862)
FUND BALANCE—BEGINNING—RESTATED	40,695,786	8,954,969	48,282,639	5,995,221	103,928,615
FUND BALANCES—ENDING	<u>\$ 40,918,078</u>	<u>\$ 9,180,321</u>	<u>\$ 46,888,715</u>	<u>\$ 6,449,639</u>	<u>\$ 103,436,753</u>

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

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

Net change in fund balances—total governmental funds	\$ (491,862)
Governmental funds report capital outlay 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 depreciation expense (\$8,127,082) and net book value of disposed assets (\$126,995) exceeds capital asset additions \$18,612,300 and contributed capital of \$485,918.	10,844,141
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements.	1,211,508
Unearned revenue of the prior year received in the current year is recognized in the prior year statement of activities and in the current year fund statements.	(1,476,388)
Increases to prepaid insurance premiums are expensed in the fund financial statements.	3,647
Repayments of bond principal \$5,210,000, reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	5,210,000
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets and do not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: bond proceeds (\$17,000,000), bond premium (\$1,115,552), amortization of bond premium and deferred charge on refunding, \$907,389 and (\$523,682), respectively.	(17,731,845)
In the statement of activities, certain operating expenses such as compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which benefits of \$1,220,759 exceeds usage of (\$1,150,599).	(70,160)
Net pension liability 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 (\$24,656,981), net of employer contribution expenditures of \$15,282,955.	(9,374,026)
Interest payable on general obligation debt is not recorded on the fund financial statements because it is not a current use of cash. Interest of \$451,067 is accrued on the government-wide statements since the liability is to be paid in the near term. The liability in the prior year was \$423,620, resulting in additional interest expense reported for the current year.	<u>(27,447)</u>
Change in net position of governmental activities	<u>\$ (11,902,432)</u>

See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund (Agency Fund)
June 30, 2015

ASSETS

Equity in pooled cash and investments	<u>\$ 255,584</u>
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LIABILITIES

Accounts payable	\$ 8,606
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Due to student clubs and other organizations	<u>246,978</u>
----------------------------------------------	----------------

Total liabilities	<u>\$ 255,584</u>
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See accompanying Notes to Basic Financial Statements.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Notes to Basic Financial Statements

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Arapahoe County School District Number Six (the District) is a political subdivision of the state of Colorado, and it is governed by an elected five-member Board of Education (the Board). The accompanying financial statements present the District, the primary government, and its component units, entities for which the District is considered financially accountable. The *discretely* presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the District.

Discretely Presented Component Units. The District's charter schools consist of two separately authorized charters—Littleton Academy and Littleton Preparatory. Charter schools are public schools authorized by the state of Colorado to provide alternatives for parents, pupils, and teachers. The charter schools are organized as legal entities, each with a separate governing board; however, the District must approve all charter school applications. Funding, as required by law, flows from the Colorado Department of Education through the District and to the charter schools on a monthly basis. The charter schools are *discretely* presented component units because of the significance of their financial relationship with the District and the services they provide to the District's students. Separate financial statements for each of the charter schools can be found at the following websites: www.academy.littletonpublicschools.net and www.littletonprep.littletonpublicschools.net.

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 non-fiduciary activities of the primary government and its component units. Governmental activities are primarily supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: 1) charges for services that relate to a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. The fiduciary fund is reported using the accrual basis of accounting.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Notes to Basic Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period or within 90 days for federal grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, provided the availability criteria has been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Debt Service Fund accounts for dedicated revenue for the payments of principal and interest on long-term general obligation debt.
- The Capital Projects–Building Fund is a capital improvement fund to account for the major capital outlays for District facilities funded by the voter-approved 2013 and 2014 general obligation bonds.

Additionally, the District reports the following fund type:

- The Fiduciary Fund accounts for assets held by the District as an agent for student clubs and other organizations.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. An exception to this general rule is that inter-fund services provided and used are not eliminated in order to avoid distortion of direct costs and program revenues.

Amounts reported as program revenues include charges for services and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all state formula aid and local property taxes.

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

In order to facilitate the recording of cash transactions and maximize earnings on investments, the District has combined the cash resources of its funds and maintains accountability for each fund's equity in the pooled cash and investments. Investments for the District, as well as for its component units, are reported at fair value.

2. Receivables

Property taxes levied in 2014 but not yet collected in 2015 are identified as property taxes receivable in the governmental funds balance sheet at June 30, 2015, and are presented net

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

of an allowance for uncollectible taxes. Intergovernmental receivables include amounts due from grantors for specific program grants.

3. Inventories, Deposits, and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased. The District deposited an amount with an insurance provider which is termed deposits.

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of acquisition (purchase method).

4. Restricted Assets

As required by state law, a third party custodian administers the District's Debt Service Fund. The trust department of a commercial bank serves as custodian, receiving property taxes collections directly from the county treasurer, investing money, and making debt service payments. The balance in the bank account is reported as a restricted investment.

5. Capital Assets

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

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	20–50
Equipment	5–20
Vehicles	8–15

6. Compensated Absences

District policy allows unlimited accumulation of vacation leave and unused sick days. Accrued vacation is paid to eligible employees upon termination of employment, limited to two years accrual. Payment for unused sick days is made upon an employee's retirement as defined by the District, for unused sick time over 45 days, and not exceeding annual contract days, times a factor approximating the daily pay rate of a substitute teacher. Each fund liquidates the accrued vacation and sick leave for its respective liabilities.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item that

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Notes to Basic Financial Statements

qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note III F for deferred pension outflows of resources.

In addition to liabilities, the District's financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. One type of item that qualifies for the reporting in this category is for property tax revenue which is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected. See Note III F for deferred pension inflows of resources.

8. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

9. Property Taxes

Property taxes are levied by the Board. The levy is based on assessed valuations determined by the county assessor. The levy is set by December 15 by certification to the county commissioners to levy the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or, if in equal installments, at the taxpayers' election on February 28 and June 15. Delinquent taxpayers are notified in August and tax sales of the liens on delinquent properties are held in November. The county treasurer remits taxes collected monthly to the District.

In the fund financial statements, property taxes are recorded initially as a receivable, net of allowance for doubtful collections and as a deferred inflow of resources in the year they represent an enforceable lien and are measurable. The deferred inflow of resources is recorded as revenue in the year they are available.

10. State Equalization Aid

State equalization aid is revenue received from the state of Colorado computed in accordance with a funding formula as defined by state statute. The funding formula considers such factors as pupil enrollment and other revenue sources.

11. Net Position/Fund Balance

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. In the fund financial statements, governmental funds report fund balances based on financial reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Notes to Basic Financial Statements

the nature and extent of constraints more useful and understandable. The classifications comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable Fund Balance—amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact, i.e., inventories and prepaids.

Restricted Fund Balance—amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation that are legally enforceable, i.e., Taxpayer's Bill of Rights (TABOR).

Committed Fund Balance—amounts that can only be used for specific purposes pursuant to constraints imposed by the Board by resolution. The committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

Assigned Fund Balance—amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Per Board policy, the Board delegates authority to the superintendent, or the superintendent's designee, to assign fund balance.

Unassigned Fund Balance—the remaining fund balance, after amounts are set aside for other classifications. The Board assigns the superintendent or designee the responsibility of accumulating and maintaining a minimum General Fund unassigned fund balance of 5 percent of the District's adopted General Fund revenue budget of the current fiscal year.

The District has established a policy for its use of restricted and unrestricted fund balances. When expenditures are incurred, the District uses restricted fund balances first if the expenditure is for a restricted purpose. Unrestricted expenditures are applied to committed, assigned, and unassigned fund balances in that order.

12. Restatement of Net Position and Fund Balance

The District previously reported the activity of the Nutrition Services Fund and the Extended Day Care Fund as proprietary funds. Beginning in fiscal year 2014–2015, such activities have been more appropriately reported as special revenue funds. Accordingly, the newly established special revenue funds report a restated beginning balance of \$1,209,385 for the Nutrition Services Fund and \$1,270,970 for the Extended Day Care Fund, which is equal to the net current assets and current liabilities previously reported in the proprietary fund. The net investments in capital assets of \$456,890 for the Nutrition Services Fund and \$28,950 for the Extended Day Care Fund, previously reported in the proprietary fund, are not recognized at the fund level under modified accrual and have been reclassified as assets of the governmental activities as of July 1, 2014.

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Notes to Basic Financial Statements

	Nutrition Services Fund		
	<u>June 30, 2014</u>	<u>Adjustments</u>	<u>July 1, 2014</u>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 1,423,202	\$ -	\$ 1,423,202
Due from other governments	17,346	-	17,346
Other accounts receivable	480	-	480
Total current assets	<u>1,441,028</u>	<u>-</u>	<u>1,441,028</u>
Noncurrent assets:			
Capital assets:			
Equipment	2,448,202	(2,448,202)	-
Less accumulated depreciation	(1,991,312)	1,991,312	-
Total noncurrent assets	<u>456,890</u>	<u>(456,890)</u>	<u>-</u>
Total assets	<u>1,897,918</u>	<u>(456,890)</u>	<u>1,441,028</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,884	-	4,884
Accrued compensation	114,591	-	114,591
Unearned revenue	112,168	-	112,168
Total current liabilities	<u>231,643</u>	<u>-</u>	<u>231,643</u>
NET POSITION			
Net investment in capital assets	456,890	(456,890)	-
Restricted	1,209,385	-	1,209,385
Total net position	<u>\$ 1,666,275</u>	<u>\$ (456,890)</u>	<u>\$ 1,209,385</u>

	Extended Day Care Fund		
	<u>June 30, 2014</u>	<u>Adjustments</u>	<u>July 1, 2014</u>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 1,553,641	\$ -	\$ 1,553,641
Total current assets	<u>1,553,641</u>	<u>-</u>	<u>1,553,641</u>
Noncurrent assets:			
Capital assets:			
Equipment	158,806	(158,806)	-
Less accumulated depreciation	(129,856)	129,856	-
Total noncurrent assets	<u>28,950</u>	<u>(28,950)</u>	<u>-</u>
Total assets	<u>1,582,591</u>	<u>(28,950)</u>	<u>1,553,641</u>
LIABILITIES			
Current liabilities:			
Accounts payable	42,242	-	42,242
Accrued compensation	184,535	-	184,535
Unearned revenue	55,894	-	55,894
Total current liabilities	<u>282,671</u>	<u>-</u>	<u>282,671</u>
NET POSITION			
Net investment in capital assets	28,950	(28,950)	-
Unrestricted	1,270,970	-	1,270,970
Total net position	<u>\$ 1,299,920</u>	<u>\$ (28,950)</u>	<u>\$ 1,270,970</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2015, consist of the following:

Cash on hand	\$ 26,655
Deposits with financial institutions	15,002,854
Investments	<u>109,625,627</u>
Total cash and investments	<u><u>\$124,655,136</u></u>

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of net position:	
Equity in pooled cash and investments, primary government	\$ 54,802,213
Restricted investments, primary government	66,673,884
Equity in pooled cash and investments, component units	2,923,455
Fiduciary Fund:	
Equity in pooled cash and investments	<u>255,584</u>
Total cash and investments	<u><u>\$124,655,136</u></u>

Deposits with Financial Institutions

The District's cash and deposit policies are approved by the Board of Education and governed by Colorado statutes. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102.0 percent of the uninsured deposits.

Investments

Investment policies of the District and the component units, which comply with state statutes, permit investments in:

- U.S. Treasury obligations
- Federal instrumentality securities
- Repurchase agreements with a termination date of 180 days or less
- Time certificates of deposit
- Local government investment pools
- Money market mutual funds
- Commercial paper
- Municipal notes or bonds
- Any other investment which is authorized by state statutes

Investments as of June 30, 2015, consist of the following:

<u>Investments</u>	<u>12 months or less</u>	<u>1 to 5 years</u>	<u>Total Investment</u>
Local government investment pools	\$ 58,771,122	\$ -	\$ 58,771,122
U.S. Agencies	8,003,840	13,015,700	21,019,540
Commercial paper	17,992,860	-	17,992,860
Corporate notes	2,074,970	6,007,940	8,082,910
Mutual Fund	3,759,195	-	3,759,195
Total	<u>\$ 90,601,987</u>	<u>\$ 19,023,640</u>	<u>\$ 109,625,627</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits investment maturities to less than five years as a means of managing its exposure to interest rate risk.

<u>Investments</u>	<u>AA1*</u>	<u>AA2*</u>	<u>AA3*</u>	<u>AAA*</u>	<u>AAAm**</u>	<u>Not Rated</u>	<u>Total</u>
Local government investment pools	\$ -	\$ -	\$ -	\$ -	\$58,771,122	\$ -	\$ 58,771,122
U.S. Agencies	-	-	-	21,019,540	-	-	21,019,540
Commercial paper	-	-	-	-	-	17,992,860	17,992,860
Corporate notes	949,554	1,125,416	4,007,060	2,000,880	-	-	8,082,910
Mutual Fund	-	-	-	-	3,759,195	-	3,759,195
Total	<u>\$949,554</u>	<u>\$1,125,416</u>	<u>\$4,007,060</u>	<u>\$23,020,420</u>	<u>\$62,530,317</u>	<u>\$17,992,860</u>	<u>\$109,625,627</u>

*Moody Rating

**Standard and Poor's Rating

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to Federal Investment Company Act 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

Local government investment pool is an investment vehicle established for local government entities to pool surplus funds. The District is invested in two such pools, Colorado Local Government Liquid Asset Trust (COLOTRUST) and Colorado Surplus Asset Fund Trust (CSAFE). The Colorado Division of Securities administers and enforces the requirements of creating and operating COLOTRUST and CSAFE. Both operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. COLOTRUST and CSAFE are rated AAAM by Standard and Poor's. Investments of COLOTRUST and CSAFE are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Concentration of credit risk—State statutes generally do not limit the amount the District may invest in one issuer.

State statutes generally do not address custodial risk.

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Notes to Basic Financial Statements

Component Units

The District's two charter schools' restricted investments at June 30, 2015, consist of the following:

Investments	Fair Value	Standard & Poor's Rating
Littleton Academy Charter School:		
COLOTRUST Plus+ Fund (government investment pool)	\$ 599,900	AAAm
Littleton Preparatory Charter School:		
Federated Prime Obligation Fund #700	737,296	AAAm
Total	\$1,337,196	

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The charter schools do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorized the investment for a period in excess of five years. The charter schools investments have a maturity of less than twelve months.

Credit risk for the charter schools is the same as the District's. The charter school's investment as of June 30, 2015 were rated AAAm by Standard & Poor's.

Concentration of credit risk—State statutes generally do not limit the amount the charter schools may invest in one issuer.

B. Inter-fund Receivables, Payables, and Transfers

Inter-fund transfers in/out for the fiscal year ended June 30, 2015, are shown on the next page.

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Funds		
		Student Athletic and Activities Fund	Capital Projects Fund	
General Fund	\$ -	\$1,814,403	\$2,701,737	\$ 4,516,140
Nonmajor Funds:				
Extended Day Care Program Fund	191,674	-	-	191,674

Annually, the District subsidizes the Student Athletic and Activities Fund and the Capital Projects Fund by a transfer from the General Fund. District policy requires annual transfers by the Extended Day Care Program Fund to the General Fund for overhead.

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, is shown on the next page.

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Notes to Basic Financial Statements

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,857,507	\$ -	\$ -	\$ 5,857,507
Construction in progress	3,971,180	15,481,730	(3,373,014)	16,079,896
Total capital assets not being depreciated	<u>9,828,687</u>	<u>15,481,730</u>	<u>(3,373,014)</u>	<u>21,937,403</u>
Capital assets being depreciated:				
Land improvements	11,636,953	906,840	(45,225)	12,498,568
Buildings	210,377,446	5,102,561	(17,547)	215,462,460
Equipment*	7,047,593	576,043	(814,762)	6,808,874
Vehicles	6,528,620	404,058	-	6,932,678
Total capital assets being depreciated	<u>235,590,612</u>	<u>6,989,502</u>	<u>(877,534)</u>	<u>241,702,580</u>
Less accumulated depreciation for:				
Land improvements	(7,029,147)	(626,670)	38,629	(7,617,188)
Buildings	(135,090,990)	(6,611,358)	17,547	(141,684,801)
Equipment*	(4,531,861)	(522,663)	694,363	(4,360,161)
Vehicles	(5,318,683)	(366,391)	-	(5,685,074)
Total accumulated depreciation	<u>(151,970,681)</u>	<u>(8,127,082)</u>	<u>750,539</u>	<u>(159,347,224)</u>
Total capital assets being depreciated—net	<u>83,619,931</u>	<u>(1,137,580)</u>	<u>(126,995)</u>	<u>82,355,356</u>
Governmental activities capital assets—net	<u>\$ 93,448,618</u>	<u>\$ 14,344,150</u>	<u>\$ (3,500,009)</u>	<u>\$ 104,292,759</u>

*Beginning balance was restated, see Note I.D.12.

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

	<u>Governmental Activities</u>
Instruction	\$ 7,084,618
Support services	1,042,464
Total depreciation expense—governmental activities	<u>\$ 8,127,082</u>

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Component units:				
Capital assets not being depreciated:				
Land	\$ 1,889,806	\$ -	\$ -	\$ 1,889,806
Construction in progress	447,440	25,194	(447,440)	25,194
Total capital assets not being depreciated	<u>2,337,246</u>	<u>25,194</u>	<u>(447,440)</u>	<u>1,915,000</u>
Capital assets being depreciated:				
Land improvements	286,101	-	-	286,101
Building and improvements	10,236,806	1,617,091	(16,100)	11,837,797
Equipment	53,052	5,399	-	58,451
Total capital assets being depreciated	<u>10,575,959</u>	<u>1,622,490</u>	<u>(16,100)</u>	<u>12,182,349</u>
Less accumulated depreciation for:				
Land improvements	(100,289)	(14,305)	-	(114,594)
Building and improvements	(1,217,630)	(231,888)	5,501	(1,444,017)
Equipment	(36,604)	(4,341)	-	(40,945)
Total accumulated depreciation	<u>(1,354,523)</u>	<u>(250,534)</u>	<u>5,501</u>	<u>(1,599,556)</u>
Total capital assets being depreciated—net	<u>9,221,436</u>	<u>1,371,956</u>	<u>(10,599)</u>	<u>10,582,793</u>
Component units capital assets—net	<u>\$ 11,558,682</u>	<u>\$ 1,397,150</u>	<u>\$ (458,039)</u>	<u>\$ 12,497,793</u>

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Notes to Basic Financial Statements

D. Accrued Compensation

Accrued compensation relates to salaries and benefits of certain contractually employed personnel, which are paid over a 12-month period from August to July, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid at June 30, 2015, are estimated to be \$7,417,917.

E. Long-Term Debt

General Obligation Bonds. The District has issued general obligation bonds to provide funds for major improvement projects to existing facilities. These bond issues were primarily for governmental activities. The amount of the 2010 general obligation bonds issued was \$80,575,000 of general obligation refunding bonds issued September 2010 to refund a portion of the outstanding general obligation bonds, Series 2002, on an advance refunding basis. The issued amounts of the 2013 general obligation bonds and the 2014 general obligation bonds are \$50,000,000 and \$17,000,000, respectfully, as part of the November 2013 voter-approved \$80,000,000 capital improvement projects.

Premium on bonds were received with the 2010 general obligation refunding bonds issue as additional proceeds of \$9,845,145, the 2013 general obligation bonds issue as additional proceeds of \$2,336,062 and the 2014 general obligation bonds issue as additional proceeds of \$1,115,552. For full accrual accounting purposes, the premium is combined with the debt and amortized over the life of the bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General property taxes provide the revenue for payments of principal and interest on the bonds; voters in the District approved, in general elections, the increase in property taxes for the debt service costs. The bonds generally are issued as 20-year serial bonds with semi-annual payments of either principal, interest, or both. General obligation (G.O.) bonds outstanding at June 30, 2015, are shown below.

<u>Bond Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
2010 G.O. refunding bonds	General government	1.75%–5.0%	Dec. 1, 2024	\$ 64,545,000
2013 G.O. bonds	General government	4.5%–5.0%	Dec. 1, 2037	\$ 50,000,000
2014 G.O. bonds	General government	3.0%–4.0%	Dec. 1, 2038	\$ 17,000,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2016	\$ 5,475,000	\$ 5,588,025	\$ 11,063,025
2017	5,680,000	5,393,075	11,073,075
2018	5,860,000	5,212,000	11,072,000
2019	6,045,000	5,028,050	11,073,050
2020	6,230,000	4,849,313	11,079,313
2021–2025	35,255,000	19,706,625	54,961,625
2026–2030	15,000,000	13,921,350	28,921,350
2031–2035	27,150,000	9,401,750	36,551,750
2036–2039	24,850,000	1,874,250	26,724,250
Totals	<u>\$131,545,000</u>	<u>\$ 70,974,438</u>	<u>\$ 202,519,438</u>

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Notes to Basic Financial Statements

Changes in Long-Term Debt. The changes in long-term liabilities for the primary government for the fiscal year ended June 30, 2015, were as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 119,755,000	\$ 17,000,000	\$ (5,210,000)	\$ 131,545,000	\$ 5,475,000
Premium on bonds	9,050,363	1,115,552	(907,389)	9,258,526	-
Compensated absences	2,082,730	1,220,759	(1,150,599)	2,152,890	1,000,000
Totals	<u>\$ 130,888,093</u>	<u>\$ 19,182,057</u>	<u>\$ (7,113,734)</u>	<u>\$ 142,956,416</u>	<u>\$ 6,475,000</u>

Payment of general obligation bonds debt service, including bonds principal, is made from the Debt Service Fund. The General Fund typically liquidates compensated absences.

Component Unit Mortgage Loan. On December 19, 2006, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$5,235,000 of Charter School Revenue Refunding Bonds, Series 2006, to advance refund CECFA's outstanding Series 2001 Bonds on behalf of Littleton Academy Building Foundation (Foundation). Proceeds of the Series 2001 Bonds were used by the Foundation to acquire and remodel the school building for Littleton Academy Charter School.

Littleton Academy Charter School is obligated under a lease agreement to make monthly lease payments to the Foundation for using the building. The Foundation is required to make semi-annual loan payments to the trustee for payment of the bonds. Bond interest payments are due semi-annually on January 15 and July 15, with interest accruing at rates ranging from 3.75 percent to 4.37 percent. Principal payments are due annually on January 15 through 2036.

Annual debt service requirements to maturity for the mortgage loan are as follows:

Fiscal Year Ending June 30	Mortgage Loan		
	Principal	Interest	Total
2016	\$ 140,000	\$ 192,885	\$ 332,885
2017	145,000	187,985	332,985
2018	150,000	181,823	331,823
2019	155,000	175,823	330,823
2020	160,000	169,623	329,623
2021–2025	915,000	740,648	1,655,648
2026–2030	1,125,000	525,940	1,650,940
2031–2035	1,395,000	257,469	1,652,469
2036	315,000	13,779	328,779
Totals	<u>\$ 4,500,000</u>	<u>\$ 2,445,975</u>	<u>\$ 6,945,975</u>

In January 2013, Littleton Preparatory Charter School Building Corporation (Corporation) borrowed \$7.34 million to acquire and remodel a building for the Littleton Preparatory Charter School. The loan was obtained through a mortgage loan agreement with CECFA, which sold \$7.34 million of Charter School Revenue Bonds, Series 2013, on behalf of the Corporation.

The Corporation and CECFA entered into a mortgage loan agreement. Littleton Preparatory Charter School is obligated under a lease agreement to make monthly lease payments to the Corporation for use of the building. The Corporation is required to make semi-annual loan payments to the trustee for payment of the bonds. Bond interest payments are due semi-

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

annually on June 1 and December 1, with interest accruing at 5.0 percent. Principal payments are due annually on December 1, beginning in 2014 through 2042.

Annual debt service requirements to maturity for the mortgage loan are as follows:

Fiscal Year Ending June 30	Mortgage Loan		
	Principal	Interest	Total
2016	\$ 115,000	\$ 359,125	\$ 474,125
2017	120,000	353,250	473,250
2018	125,000	347,125	472,125
2019	135,000	340,625	475,625
2020	140,000	333,750	473,750
2021–2025	810,000	1,554,250	2,364,250
2026–2030	1,050,000	1,322,500	2,372,500
2031–2035	1,330,000	1,026,250	2,356,250
2036–2040	1,695,000	650,625	2,345,625
2041–2043	1,720,000	155,500	1,875,500
Totals	<u>\$ 7,240,000</u>	<u>\$ 6,443,000</u>	<u>\$ 13,683,000</u>

Component Unit Changes in Long-Term Debt. The changes in long-term debt for Littleton Academy Charter School for the fiscal year ended June 30, 2015, were as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Mortgage loan payable	\$ 4,635,000	\$ -	\$ 135,000	\$ 4,500,000	\$ 140,000
Discount on loan	(46,887)	-	(2,092)	(44,795)	(2,092)
Totals	<u>\$ 4,588,113</u>	<u>\$ -</u>	<u>\$ 132,908</u>	<u>\$ 4,455,205</u>	<u>\$ 137,908</u>

The changes in long-term debt for Littleton Preparatory Charter School for the fiscal year ended June 30, 2015, were as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Mortgage loan payable	\$ 7,340,000	\$ -	\$ 100,000	\$ 7,240,000	\$ 115,000
Premium on loan	142,066	-	5,074	136,992	5,074
Totals	<u>\$ 7,482,066</u>	<u>\$ -</u>	<u>\$ 105,074</u>	<u>\$ 7,376,992</u>	<u>\$ 120,074</u>

III. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Liability and property. The District has a self-insured retention on its general liability and auto claims up to \$150,000 per occurrence. For claims in excess of \$150,000 up to \$5,000,000, the District is a member of the Excess-of-Loss Self-Insurance Pool (ELSIP), a public entity risk pool. ELSIP operates risk management and insurance programs for three participating member school districts. The District pays an annual premium for its coverage. ELSIP may require additional contributions if it determines the financial condition, including cash flow availability, so necessitates additional contributions. Both charter schools participate with the District for this

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

coverage. The District self-insures the first \$25,000 for each property claim and insures through Travelers additional losses up to approximately \$333.0 million.

Employee health care. All employee health care benefit plans of the District and the component units are commercially insured, except for a dental plan with maximum benefit costs limited to \$2,000 per year per participant.

Workers' compensation. In 1986, the District joined with other school districts in the state of Colorado to form the Joint School Districts' Workers' Compensation Self-Insurance Pool (Joint Pool), a public entity risk pool currently operating as a common risk management and insurance program with four participating members. The District pays an annual premium to the Joint Pool for its workers' compensation coverage. The Joint Pool may require additional contributions if it determines the financial condition, including cash flow availability, so necessitates additional contributions. Each member of the Joint Pool is responsible for \$100,000 of each loss. Losses between \$100,000 and \$450,000 are pooled between the member districts, and losses in excess of \$450,000 are reinsured for up to statutory limits. The component units participate with the District in the Joint Pool.

Claims liability. A claims liability is reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The liability is estimated based upon the experience of the District and trends in costs of services. Estimates are revised by management as changes in these factors occur, and such revisions are reflected in operations of the current period. Liabilities include an amount for claims that have been incurred but not reported.

The following represents the changes in the claims liability for the District during the fiscal years ended June 30, 2014, and 2015.

	Dental	
	2014	2015
Claims liability at beginning of year	\$ 41,858	\$ 35,800
Current year claims and changes in estimates	919,845	899,664
Claim Payments	(925,903)	(878,272)
Claims liability at end-of-year	\$ 35,800	\$ 57,192

The District maintains commercial insurance coverage for other casualty coverages. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant changes in insurance coverage in fiscal year 2015 as compared to prior years.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

C. Constitutional TABOR Amendment

In the November 1992 general election, Colorado voters approved an amendment to the Colorado Constitution, commonly known as TABOR. This amendment limits the ability of the state and local governments, such as the District, to increase revenues, debt, and spending. In addition, TABOR requires that the state and local governments obtain voter approval to create any multiple fiscal year direct or indirect debt or other financial obligations without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

In the November 1998 general election, the District’s electorate authorized the District to collect, retain, and expend all revenues and other funds collected during fiscal year 1999 and each subsequent year from any source, notwithstanding the TABOR limitations. The District remains subject to TABOR with respect to general mill levy increase restrictions and to the issuance of any new debt without taxpayers’ approval. The TABOR amendment is subject to many interpretations, but the District believes it is in compliance. TABOR requires that an emergency reserve be established. Net position and fund balances of \$4,350,000 have been restricted for this emergency reserve at June 30, 2015.

D. Effect of New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions (as amended)* (Statement No. 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The District and its two charter schools provide employees with pension benefits through a multiple-employer cost-sharing defined benefit pension plan. The District and charter schools employees are in a program administered by the Public Employees’ Retirement Association of Colorado (PERA). See further information about this plan in Note F.

Statement No. 68 requires cost-sharing employers participating in the PERA program, such as the District and charter schools, to record their proportionate share, as defined in Statement No. 68, of PERA’s unfunded pension liability. The District and charter schools have no legal obligation to fund this shortfall, nor do they have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. The requirement of Statement No. 68 to record a portion of PERA’s unfunded liability will negatively impact the District’s and charter schools’ unrestricted net positions. Statement No. 68 is effective for fiscal year 2015.

E. Restatement of Net Position and Fund Balance

As previously stated above in Note I, Summary of Significant Accounting Policies, Section D Assets, Liabilities, and Net Position or Equity, Number 12, the District previously reported the activity of the Nutrition Services Fund and the Extended Day Care Fund as proprietary funds. Beginning in fiscal year 2014–2015, such activities have been more appropriately reported as special revenue funds. As a result, the District adjusted the July 1, 2014, beginning governmental activities net position in the amount of \$2,966,195 relating to the reclassification of funds.

For the year ending June 30, 2015, the District adopted Statement No. 68. As a result, the District adjusted the July 1, 2014, beginning net position in the amount of \$269,834,652 relating to the recording of the net pension liability.

Net position beginning—beginning	\$ 69,666,247
Proprietary funds reclassification	2,966,195
GASB 68 adoption	<u>(269,834,652)</u>
Net position—beginning restated	<u>\$ (197,202,210)</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

The beginning net position for Total Component Units on the combining statement of activities has been restated in the amount of \$11,973,009 in relation to the adoption of Statement No. 68.

Net position beginning—beginning	\$ 3,735,789
GASB 68 adoption	(11,973,009)
Net position—beginning restated	<u>\$ (8,237,220)</u>

F. Public Employees’ Retirement Association of Colorado (PERA)

Summary of Significant Accounting Policies

The District and its two charter schools, Littleton Academy and Littleton Preparatory, participate 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.

General Information about the Pension Plan

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

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

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

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

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, thereby 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.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

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

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

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

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8.0 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	<u>For the Year Ended December 31, 2014</u>	<u>For the Year Ended December 31, 2015</u>
Employer Contribution Rate*	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) *	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF*	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 *	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 *	3.50%	4.00%
Total Employer Contribution Rate to the SCHDTF*	16.43%	17.33%

*Rates 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, Littleton Academy, and Littleton Preparatory were \$15,327,554, \$282,872, and \$399,710, respectively, for the year ended June 30, 2015.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

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

At June 30, 2015, the District, Littleton Academy, and Littleton Preparatory reported a liability of \$291,875,138, \$5,334,533, and \$7,620,760, respectively, for their proportionate shares of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The proportion of the net pension liability was based on the District's, Littleton Academy's, and Littleton Preparatory's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2014, the District's and its two charter schools' proportion was 2.249 percent, which was a decrease of 0.020 percent from its proportion measured as of December 31, 2013. For the year ended June 30, 2015, the District, Littleton Academy, and Littleton Preparatory recognized pension expense of \$25,283,216, \$463,692, and \$660,136, respectively. At June 30, 2015, the District, Littleton Academy, and Littleton Preparatory reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	District		Littleton Academy		Littleton Preparatory	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	\$21,794	-	\$398	-	\$569
Changes of assumptions or other inputs	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	\$6,712,175	-	\$122,677	-	\$175,253	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	\$1,795,432	-	\$32,815	-	\$46,878
Contributions subsequent to the measurement date	\$7,771,510	-	\$147,024	-	\$207,044	-
Total	\$14,483,685	\$1,817,226	\$269,701	\$33,213	\$382,297	\$47,447

\$7,771,510, \$147,024, and \$207,044 from the District, Littleton Academy, and Littleton Preparatory, respectively, is 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows on the next page.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

<u>Year ended:</u>	<u>District</u>	<u>Littleton Academy</u>	<u>Littleton Preparatory</u>
2016	\$1,005,761	\$17,951	\$25,893
2017	1,005,761	17,951	25,893
2018	1,205,383	22,892	32,207
2019	<u>1,678,044</u>	<u>30,670</u>	<u>43,813</u>
Total	<u>\$4,894,949</u>	<u>\$89,464</u>	<u>\$127,806</u>

Actuarial assumptions. The total pension liability in the December 31, 2013, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases—including wage inflation	3.90–10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases: PERA Benefit Structure hired prior to 1/1/07	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates 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 one year and Females set back two years.

The actuarial assumptions used in the December 31, 2013, 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.

The SCHDTF’s long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table on the next page.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Basic Financial Statements

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity—Large Cap	26.76%	5.00%
U.S. Equity—Small Cap	4.40%	5.19%
Non U.S. Equity—Developed	22.06%	5.29%
Non U.S. Equity—Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	<u>100.00%</u>	

*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 7.50 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, 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. Based on those assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's, Littleton Academy's, and Littleton Preparatory'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 7.50 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 (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$384,864,033	\$291,875,138	\$214,041,855
Littleton Academy's proportionate share of the net pension liability	7,034,068	5,334,533	3,911,992
Littleton Preparatory's proportionate share of the net pension liability	10,048,669	7,620,760	5,588,560

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Notes to Basic Financial Statements

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.

G. Postemployment Healthcare Benefits

Plan description. The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing, multiple-employer postemployment healthcare plan 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.

Funding policy. The District and its two charter schools are 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 and its two charter schools are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution of 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, 2014, 2013, the District's contributions to the HCTF were \$889,184; \$875,605; and \$884,498, respectively, equal to their required contributions for each year. Littleton Academy's contributions to the HCTF for the fiscal years ending June 30, 2015, 2014, and 2013 were \$17,087, \$16,506, and \$16,190, respectively, equal to required contributions for each year, and Littleton Preparatory's contributions to the HCTF for the fiscal years ending June 30, 2015, 2014, and 2013 were \$24,147, \$23,685, and \$21,541, respectively, equal to required contributions for each year.

H. Subsequent Event

On October 6, 2015, the District issued \$12,998,580 in general obligation bonds; the bond issue represents the last issue of the \$80,000,000 for capital improvement projects approved by voters at the November 2013 election. At the same time, the District issued \$3,570,000 (maturity amount) of supplemental "B" interest registered coupons. The registered coupons mature on December 1, 2025, and June 1, 2026. The general obligation bonds include both current interest bonds maturing on December 1, 2026, through December 1, 2033, and capital appreciation bonds maturing on December 1, 2038.

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Required Supplementary Information



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ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 61,920,213	\$ 61,420,591	\$ 61,826,703	\$ 406,112
Specific ownership taxes	5,356,000	5,356,000	5,675,945	319,945
Intergovernmental revenue:				
Federal grants	1,087,392	1,087,392	1,079,376	(8,016)
State equalization aid	64,558,314	64,808,578	64,807,999	(579)
State education of students with disabilities	2,489,016	2,489,016	2,521,840	32,824
Other state entitlements	1,473,441	1,717,748	2,018,936	301,188
Investment earnings	63,363	63,363	45,526	(17,837)
Other	4,204,133	4,104,133	4,768,185	664,052
Total revenues	<u>141,151,872</u>	<u>141,046,821</u>	<u>142,744,510</u>	<u>1,697,689</u>
EXPENDITURES				
Current:				
Instruction	87,106,382	90,773,941	87,415,382	3,358,559
Support services:				
Pupil services	7,228,092	7,630,805	7,099,194	531,611
Instructional staff services	7,345,750	9,215,300	7,769,265	1,446,035
General administration	1,566,353	1,713,589	1,476,984	236,605
School administration	8,703,524	9,022,325	8,596,688	425,637
Financial administration	1,641,896	1,775,778	1,293,418	482,360
Operations administration	11,979,878	12,234,724	11,573,663	661,061
Transportation	4,550,693	4,838,446	4,063,272	775,174
Central administration	7,571,317	8,049,306	7,019,015	1,030,291
Community services	173,887	262,283	251,494	10,789
Contingency reserve	35,424,973	28,826,433	-	28,826,433
Total expenditures	<u>173,292,745</u>	<u>174,342,930</u>	<u>136,558,375</u>	<u>37,784,555</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(32,140,873)</u>	<u>(33,296,109)</u>	<u>6,186,135</u>	<u>39,482,244</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	185,353	185,353	191,674	6,321
Transfers out	(5,965,623)	(5,965,623)	(5,956,335)	9,288
Total other financing sources (uses)	<u>(5,780,270)</u>	<u>(5,780,270)</u>	<u>(5,764,661)</u>	<u>15,609</u>
NET CHANGE IN FUND BALANCE	<u>(37,921,143)</u>	<u>(39,076,379)</u>	<u>421,474</u>	<u>39,497,853</u>
FUND BALANCE—BEGINNING	<u>37,921,143</u>	<u>39,244,592</u>	<u>39,244,592</u>	<u>-</u>
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ 168,213</u>	<u>\$ 39,666,066</u>	<u>\$ 39,497,853</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Risk Management Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 1,600	\$ 1,600	\$ 1,905	\$ 305
Other	87,247	87,247	597,628	510,381
Total revenues	<u>88,847</u>	<u>88,847</u>	<u>685,499</u>	<u>596,652</u>
EXPENDITURES				
Current:				
Risk management	1,999,672	1,999,672	2,324,876	(325,204)
Contingency reserve	<u>1,000,000</u>	<u>1,000,000</u>	-	<u>1,000,000</u>
Total expenditures	<u>2,999,672</u>	<u>2,999,672</u>	<u>2,324,876</u>	<u>674,796</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,910,825)</u>	<u>(2,910,825)</u>	<u>(1,639,377)</u>	<u>1,271,448</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,449,483</u>	<u>1,449,483</u>	<u>1,440,195</u>	<u>(9,288)</u>
Total other financing sources	<u>1,449,483</u>	<u>1,449,483</u>	<u>1,440,195</u>	<u>(9,288)</u>
NET CHANGE IN FUND BALANCE	(1,461,342)	(1,461,342)	(199,182)	1,262,160
FUND BALANCE—BEGINNING	<u>1,461,342</u>	<u>1,461,342</u>	<u>1,451,194</u>	<u>(10,148)</u>
FUND BALANCE—ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,252,012</u></u>	<u><u>\$ 1,252,012</u></u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Notes to Required Supplementary Information
June 30, 2015

NOTE 1: Budgetary Information

- a. The District prepares budgets for all funds, except the Fiduciary Fund (Agency Fund). During May, the superintendent of schools submits to the Board of Education a proposed budget for all funds for the fiscal year commencing July 1. The budget includes proposed expenditures and the means for financing them.
- b. Notice is provided to taxpayers of the availability for inspection of the proposed budget. Prior to June 30, the budget is adopted by formal resolution of the Board of Education. C.R.S. 22-44-110 (5) allows the Board of Education to review and change the Adopted Budget, with respect to both revenues and expenditures, at any time prior to January 31. A Revised Budget appropriation was submitted and approved by the Board of Education on January 15, 2015.
- c. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department within any fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year including beginning fund balances and reserves as established by the Board of Education.
- d. Budgets are adopted on a basis consistent with GAAP.
- e. The budgets reported in the accompanying financial statements and schedules as adopted by the Board of Education and, where revised, were done so as authorized.
- f. Appropriations for all funds lapse at the fiscal year end.
- g. The Risk Management Fund is a sub-fund of the General Fund and its budget is approved by the Board of Education annually. The Statement of Revenues, Expenditures, and Changes in Fund Balances combines the actual revenues and expenditures of the General Fund and the Risk Management Fund. A budgetary comparison schedule is provided separately for both the General Fund and the Risk Management Fund. The following is a reconciliation of the General Fund actual revenues and expenditures as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

	<u>General Fund</u>	<u>Risk Management Fund</u>	<u>Total</u>
Revenue	\$ 142,744,510	\$ 685,499	\$ 143,430,009
Expenditures	<u>(136,558,375)</u>	<u>(2,324,876)</u>	<u>(138,883,251)</u>
Excess Revenues			
Over (Under) Expenditures	6,186,135	(1,639,377)	4,546,758
Other Sources (Uses)	<u>(5,764,661)</u>	<u>1,440,195</u>	<u>(4,324,466)</u>
Net Change in Fund Balances	421,474	(199,182)	222,292
Fund Balance—Beginning	<u>39,244,592</u>	<u>1,451,194</u>	<u>40,695,786</u>
Fund Balance—Ending	<u>\$ 39,666,066</u>	<u>\$ 1,252,012</u>	<u>\$ 40,918,078</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Schedules of Required Supplementary Information
June 30, 2015

Schedule of the District's Proportionate Share of the Net Pension Liability
PERA Pension Plan
Last Two Fiscal Years*
(Dollar amounts in thousands)

	2013	2014
District's proportion of the net pension liability (asset)	2.27%	2.25%
District's proportionate share of the net pension liability (asset)	\$ 277,142	\$ 291,875
District covered-employee payroll	\$ 90,007	\$ 90,761
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	307.91%	321.59%
Plan fiduciary net position as a percentage of the total pension liability	62.80%	64.06%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Note: Information for 2005 to 2012 is not available.

Schedule of the District Contributions
PERA Pension Plan
Last Four Fiscal Years*
(Dollar amounts in thousands)

	2012	2013	2014	2015
Contractually required contribution	\$ 12,046	\$ 13,039	\$ 14,260	\$ 15,327
Contributions in relation to the contractually required contribution	(12,046)	(13,039)	(14,260)	(15,327)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 88,496	\$ 90,415	\$ 89,784	\$ 91,217
Contributions as a percentage of covered-employee payroll	13.61%	14.42%	15.88%	16.80%

* The amounts presented for each fiscal year were determined as of June 30.

Note: Information for 2006 to 2011 is not available.

Combining and Individual Fund Statements and Schedules



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ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Nonmajor Governmental Funds

The first statements and schedules in this supplementary information are those of the nonmajor governmental funds. Special revenue funds are used to account for specific revenues that are restricted or committed to expenditures for particular purposes.

Designated Purpose Grants Fund. This fund is used to account for federal, state, and local grants which are restricted as to the type of expenditures for the grants may be used.

Extended Day Care Fund. This fund is used to account for preschool, full-day kindergarten, and before- and after- school day care programs.

Nutrition Services Fund. This fund is used to account for the operation of breakfast, lunch, and summer feeding programs

Student Athletic and Activities Fund. This fund accounts for extracurricular activities at the elementary, middle, and high school levels; intramural athletic programs at the middle level; and varsity athletics programs and District-sponsored activities at the high school level.

Capital Projects Fund. This fund is used to account for the acquisition of land, construction of new facilities, alterations and improvements to existing structures, and the acquisition of school buses and/or other equipment.

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<u>Designated Purpose Grants Fund</u>	<u>Extended Day Care Program Fund</u>	<u>Nutrition Services Fund</u>
ASSETS			
Equity in pooled cash and investments	\$ 120,381	\$ 1,763,468	\$ 1,381,397
Due from other governments	<u>688,780</u>	<u>-</u>	<u>18,074</u>
Total assets	<u><u>\$ 809,161</u></u>	<u><u>\$ 1,763,468</u></u>	<u><u>\$ 1,399,471</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and contracts payable	\$ 6,302	\$ 52,619	\$ 9,400
Accrued compensation	208,611	329,821	105,076
Unearned revenue	<u>594,248</u>	<u>53,350</u>	<u>129,429</u>
Total liabilities	<u>809,161</u>	<u>435,790</u>	<u>243,905</u>
 Fund balances:			
Restricted for:			
Nutrition services	-	-	1,155,566
Committed for:			
Capital projects	-	-	-
Student care services	-	1,327,678	-
Pupil activities	-	-	-
Assigned for:			
Beverage sponsorship for student needs	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>1,327,678</u>	<u>1,155,566</u>
Total liabilities and fund balances	<u><u>\$ 809,161</u></u>	<u><u>\$ 1,763,468</u></u>	<u><u>\$ 1,399,471</u></u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

Student Athletic and Activities Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 1,371,170	\$ 2,764,783	\$ 7,401,199
15,241	16,698	738,793
\$ 1,386,411	\$ 2,781,481	\$ 8,139,992
\$ 44,731	\$ 117,971	\$ 231,023
36,715	-	680,223
2,080	-	779,107
83,526	117,971	1,690,353
-	-	1,155,566
-	2,663,510	2,663,510
-	-	1,327,678
1,249,721	-	1,249,721
53,164	-	53,164
1,302,885	2,663,510	6,449,639
\$ 1,386,411	\$ 2,781,481	\$ 8,139,992

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Designated Purpose Grants Fund	Extended Day Care Program Fund	Nutrition Services Fund
REVENUES			
Intergovernmental revenue:			
Federal grants	\$ 4,347,185	\$ -	\$ 1,445,827
Donated commodities	-	-	233,715
State grants	228,480	-	52,649
Food sales	-	-	1,999,699
Pupil activities	-	-	-
Student care	-	4,936,787	-
Investment earnings	-	1,865	1,681
Other	166,322	15,777	106,653
	<u>4,741,987</u>	<u>4,954,429</u>	<u>3,840,224</u>
EXPENDITURES			
Current:			
Instruction	2,764,673	-	-
Support services	1,977,314	4,646,742	3,894,043
Capital outlay	-	59,305	-
	<u>4,741,987</u>	<u>4,706,047</u>	<u>3,894,043</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	-	248,382	(53,819)
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	-	(191,674)	-
	<u>-</u>	<u>(191,674)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	56,708	(53,819)
FUND BALANCE—BEGINNING—RESTATED	<u>-</u>	<u>1,270,970</u>	<u>1,209,385</u>
FUND BALANCES—ENDING	<u>\$ -</u>	<u>\$ 1,327,678</u>	<u>\$ 1,155,566</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

Student Athletic and Activities Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 5,793,012
-	-	233,715
-	-	281,129
-	-	1,999,699
2,181,150	-	2,181,150
-	-	4,936,787
1,667	2,612	7,825
15,485	449,236	753,473
2,198,302	451,848	16,186,790
-	-	2,764,673
3,877,015	-	14,395,114
39,747	2,797,999	2,897,051
3,916,762	2,797,999	20,056,838
(1,718,460)	(2,346,151)	(3,870,048)
1,814,403	2,701,737	4,516,140
-	-	(191,674)
1,814,403	2,701,737	4,324,466
95,943	355,586	454,418
1,206,942	2,307,924	5,995,221
\$ 1,302,885	\$ 2,663,510	\$ 6,449,639

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
 Designated Purpose Grants Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance With
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ 4,291,306	\$ 4,291,306	\$ 4,347,185	\$ 55,879
State grants	532,968	532,968	228,480	(304,488)
Other	1,255,240	1,255,240	166,322	(1,088,918)
Total revenues	<u>6,079,514</u>	<u>6,079,514</u>	<u>4,741,987</u>	<u>(1,337,527)</u>
EXPENDITURES				
Current:				
Instruction	4,042,877	4,026,717	2,764,673	1,262,044
Support services	2,036,637	2,052,797	1,977,314	75,483
Total expenditures	<u>6,079,514</u>	<u>6,079,514</u>	<u>4,741,987</u>	<u>1,337,527</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE—BEGINNING	-	-	-	-
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Extended Day Care Program Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget-</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Student care fees	\$ 4,752,545	\$ 4,752,545	\$ 4,936,787	\$ 184,242
Investment earnings	1,500	1,500	1,865	365
Contributions	12,000	12,000	15,777	3,777
	<u>4,766,045</u>	<u>4,766,045</u>	<u>4,954,429</u>	<u>188,384</u>
EXPENDITURES				
Salaries and employee benefits	3,982,663	3,982,663	4,243,730	(261,067)
Purchased services	169,124	168,465	163,217	5,248
Supplies	339,696	343,084	180,772	162,312
Equipment	11,755	45,970	67,961	(21,991)
Other	77,454	78,167	50,367	27,800
Transfers out	185,353	185,353	191,674	(6,321)
Contingency reserve	1,180,314	1,262,263	-	1,262,263
	<u>5,946,359</u>	<u>6,065,965</u>	<u>4,897,721</u>	<u>1,168,244</u>
NET CHANGE IN FUND BALANCE	(1,180,314)	(1,299,920)	56,708	1,356,628
FUND BALANCE—BEGINNING—RESTATED	<u>1,180,314</u>	<u>1,299,920</u>	<u>1,270,970</u>	<u>(28,950)</u>
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,327,678</u>	<u>\$ 1,327,678</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX

Nutrition Services Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Food sales	\$ 2,560,000	\$ 2,560,000	\$ 1,999,699	\$ (560,301)
Federal aid:				
Federal government programs reimbursements	1,738,000	1,738,000	1,445,827	(292,173)
Donated commodities	214,000	214,000	233,715	19,715
State programs reimbursement	52,000	52,000	52,649	649
Investment earnings	2,000	2,000	1,681	(319)
Other	151,100	151,100	106,653	(44,447)
	<u>4,717,100</u>	<u>4,717,100</u>	<u>3,840,224</u>	<u>(876,876)</u>
EXPENDITURES				
Salaries and employee benefits	2,093,981	2,093,981	1,926,402	167,579
Purchased services	250,151	250,151	238,311	11,840
Supplies	32,000	32,000	111,824	(79,824)
Food costs:				
Purchased food	1,975,000	1,975,000	1,378,850	596,150
Donated commodities	214,000	214,000	233,715	(19,715)
Equipment	135,000	135,000	1,127	133,873
Other	16,968	16,968	3,814	13,154
Contingency reserve	1,146,810	1,666,275	-	1,666,275
	<u>5,863,910</u>	<u>6,383,375</u>	<u>3,894,043</u>	<u>2,489,332</u>
NET CHANGE IN FUND BALANCE	(1,146,810)	(1,666,275)	(53,819)	1,612,456
FUND BALANCE—BEGINNING—RESTATED	<u>1,146,810</u>	<u>1,666,275</u>	<u>1,209,385</u>	<u>(456,890)</u>
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,155,566</u>	<u>\$ 1,155,566</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Student Athletic and Activities Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget-
				Positive
				(Negative)
REVENUES				
Pupil activities	\$ 2,254,300	\$ 2,254,300	\$ 2,181,150	\$ (73,150)
Investment earnings	2,000	2,000	1,667	(333)
Other	16,800	16,800	15,485	(1,315)
	<u>2,273,100</u>	<u>2,273,100</u>	<u>2,198,302</u>	<u>(74,798)</u>
Total revenues				
	<u>2,273,100</u>	<u>2,273,100</u>	<u>2,198,302</u>	<u>(74,798)</u>
EXPENDITURES				
Current:				
Support services	4,085,503	5,549,744	3,916,762	1,632,982
Contingency reserve	1,295,965	798,709	-	798,709
	<u>5,381,468</u>	<u>6,348,453</u>	<u>3,916,762</u>	<u>2,431,691</u>
Total expenditures				
	<u>5,381,468</u>	<u>6,348,453</u>	<u>3,916,762</u>	<u>2,431,691</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,108,368)	(4,075,353)	(1,718,460)	2,356,893
OTHER FINANCING SOURCES				
Transfers in	1,814,403	1,814,403	1,814,403	-
	<u>1,814,403</u>	<u>1,814,403</u>	<u>1,814,403</u>	<u>-</u>
Total other financing sources				
	<u>1,814,403</u>	<u>1,814,403</u>	<u>1,814,403</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,293,965)	(2,260,950)	95,943	2,356,893
FUND BALANCE—BEGINNING	1,293,965	1,206,942	1,206,942	-
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ (1,054,008)</u>	<u>\$ 1,302,885</u>	<u>\$ 2,356,893</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Capital Projects Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget-</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment earnings	\$ 3,500	\$ 3,500	\$ 2,612	\$ (888)
Other revenue	1,574,815	1,574,815	449,236	(1,125,579)
Total revenues	<u>1,578,315</u>	<u>1,578,315</u>	<u>451,848</u>	<u>(1,126,467)</u>
EXPENDITURES				
Capital outlay	3,231,804	3,546,457	2,797,999	748,458
Contingency reserve	2,521,610	3,041,519	-	3,041,519
Total expenditures	<u>5,753,414</u>	<u>6,587,976</u>	<u>2,797,999</u>	<u>3,789,977</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(4,175,099)	(5,009,661)	(2,346,151)	2,663,510
OTHER FINANCING SOURCES				
Transfers in	2,701,737	2,701,737	2,701,737	-
NET CHANGE IN FUND BALANCE	(1,473,362)	(2,307,924)	355,586	2,663,510
FUND BALANCE—BEGINNING	<u>1,473,362</u>	<u>2,307,924</u>	<u>2,307,924</u>	<u>-</u>
FUND BALANCE—ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,663,510</u>	<u>\$ 2,663,510</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 10,662,433	\$ 10,662,433	\$ 10,920,428	\$ 257,995
Investment earnings	8,000	8,000	7,479	(521)
Total revenues	<u>10,670,433</u>	<u>10,670,433</u>	<u>10,927,907</u>	<u>257,474</u>
EXPENDITURES				
Debt service:				
Principal	5,210,000	5,210,000	5,210,000	-
Interest and fiscal charges	5,218,876	5,493,667	5,492,555	1,112
Contingency reserve	<u>8,899,519</u>	<u>8,921,735</u>	<u>-</u>	<u>8,921,735</u>
Total expenditures	<u>19,328,395</u>	<u>19,625,402</u>	<u>10,702,555</u>	<u>8,922,847</u>
NET CHANGE IN FUND BALANCE	(8,657,962)	(8,954,969)	225,352	9,180,321
FUND BALANCE—BEGINNING	<u>8,657,962</u>	<u>8,954,969</u>	<u>8,954,969</u>	<u>-</u>
FUND BALANCE—ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,180,321</u></u>	<u><u>\$ 9,180,321</u></u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Capital Projects—Building Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Interest earnings	\$ 175,000	\$ 175,000	\$ 134,548	\$ (40,452)
Total revenues	175,000	175,000	134,548	(40,452)
EXPENDITURES				
Capital projects:				
Building and improvements	30,000,000	30,000,000	19,469,499	10,530,501
Bond issuance costs	-	161,000	174,525	(13,525)
Contingency reserve	20,172,969	36,412,191	-	36,412,191
Total expenditures	50,172,969	66,573,191	19,644,024	46,929,167
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,997,969)	(66,398,191)	(19,509,476)	46,888,715
OTHER FINANCING SOURCES (USES)				
Bonds proceeds	-	17,000,000	17,000,000	-
Premium on bonds	-	1,115,552	1,115,552	-
Total other financing sources (uses)	-	18,115,552	18,115,552	-
NET CHANGE IN FUND BALANCE	(49,997,969)	(48,282,639)	(1,393,924)	46,888,715
FUND BALANCE—BEGINNING	49,997,969	48,282,639	48,282,639	-
FUND BALANCE—ENDING	\$ -	\$ -	\$ 46,888,715	\$ 46,888,715

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Statement of Changes in Assets and Liabilities
Fiduciary Fund (Agency Fund)
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Equity in pooled cash and investments	\$ 263,774	\$ 433,209	\$ 441,399	\$ 255,584
Total assets	<u>\$ 263,774</u>	<u>\$ 433,209</u>	<u>\$ 441,399</u>	<u>\$ 255,584</u>
LIABILITIES				
Accounts payable	\$ 4,307	\$ 8,606	\$ 4,307	\$ 8,606
Due to student clubs and other organizations	259,467	424,603	437,092	246,978
Total liabilities	<u>\$ 263,774</u>	<u>\$ 424,603</u>	<u>\$ 437,092</u>	<u>\$ 255,584</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Statement of Net Position
Component Units
June 30, 2015

	Littleton Academy Charter School	Littleton Preparatory Charter School	Total Component Units
ASSETS			
Equity in pooled cash and investments	\$ 1,528,776	\$ 1,394,679	\$ 2,923,455
Restricted cash and investments	599,900	737,296	1,337,196
Capital assets—net of accumulated depreciation			
Land	1,019,806	870,000	1,889,806
Land improvements	171,507	-	171,507
Building and leasehold improvements	4,714,991	5,678,789	10,393,780
Equipment	3,284	14,222	17,506
Construction in progress	-	25,194	25,194
Total assets	<u>8,038,264</u>	<u>8,720,180</u>	<u>16,758,444</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	378,310	-	378,310
Deferred pension outflows of resources	269,701	382,297	651,998
Total deferred outflows	<u>648,011</u>	<u>382,297</u>	<u>1,030,308</u>
LIABILITIES			
Accounts and contracts payable	9,471	54,002	63,473
Accrued compensation	153,972	191,794	345,766
Accrued interest	88,406	30,167	118,573
Unearned revenue	1,500	26,340	27,840
Noncurrent liabilities:			
Due within one year	137,908	120,074	257,982
Due in more than one year	4,317,297	7,256,918	11,574,215
Net pension liability	5,334,533	7,620,760	12,955,293
Total liabilities	<u>10,043,087</u>	<u>15,300,055</u>	<u>25,343,142</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows of resources	33,213	47,447	80,660
NET POSITION			
Net investment in capital assets	2,165,916	(119,648)	2,046,268
Restricted for:			
Debt service	78,234	106,841	185,075
Emergency reserve under TABOR	119,300	141,100	260,400
Repair and replacement	100,037	120,011	220,048
Unrestricted	(3,853,512)	(6,493,329)	(10,346,841)
Total net position	<u>\$ (1,390,025)</u>	<u>\$ (6,245,025)</u>	<u>\$ (7,635,050)</u>

ARAPAHOE COUNTY SCHOOL DISTRICT NUMBER SIX
Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2015

	<u>Littleton Academy Charter School</u>	<u>Littleton Preparatory Charter School</u>	<u>Total Component Units</u>
REVENUES			
Intergovernmental revenue:			
State equalization aid	\$ 3,011,659	\$ 3,708,759	\$ 6,720,418
Supplemental funding from District	361,440	376,068	737,508
Fees for services	186,378	399,734	586,112
Investment earnings	3,130	1,884	5,014
Capital grants and contributions	818,619	92,806	911,425
Operating grants and contributions	119,412	54,540	173,952
Other	62,016	124,422	186,438
	<u>4,562,654</u>	<u>4,758,213</u>	<u>9,320,867</u>
EXPENSES			
Current:			
Instruction	2,605,149	3,236,128	5,841,277
Support services	1,052,027	1,245,078	2,297,105
Debt service:			
Interest charges	221,305	359,010	580,315
	<u>3,878,481</u>	<u>4,840,216</u>	<u>8,718,697</u>
CHANGE IN NET POSITION	684,173	(82,003)	602,170
NET POSITION—BEGINNING—RESTATED	<u>(2,074,198)</u>	<u>(6,163,022)</u>	<u>(8,237,220)</u>
NET POSITION—END OF THE YEAR	<u><u>\$ (1,390,025)</u></u>	<u><u>\$ (6,245,025)</u></u>	<u><u>\$ (7,635,050)</u></u>

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for presentation purposes

